COMMUNITY ACTION TEAM INC

PLAN DOCUMENT
Premium Only Plan

Effective: 5/1/2019

IRC Section 125 requires that a Plan Document be kept on file.
This document explains in detail the operation and rules that govern your Plan.

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ARTICLE I. Introduction

1.01 Establishment of Plan

COMMUNITY ACTION TEAM INC (the “Employer”) hereby adopts this Premium Only Plan (the “Plan”), effective as of the date specified in Section II Your Plan at a Glance, of the Summary Plan Description, either as an initial establishment of a cafeteria plan or as the restatement of a previously implemented plan. Capitalized terms used in this Plan that are not otherwise defined shall have the meanings set forth in Article II.

This Plan is designed to permit an Eligible Employee to pay for his or her share of Contributions under the Group Sponsored Insurance and/or Health Savings Account (HSA), as applicable, on a pre-tax Salary Reduction basis. Using this Plan, an Employee may pay any required premium that is in excess of the amount the Employer will pay by agreeing to a pre-tax salary reduction in an amount equal to the excess premium.

1.02 Legal Status

This Plan is intended to qualify as a cafeteria plan under Code §125 and the regulations issued thereunder and shall be interpreted to accomplish that objective.

The Group Sponsored Insurance is intended to be part of an organized health care arrangement for purposes of HIPAA.

1.03 Limitations on Provisions

The provisions of the Plan and any benefits provided by the Plan shall be limited as described herein.

ARTICLE II. Definitions

2.01 "Benefit Package Option" means a qualified benefit under Code §125(f) that is offered under a cafeteria plan, or an option for coverage under an underlying accident or health plan (such as an indemnity option, an HMO option, or a PPO option under an accident or health plan). Benefits prohibited under Code §125(f) (such as long-term care insurance and certain Exchange-participating qualified health plans) are not permitted Benefit Package Options.

2.01 "Benefits" means cash, flex credits and the various qualified benefits under Section 125(f) of the Code sponsored by the Employer and made available by the Employer through the Plan, including, but not limited to, Group Sponsored Insurance premiums as described in Section 6.01.

2.02 "Cash-out" means allowing a Participant to receive non-elective Contributions in cash or as a taxable benefit.

2.03 "Change in Status" means any of the events described in Article VII.

2.04 "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, described in Section 6.05.

2.05 "Code" means the Internal Revenue Code of 1986, as amended.

2.06 "Compensation" means the wages or salary paid to an Employee by the Employer, determined prior to (a) any Salary Reduction election under this Plan; (b) any Salary Reduction election under any other cafeteria plan; and (c) any compensation reduction under any Code §132(f)(4) plan; but determined after (d) any salary deferral elections under any Code §§401(k), 403(b), 408(k), or 457(b) plan or arrangement. Thus, "Compensation" generally means wages or salary paid to an Employee by the Employer, as reported in Box 1 of Form W-2, but adding back any wages or salary forgone by virtue of any election described in (a), (b), or (c) of the preceding sentence.

2.07 "Contributions" means the amount contributed to pay for the cost of Benefits (including self-funded Benefits as well as those that are insured), as calculated under Section 6.02 for Group Sponsored Insurance benefits.

2.08 "Dependent" means for purposes of accident or health coverage (to the extent funded under the Premium Only Plan (1) a dependent as defined in Code §105(b), (2) any child (as defined in Code §152(f)(1)) of the Participant who as of the end of the taxable year has not attained age 27 (e.g. end of the year in which the child turns 26), and (3) any child of the Participant to whom IRS Revenue Procedure 2008-48 applies (regarding certain children of divorced or separated parents who receive more than half of their support for the calendar year from one or both parents and are in the custody of one or both parents for more than half of the calendar year).

2.09 "Effective Date" of this Plan is the date specified in Section II Your Plan at a Glance, of the Summary Plan Description.

2.10 "Eligible Employee" means an Employee eligible to participate in this Plan, as provided in Section 3.01.

2.11 "Employee" means a person who is currently or hereafter employed by the Employer and any Affiliate Employers that have adopted the Plan.

2.12 "Employer" means the Employer specified in Section II Your Plan at a Glance, of the Summary Plan Description, along with any other entities belonging to a control group (Code §414(b) and (c)), or an affiliated service group (Code §414(m)), provided such entities are designated as participating Employers in Section II Your Plan at a Glance, of the Summary Plan Description.

2.13 "Enrollment Form" means the actual or deemed paper or electronic agreement by a Participant authorizing the Employer to reduce the Employee's Compensation while a Participant during the Plan Year for purposes of obtaining Benefits under the Plan.

2.14 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.15 "FMLA" means the Family and Medical Leave Act of 1993, as amended.

2.16 "Group Sponsored Insurance" means the Group Sponsored Insurance which may include health, medical, dental, vision, accident or other similar insurance, plan or coverage established pursuant to Section 6.01.

2.17 "High-Deductible Health Plan" means the High-Deductible Health Plan offered by the Employer as a Benefit Package Option under the Medical Insurance Plan that is intended to qualify as a High-Deductible Health Plan under Code §223(c)(2), as described in materials provided separately by the Employer.

2.18 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended.

2.19 "HMO" means the Health Maintenance Organization Benefit Package Option (if any) under the Medical Insurance Plan.

2.20 "HSA" means a Health Savings Account established under Code §223. Such arrangements are individual trusts or custodial accounts, each separately established and maintained by an Employee with a qualified trustee/custodian. Although funded by Salary Reduction under this Plan, the HSA is not part of or intended to be part of an ERISA-covered benefit plan.

2.21 "Medical Insurance Plan" means the plan(s) that the Employer maintains for its Employees (and for their Spouses and Dependents who may be eligible under the terms of such plan), providing major medical-type benefits through a group insurance policy or policies (including a High-Deductible Health Plan option). The Employer may substitute, add, subtract, or revise at any time the menu of such plans and/or the benefits, terms, and conditions of any such plans. Any such substitution, addition, subtraction, or revision will be communicated to Participants and will automatically be incorporated by reference under this Plan.

2.22 "Non-Elective Contributions" means funding contributed by the Employer, if any, to pay for the cost of Benefits (including self-funded Benefits as well as those that are insured).

2.23 "Open Enrollment Period" with respect to a Plan Year means the month preceding the Plan Year, or such other period as may be prescribed by the Employer.

2.24 "Participant" means any Employee who has satisfied the eligibility requirements of Article 3.01, has elected to participate in the Plan, and has not, for any reason, become ineligible to participate in the Plan.

2.25 "Period of Coverage" means the Plan Year, with the following exceptions: (a) for Employees who first become eligible to participate, it shall mean the portion of the Plan Year following the date on which participation commences, as described in Section 3.01; and (b) for Employees who cease to Participate during the middle of a Plan Year, it shall mean the portion of the Plan Year prior to the date on which participation terminates, as described in Section 3.02.

2.26 "Plan" means this cafeteria plan, together with any and all amendments and supplements required by the Code.

2.27 "Plan Administrator" means COMMUNITY ACTION TEAM INC. The contact person is the Human Resources Manager for COMMUNITY ACTION TEAM INC, who has the full authority to act on behalf of the Plan Administrator.

2.28 "Plan Year" means the period of time specified in Section II Your Plan at a Glance, of the Summary Plan Description.

2.29 "PPO" means the preferred provider organization Benefit Package Option (if any) under the Medical Insurance Plan.

2.30 "QMCSO" means a qualified medical child support order, as defined in ERISA §609(a).

2.31 "Qualifying Individual" means (a) a tax dependent of the Participant as defined in Code §152 who is under the age of 13 and who is the Participant's qualifying child as defined in Code §152(a)(1); (b) a tax dependent of the Participant as defined in Code §152, but determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof, who is physically or mentally incapable of self-care and who has the same principal place of abode as the Participant for more than half of the year; or (c) a Participant's Spouse who is physically or mentally incapable of self-care, and who has the same principal place of abode as the Participant for more than half of the year. Notwithstanding the foregoing, in the case of divorced or separated parents, a Qualifying Individual who is a child shall, as provided in Code §21(e)(5), be treated as a Qualifying Individual of the custodial parent (within the meaning of Code §152(e)) and shall not be treated as a Qualifying Individual with respect to the noncustodial parent.

2.32 "Related Employer" means any Employer affiliated with the Employer that, under Code §§414(b), 414(c), or 414(m), is treated as a single Employer with for purposes of Code §125(g)(4).

2.33 "Salary Reduction" means the amount by which the Participant's Compensation is reduced and applied by the Employer under this Plan to pay for one or more of the Benefits before any applicable state and/or federal taxes have been deducted from the Participant's Compensation (i.e., on a pre-tax basis).

2.34 "Section 125" means Section 125 of the Code, including the proposed regulations, any final regulations, and all other authoritative guidance thereunder.

2.35 "Spouse" means an individual of same-sex or opposite sex who is legally married to a Participant as determined under applicable federal and/or state law (and who is treated as a spouse under the Code).

2.36 "Student" means an individual who, during each of five or more calendar months during the Plan Year, is a full-time Student at any educational organization that normally maintains a regular faculty and curriculum and normally has an enrolled Student body in attendance at the location where its educational activities are regularly carried on.

2.37 "Third Party Administrator" means PacificSource Administrators, Inc. ("PSA") as described in Section 8.05.

2.38 "USERRA" means the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended; as described in Section 3.06.

ARTICLE III. Eligibility and Participation

3.01 Eligibility to Participate

An individual is eligible to participate in this Plan if the individual: (a) is an Employee; and (b) has met the Employer's Group Sponsored Insurance eligibility requirements. The provisions of this Plan are not intended to override any exclusions, eligibility requirements, or waiting periods specified by the insurance benefits provider(s).

3.02 Termination of Participation

A Participant will cease to be a Participant in this Plan upon the earlier of:

(a) the termination of this Plan;

(b) the date on which the Employee ceases (because of retirement, termination of employment, layoff, reduction of hours, or any other reason) to be an Eligible Employee;

(c) the first day of a Plan Year for which the Participant declines to participate in the Plan.

Termination of participation in this Plan will automatically revoke the Participant's elections. The Group Sponsored Insurance will terminate as of the date(s) specified in the insurance plan documents.

3.03 Participation Following Termination of Employment or Loss of Eligibility

If a Participant terminates his or her employment for any reason, including (but not limited to) disability, retirement, layoff, or voluntary resignation, and then is rehired or if an Employee (whether or not a Participant) ceases to be an Eligible Employee for any reason, including (but not limited to) a reduction of hours, and then becomes an Eligible Employee again, the Employee could be reinstated only to the extent that coverage under the Group Sponsored Insurance is reinstated.

3.04 FMLA Leaves of Absence

(a) **Health Benefits**. Notwithstanding any provision to the contrary in this Plan, if a Participant goes on a qualifying leave under the FMLA, then to the extent required by the FMLA, the Employer will continue to maintain the Participant's Group Sponsored Insurance Benefits on the same terms and conditions as if the Participant were still an active Employee. That is, if the Participant elects to continue his or her coverage while on leave, the Employer will continue to pay its share of the Contributions. An Employer may require Participants to continue all Group Sponsored Insurance Benefits while they are on paid leave, provided that Participants on non-FMLA paid leave are required to continue such coverage. If so, the Participant's share of the Contributions shall be paid by the method normally used during any paid leave (e.g., on a pre-tax Salary Reduction basis).

In the event of unpaid FMLA leave (or paid FMLA leave where coverage is not required to be continued), a Participant may elect to continue his or her Group Sponsored Insurance Benefits during the leave. If the Participant elects to continue coverage while

on FMLA leave, then the Participant may pay his or her share of the Contributions in one of the following ways:

- **Pay-as-you-go:** with after-tax dollars, by sending monthly payments to the Employer by the due date established by the Employer;

- **Pre-Pay:** with pre-tax dollars, by having such amounts withheld from the Participant's ongoing Compensation (if any), including unused sick days and vacation days, or pre-paying all or a portion of the Contributions for the expected duration of the leave on a pre-tax Salary Reduction basis out of pre-leave Compensation. To pre-pay the Contributions, the Participant must make a special election to that effect prior to the date that such Compensation would normally be made available (pre-tax dollars may not be used to fund coverage during the next Plan Year); or

- **Catch-up:** under another arrangement agreed upon between the Participant and the Employer (e.g., the Employer may fund coverage during the leave and withhold catch-up amounts from the Participant's Compensation on a pre-tax or after-tax basis) upon the Participant's return.

If the Employer requires all Participants to continue Group Sponsored Insurance Benefits during an unpaid FMLA leave, then the Participant may elect to discontinue payment of the Participant's required Contributions until the Participant returns from leave. Upon returning from leave, the Participant will be required to repay the Contributions not paid by the Participant during the leave. Payment shall be withheld from the Participant's Compensation either on a pre-tax or after-tax basis, as agreed to by the Employer and the Participant through a written notice to the Employer.

If a Participant's Group Sponsored Insurance Benefits ceases while on FMLA leave (e.g., for non-payment of required Contributions), then the Participant is permitted to re-enter the Group Sponsored Insurance Benefits, as applicable, upon return from such leave on the same basis as when the Participant was participating in the Plan prior to the leave, or as otherwise required by the FMLA. In addition, the Plan may require Participants whose Group Sponsored Insurance Benefits coverage terminated during the leave to be reinstated in such coverage upon return from a period of unpaid leave, provided that Participants who return from a period of unpaid, non-FMLA leave are required to be reinstated in such coverage.

3.05 Non-FMLA Leaves of Absence

If a Participant goes on an unpaid leave of absence that does not affect eligibility, then the Participant will continue to participate and the Contributions due for the Participant will be paid by pre-payment before going on leave, by after-tax Contributions while on leave, or with catch-up Contributions after the leave ends, as may be determined by the Employer.

If a Participant goes on an unpaid leave that affects eligibility, then the election change rules in Section 7.03(c) will apply.

3.06 Uniformed Services Employment and Reemployment Rights Act (USERRA)

Notwithstanding any provision of the Plan to the contrary, Contributions, service, and Benefits with respect to qualified military service will be provided in accordance with Section 414(u) of the Code and the regulations thereunder. In the event a Participant takes an unpaid USERRA leave of absence, each elected healthcare benefit shall continue for the lesser of the period of the leave or twenty-four (24) months, provided that applicable Contributions for such benefits are timely paid by the Participant. The Participant may elect to pay the Contributions on an after-tax basis as due or on a pre-tax basis prior to commencing the leave. If the applicable Contributions for the elected healthcare benefits are not paid in a timely manner, the elected healthcare benefit shall be suspended during the period of unpaid leave. Upon return from an unpaid USERRA leave before the end of the Plan Year in which the leave commenced active participation in the Plan shall be reinstated and Compensation reduction Contributions and benefits shall resume in accordance with the Enrollment Form in effect immediately prior to the leave. Upon return from an unpaid USERRA leave after the end of the Plan Year the Participant shall be treated as a newly Eligible Employee and Section 3.01 shall apply.

If a Participant does not return to active employment at the conclusion of an unpaid USERRA leave, the Participant shall no longer be considered an Eligible Employee and Section 3.01 shall apply.

ARTICLE IV. Method and Timing of Elections

4.01 Elections When First Eligible

An Employee who first becomes eligible to participate in the Plan mid-year may elect to commence participation once the eligibility requirements have been satisfied, provided that an Enrollment Form is submitted to the Employer before the first day of the pay period in which participation will commence.

An Employee who does not elect benefits when first eligible may not enroll until the next Open Enrollment Period, unless an event occurs that would justify a mid-year election change, as described under Section 7.03.

The provisions of this Plan are not intended to override any exclusions, eligibility requirements, or waiting periods specified in the Group Sponsored Insurance plan documents.

4.02 Election Procedure – New Participants

The Employer shall notify the Employee in writing of their eligibility to participate in the Plan and the process for enrollment using one of two methods:

- Negative election method: If the negative election method is used the Employee will be notified in writing that they will be automatically enrolled in the Plan. If they chose not to enroll in the Plan they must inform the Employer in writing that they do not wish to have their insurance premiums deducted on a pre-tax basis.

- Evergreen election method: If the Evergreen election method is used the Employee will be provided with an Evergreen Election Form that must be completed and returned to the Employer specifying they agree to pay their insurance premium on a pretax basis through the Plan on or before such date as the Employer shall specify, but in no event more than 31 days after the Employee becomes eligible to participate in the Plan. If an Employee fails to file an Evergreen Election Form, then the Employee will be deemed to have elected not to participate in the Plan (insurance premium will be paid on an after-tax basis) and will not be eligible to enroll until the next Open Enrollment Period.

4.03 Annual Election Procedure – Existing Participants

Once an Employee has elected to participate in the Plan, they will be deemed to have made the same election as was in effect immediately prior to the end of the preceding plan year, unless the employee affirmatively elects otherwise, as described under Section 4.04.

4.04 Enrollment Form

The Employee will be deemed to elect for each upcoming Plan Year whatever election is in effect in the current Plan Year, unless the Participant expressly changes his or her election by turning in a completed Enrollment Form prescribed by the Employer.

For example, if the Participant is enrolled in the Group Sponsored Insurance in the current year and wants to remain enrolled in the upcoming year, the Employee need not do anything, but if the Employee wants to stop participating in that Program, the Employee must affirmatively elect not to participate during the Open Enrollment Period for the upcoming Plan Year.

4.05 Failure of Eligible Employee to File an Enrollment Form

If an Eligible Employee fails to file an Enrollment Form within the time period described in Sections 4.01 and 4.02, then the Employee may not elect any Benefits under the Plan (a) until the next Open Enrollment Period; or (b) until an event occurs that would justify a mid-year election change, as described under Section 7.03 or Section 7.04.

If an Employee who fails to file an Enrollment Form is eligible for Group Sponsored Insurance Benefits and has made an effective election for such Benefits, then the Employee's share of the Contributions for such Benefits will be paid with after-tax dollars outside of this Plan until such time as the Employee files, during a subsequent Open Enrollment Period (or after an event occurs that would justify a mid-year election change as described under Section 7.03), a timely Enrollment Form to elect Benefits. Until the Employee files such an election, the Employer's portion of the Contribution will also be paid outside of this Plan.

4.06 Irrevocability of Elections

Unless an exception applies (as described in Article VII), a Participant's election under the Plan is irrevocable for the duration of the Period of Coverage to which it relates.

ARTICLE V. Method of Funding

5.01 Participant and Employer Contributions

(a) **Participant Contributions.** Participants who elect the Group Sponsored Insurance described in Article VI may pay for the cost of that coverage on a pre-tax Salary Reduction basis, or with after-tax deductions, by completing an Enrollment Form.

(b) **Employer Contributions.** An Employer may provide non-elective Contributions in the form of Employer Funding.

5.02 Using Salary Reductions to Make Contributions

(a) **Salary Reductions per Pay Period.** The Salary Reduction for a pay period for a Participant is, for the Benefits elected, an amount equal to (1) the annual Contributions for such Benefits (elected under the Plan as applicable), divided by the number of pay periods in the Period of Coverage; (2) an amount otherwise agreed upon between the Employer and the Participant; or (3) an amount deemed appropriate by the Employer (i.e., in the event of shortage in reducible Compensation, amounts withheld and the Benefits to which Salary Reductions are applied may fluctuate).

(b) **Considered Employer Contributions for Certain Purposes.** Salary Reductions are applied by the Employer to pay for the Participant's share of the Contributions for the Benefits elected under the Plan and, for the purposes of this Plan and the Code, are considered to be Employer Contributions.

(c) **Salary Reduction Balance Upon Termination of Coverage.** If, as of the date that any elected coverage under this Plan terminates, a Participant's year-to-date Salary Reductions exceed or are less than the Participant's required Contributions for the coverage, then the Employer will, as applicable, either return the excess to the Participant as additional taxable wages or recoup the due Salary Reduction amounts from any remaining Compensation.

(d) **After-Tax Contributions for Benefits.** For those Participants who elect to pay their share of the Contributions for any of the Group Sponsored Insurance with after-tax deductions, both the Employee and Employer portions of such Contributions will be paid outside of this Plan.

5.03 Funding This Plan

Group Sponsored Insurance benefits are paid as provided in the applicable insurance policy. Nothing herein will be construed to require the Employer to maintain any fund or to segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in any fund, account, or asset of the Employer from which any payment under this Plan may be made. There is no trust or other fund from which Benefits are paid.

5.04 Maximum Contribution

The maximum contribution that may be made under this Plan for a Participant is the sum of the most expensive benefit choices that may be elected as Employer and Participant Contributions for Group Sponsored Insurance benefits.

ARTICLE VI. Benefits

6.01 Benefits

Upon becoming eligible, a Participant may elect in writing on an Enrollment Form provided and filed with the Employer, can (a) elect benefits under the Premium Only Plan by electing to pay for his or her share of the Contributions for Group Sponsored Insurance benefits on a pre-tax Salary Reduction basis; or (b) elect no benefits under the Premium Only Plan and pay for his or her share of the Contributions, if any, for Group Sponsored Insurance benefits with after-tax deductions outside of this Plan. The Group Sponsored Insurance benefits that may be offered under the Group Sponsored Insurance for premium-type benefits pursuant to an insurance policy issued by an insurance company, or a contract with a point of service organization are medical, dental, vision, or other qualified benefits under Section 125.

Notwithstanding any other provision in this Plan, the premium insurance benefits are subject to the terms and conditions of the respective insurance policy, and no changes can be made with respect to such premium insurance benefits under this Plan (such as mid-year changes in election) if such changes are not permitted under the applicable insurance policy. Unless an exception applies (as described in Article VII), such election is irrevocable for the duration of the Period of Coverage to which it relates.

If a Participant does not elect upon initial enrollment to pay such premiums on a Salary Reduction pre-tax basis, he or she may later elect to do so by executing an Enrollment Form during the next Enrollment Period, effective as of the start of the next Plan Year. Once an election is made, a Participant may change that election only during the Enrollment Period, except as provided in Article VII.

If a Health Savings Account (HSA) is offered and the Employee elects to participate, eligible Participants may make contributions to the HSA on a pre-tax basis from which funds can be withdrawn to pay for eligible healthcare expenses. Refer to Section IV Benefits, of the Summary Plan Description, to determine if a HSA is offered.

In no event shall Benefits under the Plan be provided in the form of deferred compensation.

6.02 Contributions for Cost of Coverage

The annual Contribution for a Participant's Group Sponsored Insurance benefits is equal to the amount as set by the Employer, which may or may not be the same amount charged by the insurance carrier.

6.03 Tax Compliance

Any insurance program covered in this section shall comply with the applicable sections of the Code to obtain the desired tax benefits. For example, a group-term life insurance program shall comply with Code §79, to the extent the Employer desires pre-tax treatment and pre-tax treatment is available.

6.04 Benefits Provided Under the Group Sponsored Insurance

Group Sponsored Insurance benefits will be provided by the insurance provider(s), not this Plan. The types and amounts of Group Sponsored Insurance, the requirements for participating in the each insurance plan, and the other terms and conditions of coverage and benefits of the

insurance plan(s) are set forth in the insurance plan(s). All claims to receive benefits under the insurance plan(s) shall be subject to and governed by the terms and conditions of the insurance plan(s) and the rules, regulations, policies, and procedures adopted in accordance therewith, as may be amended from time to time.

6.05 Insurance Benefits; COBRA

Notwithstanding any provision to the contrary in this Plan, to the extent required by COBRA, a Participant and his or her Spouse and Dependents, as applicable, whose coverage terminates under the insurance plan(s) because of a COBRA qualifying event (and who is a qualified beneficiary as defined under COBRA), shall be given the opportunity to continue on a self-pay basis the same coverage that he or she had under the insurance plan(s) the day before the qualifying event for the periods prescribed by COBRA. Such continuation coverage shall be subject to all conditions and limitations under COBRA.

Contributions for COBRA coverage for insurance benefits may be paid on a pre-tax basis for current Employees receiving taxable compensation (as may be permitted by the Employer on a uniform and consistent basis, but may not be prepaid from Contributions in one Plan Year to provide coverage that extends into a subsequent Plan Year) where COBRA coverage arises either (a) because the Employee ceases to be eligible because of a reduction in hours; or (b) because the Employee's Dependent ceases to satisfy the eligibility requirements for coverage. For all other individuals (e.g., Employees who cease to be eligible because of retirement, termination of employment, or layoff), Contributions for COBRA coverage for insurance benefits shall be paid on an after-tax basis (unless may be otherwise permitted by the Employer on a uniform and consistent basis, but may not be prepaid from Contributions in one Plan Year to provide coverage that extends into a subsequent Plan Year).

ARTICLE VII. Irrevocability of Elections; Exceptions

7.01 Irrevocability of Elections

Except as described in this Article VII, a Participant's election under the Plan is irrevocable for the duration of the Period of Coverage to which it relates. In other words, unless an exception applies, the Participant may not change any elections for the duration of the Period of Coverage regarding:

(a) participation in this Plan; or

(b) Salary Reduction amounts.

7.02 Procedure for Making New Election If Exception to Irrevocability Applies

(a) **Timeframe for Making New Election.** A Participant (or an Eligible Employee who, when first eligible under Section 3.01 or during the Open Enrollment Period under Section 4.02, declined to be a Participant) may make a new election within 30 days of the occurrence of an event described in Section 7.03 (or within 60 days of the occurrence of an event described in Section 7.03(e)(3) or (4)), as applicable, but only if the election under the new Enrollment Form is made on account of and is consistent with the event. Notwithstanding the foregoing, a Change in Status (e.g., a divorce or a dependent's losing Student status) that results in a beneficiary becoming ineligible for coverage under the Group Sponsored Insurance shall automatically result in a corresponding election change, whether or not requested by the Participant within the normal 30-day period.

(b) **Effective Date of New Election.** Elections made pursuant to this Section 7.02 shall be effective for the balance of the Period of Coverage following the change of election unless a subsequent event allows for a further election change. Except as provided in Section 7.03(e) for HIPAA special enrollment rights in the event of birth, adoption, or placement for adoption, all election changes shall be effective on a prospective basis only (i.e., election changes will become effective no earlier than the first day of the next calendar month following the date that the election change request was filed, but, as determined by the Employer, election changes may become effective later to the extent that any replacement coverage commences later).

7.03 Events Permitting Exception to Irrevocability Rule

A Participant may change an election as described below upon the occurrence of the stated events:

(a) **Open Enrollment Period.** A Participant may change an election during the Open Enrollment Period in accordance with Section 4.02.

(b) **Termination of Employment.** A Participant's election will terminate under the Plan upon termination of employment in accordance with Section 3.02 and Section 3.03, as applicable.

(c) **Leaves of Absence.** A Participant may change an election under the Plan upon FMLA leave in accordance with Section 3.04 and upon non-FMLA leave in accordance with Section 3.05.

(d) **Change in Status.** A Participant may change his or her election under the Plan upon the occurrence of a Change in Status, but only if such election change is made on account of and corresponds with a Change in Status that affects eligibility for coverage under a plan of the Employer or a plan of the Spouse's or Dependent's Employer (referred to as the general consistency requirement). A Change in Status that affects eligibility for coverage under a plan of the Employer or a plan of the Spouse's or Dependent's Employer includes a Change in Status that results in an increase or decrease in the number of an Employee's family members (i.e., a Spouse and/or Dependents) who may benefit from the coverage.

The Employer, in its sole discretion and on a uniform and consistent basis, shall determine, based on prevailing IRS guidance, whether a requested change is on account of and corresponds with a Change in Status. Assuming that the general consistency requirement is satisfied, a requested election change must also satisfy the following specific consistency requirements in order for a Participant to be able to alter his or her election based on the specified Change in Status:

(1) **Loss of Spouse or Dependent Eligibility; Special COBRA Rules.** For a Change in Status involving a Participant's divorce, annulment, or legal separation from a Spouse, the death of a Spouse or a Dependent, or a Dependent's ceasing to satisfy the eligibility requirements for coverage, a Participant may only elect to cancel accident or health insurance coverage for (a) the Spouse involved in the divorce, annulment, or legal separation; (b) the deceased Spouse or Dependent; or (c) the Dependent that ceased to satisfy the eligibility requirements. Canceling coverage for any other individual under these circumstances would fail to correspond with that Change in Status. Notwithstanding the foregoing, if the Participant or his or her Spouse or Dependent becomes eligible for COBRA (or similar health plan continuation coverage under state law) under the Employer's plan because of a reduction of hours or because the Participant's Dependent ceases to satisfy the eligibility requirements for coverage (and the Participant remains a Participant under this Plan in accordance with Section 3.02), then the Participant may increase his or her election to pay for such coverage.

(2) **Gain of Coverage Eligibility Under Another Employer's Plan.** For a Change in Status in which a Participant or his or her Spouse or Dependent gains eligibility for coverage under a cafeteria plan or qualified benefit plan of the Employer of the Participant's Spouse or Dependent as a result of a change in marital status or a change in employment status, a Participant may elect to cease or decrease coverage for that individual only if coverage for that individual becomes effective or is increased under the Spouse's or Dependent's Employer's plan. The Employer may rely on a Participant's certification that the Participant has obtained or will obtain coverage under the Spouse's or Dependent's Employer's plan, unless the Employer has reason to believe that the Participant's certification is incorrect.

(e) **HIPAA Special Enrollment Rights.** If a Participant or his or her Spouse or Dependent is entitled to special enrollment rights under a group health plan (other than an excepted

benefit), as required by HIPAA under Code §9801(f), then a Participant may revoke a prior election for group health plan coverage and make a new election (including, when required by HIPAA, an election to enroll in another benefit package under a group health plan), provided that the election change corresponds with such HIPAA special enrollment rights. As required by HIPAA, a special enrollment right will arise in the following circumstances:

(1) a Participant or his or her Spouse or Dependent declined to enroll in group health plan coverage because he or she had coverage, and eligibility for such coverage is subsequently lost because: (1) the coverage was provided under COBRA, and the COBRA coverage was exhausted; or (2) the coverage was non-COBRA coverage, and the coverage terminated due to loss of eligibility for coverage or the Employer Contributions for the coverage were terminated;

(2) a new Dependent is acquired as a result of marriage, birth, adoption, or placement for adoption;

(3) the Participant's or Dependent's coverage under a Medicaid plan or state children's health insurance program is terminated as a result of loss of eligibility for such coverage; or

(4) the Participant or Dependent becomes eligible for a state premium assistance subsidy from a Medicaid plan or through a state children's health insurance program with respect to coverage under the group health plan.

An election to add previously eligible Dependents as a result of the acquisition of a new Spouse or Dependent child shall be considered to be consistent with the special enrollment right. An election change on account of a HIPAA special enrollment attributable to the birth, adoption, or placement for adoption of a new Dependent child may, subject to the provisions of the underlying group health plan, be effective retroactively (up to 30 days).

For purposes of Section 7.03(d)(1), the term loss of eligibility includes (but is not limited to) loss of eligibility due to legal separation, divorce, cessation of dependent status, death of an Employee, termination of employment, reduction of hours, or any loss of eligibility for coverage that is measured with reference to any of the foregoing; loss of coverage offered through an HMO that does not provide benefits to individuals who do not reside, live, or work in the service area because an individual no longer resides, lives, or works in the service area (whether or not within the choice of the individual), and in the case of HMO coverage in the group market, no other benefit package is available to the individual; a situation in which an individual incurs a claim that would meet or exceed a lifetime limit on all benefits; and a situation in which a plan no longer offers any benefits to the class of similarly situated individuals that includes the individual.

(f) **Certain Judgments, Decrees, and Orders.** If a judgment, decree, or order (collectively, an Order) resulting from a divorce, legal separation, annulment, or change in legal custody (including a QMCSO) requires accident or health coverage for a Participant's child (including a foster child who is a Dependent of the Participant), then a Participant may (1) change his or her election to provide coverage for the child (provided that the Order requires the Participant to provide coverage); or (2) change his or her election to revoke coverage for the child if the Order requires that another individual (including the

Participant's Spouse or former Spouse) provide coverage under that individual's plan, and such coverage is actually provided.

(g) **Medicare and Medicaid.** If a Participant or his or her Spouse or Dependent who is enrolled in a health or accident plan under this Plan becomes entitled to (i.e., becomes enrolled in) Medicare or Medicaid (other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for pediatric vaccines), then the Participant may prospectively reduce or cancel the health or accident coverage of the person becoming entitled to Medicare or Medicaid.

(h) **Change in Cost.** For purposes of this Section 7.03(h), similar coverage means coverage for the same category of benefits for the same individuals (e.g., family to family or single to single). For example, two plans that provide major medical coverage are considered to be similar coverage. For purposes of this definition, (1) an HMO and a PPO are considered to be similar coverage and (2) coverage by another Employer, such as a Spouse's or Dependent's Employer, may be treated as similar coverage if it otherwise meets the requirements of similar coverage.

(1) **Increase or Decrease for Insignificant Cost Changes.** Participants are required to increase their elective Contributions (by increasing Salary Reductions) to reflect insignificant increases in their required contribution for their Benefit Package Option(s), and to decrease their elective Contributions to reflect insignificant decreases in their required contribution. The Employer, in its sole discretion and on a uniform and consistent basis, will determine whether an increase or decrease is insignificant based upon all the surrounding facts and circumstances, including but not limited to the dollar amount or percentage of the cost change. The Employer, on a reasonable and consistent basis, will automatically effectuate this increase or decrease in affected Employees' elective Contributions on a prospective basis.

(2) **Significant Cost Increases.** If the Employer determines that the cost charged to an Employee of a Participant's Benefit Package Option(s) (such as the PPO for the Medical Insurance Plan) significantly increases during a Period of Coverage, then the Participant may (a) make a corresponding prospective increase in his or her elective Contributions (by increasing Salary Reductions); (b) revoke his or her election for that coverage, and in lieu thereof, receive on a prospective basis coverage under another Benefit Package Option that provides similar coverage (such as an HMO); or (c) drop coverage prospectively if there is no other Benefit Package Option available that provides similar coverage. The Employer, in its sole discretion and on a uniform and consistent basis, will decide whether a cost increase is significant in accordance with prevailing IRS guidance.

(3) **Significant Cost Decreases.** If the Employer determines that the cost of any Benefit Package Option (such as the PPO for the Medical Insurance Plan) significantly decreases during a Period of Coverage, then the Employer may permit the following election changes: (a) Participants enrolled in that Benefit Package Option may make a corresponding prospective decrease in their elective Contributions (by decreasing Salary Reductions); (b) Participants who are enrolled in another Benefit Package Option (such as an HMO) may change their election on a prospective basis to elect the Benefit Package Option that has decreased in cost (such as the PPO for the Medical Insurance Plan); or (c)

Employees who are otherwise eligible under Section 3.01 may elect the Benefit Package Option that has decreased in cost (such as the PPO) on a prospective basis, subject to the terms and limitations of the Benefit Package Option. The Employer, in its sole discretion and on a uniform and consistent basis, will decide whether a cost decrease is significant in accordance with prevailing IRS guidance.

(i) **Change in Coverage** The definition of similar coverage under Section 7.03(h) applies also to this Section 7.03(i).

(1) **Significant Curtailment.** If coverage is significantly curtailed (as defined below), Participants may elect coverage under another Benefit Package Option that provides similar coverage. In addition, as set forth below, if the coverage curtailment results in a Loss of Coverage (as defined below), then Participants may drop coverage if no similar coverage is offered by the Employer. The Employer in its sole discretion, on a uniform and consistent basis, will decide, in accordance with prevailing IRS guidance, whether a curtailment is significant, and whether a Loss of Coverage has occurred.

(a) **Significant Curtailment Without Loss of Coverage.** If the Employer determines that a Participant's coverage under a Benefit Package Option under this Plan (or the Participant's Spouse's or Dependent's coverage under his or her Employer's plan) is significantly curtailed without a Loss of Coverage (for example, when there is a significant increase in the deductible, the co-pay, or the out-of-pocket cost-sharing limit under an accident or health plan, such as the PPO under the Medical Insurance Plan) during a Period of Coverage, the Participant may revoke his or her election for the affected coverage, and in lieu thereof, prospectively elect coverage under another Benefit Package Option that provides similar coverage (such as the HMO). Coverage under a plan is deemed to be significantly curtailed only if there is an overall reduction in coverage provided under the plan so as to constitute reduced coverage generally.

(b) **Significant Curtailment With a Loss of Coverage.** If the Employer determines that a Participant's Benefit Package Option (such as the PPO under the Medical Insurance Plan) coverage under this Plan (or the Participant's Spouse's or Dependent's coverage under his or her Employer's plan) is significantly curtailed, and if such curtailment results in a Loss of Coverage during a Period of Coverage, then the Participant may revoke his or her election for the affected coverage and may either prospectively elect coverage under another Benefit Package Option that provides similar coverage (such as the HMO) or drop coverage if no other Benefit Package Option providing similar coverage is offered by the Employer.

(c) **Definition of Loss of Coverage.** For purposes of this Section 7.03(i)(1), a Loss of Coverage means a complete loss of coverage (including the elimination of a Benefit Package Option, an HMO ceasing to be available where the Participant or his or her Spouse or Dependent resides, or a Participant or his or her Spouse or Dependent losing all coverage under the Benefit Package Option by reason of an overall lifetime or annual limitation).

In addition, the Employer, in its sole discretion, on a uniform and consistent basis, may treat the following as a Loss of Coverage:

- a substantial decrease in the medical care providers available under the Benefit Package Option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the number of physicians participating in the PPO for the Medical Insurance Plan or in an HMO);

- a reduction in benefits for a specific type of medical condition or treatment with respect to which the Participant or his or her Spouse or Dependent is currently in a course of treatment; or

- any other similar fundamental loss of coverage.

(2) **Addition or Significant Improvement of a Benefit Package Option.** If during a Period of Coverage the Plan adds a new Benefit Package Option or significantly improves an existing Benefit Package Option, the Employer may permit the following election changes: (a) Participants who are enrolled in a Benefit Package Option other than the newly added or significantly improved Benefit Package Option may change their elections on a prospective basis to elect the newly added or significantly improved Benefit Package Option; and (b) Employees who are otherwise eligible under Section 3.01 may elect the newly added or significantly improved Benefit Package Option on a prospective basis, subject to the terms and limitations of the Benefit Package Option. The Employer, in its sole discretion and on a uniform and consistent basis, will decide whether there has been an addition of, or a significant improvement in, a Benefit Package Option in accordance with prevailing IRS guidance.

(3) **Loss of Coverage Under Other Group Health Coverage.** A Participant may prospectively change his or her election to add group health coverage for the Participant or his or her Spouse or Dependent, if such individual(s) loses coverage under any group health coverage sponsored by a governmental or educational institution, including (but not limited to) the following: a state children's health insurance program under Title XXI of the Social Security Act; a medical care program of an Indian Tribal government (as defined in Code §7701(a)(40)), the Indian Health Service, or a tribal organization; a state health benefits risk pool; or a foreign government group health plan, subject to the terms and limitations of the applicable Benefit Package Option(s).

(4) **Change in Coverage Under Another Employer Plan.** A Participant may make a prospective election change that is on account of and corresponds with a change made under an Employer plan (including a plan of the Employer or a plan of the Spouse's or Dependent's Employer), so long as (a) the other cafeteria plan or qualified benefits plan permits its Participants to make an election change that would be permitted under applicable IRS regulations; or (b) the Plan permits Participants to make an election for a Period of Coverage that is different from the Plan Year under the other cafeteria plan or qualified benefits plan. For example, if an election is made by the Participant's Spouse during his or her Employer's open enrollment to drop coverage, the Participant may add coverage to replace the dropped coverage. The Employer, in its sole discretion and on a

uniform and consistent basis, will decide whether a requested change is on account of and corresponds with a change made under the other Employer plan, in accordance with prevailing IRS guidance.

(j) **Reduction of Hours.** A Participant who was reasonably expected to average 30 hours of service or more per week and experiences an employment status change such that he or she is reasonably expected to average less than 30 hours of service per week may prospectively revoke his or her election for Medical Insurance Plan coverage, provided that the Participant certifies that he or she and any related individuals whose coverage is being revoked have enrolled or intend to enroll in another plan providing minimum essential coverage under health care reform for coverage that is effective no later than the first day of the second month following the month that includes the date the Medical Insurance Plan coverage is revoked.

(k) **Exchange Enrollment.** A Participant who is eligible to enroll for coverage in a government-sponsored Exchange (Marketplace) during an Exchange special or annual Open Enrollment Period may prospectively revoke his or her election for Medical Insurance Plan coverage, provided that the Participant certifies that he or she and any related individuals whose coverage is being revoked have enrolled or intend to enroll in new Exchange coverage that is effective no later than the day immediately following the last day of the Medical Insurance Plan coverage.

A Participant entitled to change an election as described in this Section 7.03 must do so in accordance with the procedures described in Section 7.02.

7.04 Election Modifications Required by the Employer

The Employer may, at any time, require any Participant or class of Participants to amend the amount of their Salary Reductions for a Period of Coverage if the Employer determines that such action is necessary or advisable in order to (a) satisfy any of the Code's nondiscrimination requirements applicable to this Plan or other cafeteria plan; (b) prevent any Employee or class of Employees from having to recognize more income for federal income tax purposes from the receipt of benefits hereunder than would otherwise be recognized; (c) maintain the qualified status of benefits received under this Plan; or (d) satisfy Code nondiscrimination requirements or other limitations applicable to the Employer's qualified plans. In the event that Contributions need to be reduced for a class of Participants, the Employer will reduce the Salary Reduction amounts for each affected Participant, beginning with the Participant in the class who had elected the highest Salary Reduction amount and continuing with the Participant in the class who had elected the next-highest Salary Reduction amount, and so forth, until the defect is corrected.

ARTICLE VIII. Recordkeeping and Administration

8.01 Plan Administrator (The Employer)

The administration of this Plan shall be under the supervision of the Employer. It is the principal duty of the Employer to see that this Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in this Plan without discrimination among them.

8.02 Powers of the Plan Administrator

The Employer will have full power to administer the Plan in all of its details, subject to applicable requirements of law. It shall have the exclusive right to interpret the Plan and to decide all matters thereunder, and all determinations of the Employer with respect to any matter hereunder shall be conclusive and binding on all persons. Without limiting the generality of the foregoing, the Employer shall have the following discretionary authority:

(a) to construe and interpret this Plan, including all possible ambiguities, inconsistencies, and omissions in the Plan and related documents, and to decide all questions of fact, questions relating to eligibility and participation, and questions of benefits under this Plan;

(b) to prescribe procedures to be followed and the forms to be used by Employees and Participants to make elections pursuant to this Plan;

(c) to prepare and distribute information explaining this Plan and the benefits under this Plan in such manner as the Employer determines to be appropriate;

(d) to request and receive from all Employees and Participants such information as the Employer shall from time to time determine to be necessary for the proper administration of this Plan;

(e) to furnish each Employee and Participant with such reports with respect to the administration of this Plan as the Employer determines to be reasonable and appropriate, including appropriate statements setting forth the amounts by which a Participant's Compensation has been reduced in order to provide benefits under this Plan;

(f) to receive, review, and keep on file such reports and information regarding the benefits covered by this Plan as the Employer deems necessary or appropriate to comply with governmental laws and regulations to the maintenance of records, notifications to Participants, filing with the Internal Revenue Service and U.S. Department of Labor, and all other such requirements applicable to the Plan;

(g) to appoint or employ any agents, attorneys, accountants or other parties (who may also be employed by the Employer) and to allocate or delegate to them such powers or duties as is necessary to assist in the proper and efficient administration of the Plan, provided that such allocation or delegation and the acceptance thereof is in writing;

(h) to sign documents for the purposes of administering this Plan, or to designate an individual or individuals to sign documents for the purposes of administering this Plan; and

(i) to maintain the books of accounts, records, and other data in the manner necessary for proper administration of this Plan and to meet any applicable disclosure and reporting requirements.

8.03 Reliance on Participant, Tables, etc.

The Employer may rely upon the direction, information, or election of a Participant as being proper under the Plan and shall not be responsible for any act or failure to act because of a direction or lack of direction by a Participant. The Employer will also be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions, and reports that are furnished by accountants, attorneys, or other experts employed or engaged by the Employer.

8.04 Fiduciary Liability

The Employer is the named fiduciary for the Plan for purposes of ERISA Section 402(a). To the extent permitted by law, the Employer shall not incur any liability for any acts or for failure to act except for their own willful misconduct or willful breach of this Plan.

8.05 Delegation

The Employer has designated PacificSource Administrators (“PSA”) to act as the Third Party Administrator in a limited capacity for creating the plan documents that satisfy Code §125 and the regulations issued thereunder. PSA may resign at any time or may be removed or replaced by the Employer at any time. Unless otherwise provided in the service agreement, obligations under this Plan shall remain the obligation of the Employer.

8.06 Indemnification of the Third Party Administrator and Plan Administrator

PSA shall be indemnified by the Employer against any and all liabilities arising by reason of any act or failure to act made in good faith pursuant to the provisions of the Plan, including expenses reasonably incurred in the defense of any claim relating thereto.

8.07 Bonding

The Employer shall be bonded to the extent required by ERISA.

8.08 Insurance Contracts

The Employer shall have the right (a) to enter into a contract with one or more insurance companies for the purposes of providing any benefits under the Plan; and (b) to replace any of such insurance companies or contracts. Any dividends, retroactive rate adjustments, or other refunds of any type that may become payable under any such insurance contract shall not be assets of the Plan but shall be the property of and be retained by the Employer, to the extent that such amounts are less than aggregate Employer Contributions toward such insurance.

8.09 Notification to Employees

The Employer shall provide reasonable notification to Employees of the availability and terms of the Plan in time for Participants to sign and return Enrollment Forms on a timely basis. The Employer will make available to each Participant such of its records under the Plan as pertain to such Participant, for examination at reasonable times during normal business hours.

8.10 Exclusive Benefit and Uniformity

It shall be a principal duty of the Employer to see that the Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them. In operating and administering the Plan, the Employer shall apply all rules of procedure and decisions uniformly and consistently, in a nondiscriminatory manner, so that all persons similarly situated will receive substantially the same treatment.

8.11 Required Information to be Furnished

Each Participant and beneficiary will furnish to the Employer such information as the Employer considers necessary or desirable for purposes of administering the Plan, and the provisions of the Plan respecting any payments hereunder are conditional upon the prompt submission by the Participant or beneficiary of such true, full and complete information as the Employer may request. Any communication, statement or notice to a Participant and beneficiary addressed to the last post office address filed with the Employer, or if no such address was filed with the Employer, then to the last post office address of the Participant or beneficiary as shown on the Employer's records, will be binding on the Participant or beneficiary for all purposes of this Plan and the Employer shall be obliged to search for or ascertain the whereabouts of any Participant or beneficiary.

8.12 Inability to Locate Payee

If the Employer is unable to make payment to any Participant or other person to whom a payment is due under the Plan because it cannot ascertain the identity or whereabouts of such Participant or other person after reasonable efforts have been made to identify or locate such person, then such payment and all subsequent payments otherwise due to such Participant or other person shall be forfeited following a reasonable time after the date any such payment first became due.

8.13 Effect of Mistake

In the event of a mistake as to the eligibility or participation of an Employee, the allocations made to the account of any Participant, the Employer shall, to the extent that it deems administratively possible and otherwise permissible under Code §125 or the regulations issued thereunder, cause to be allocated or cause to be withheld or accelerated, or otherwise make adjustment of, such amounts as it will in its judgment accord to such Participant or other person the credits to the account or distributions to which he or she is properly entitled under the Plan. Such action by the Employer may include withholding of any amounts due to the Plan or the Employer from Compensation paid by the Employer.

ARTICLE IX. General Provisions

9.01 Expenses

All reasonable expenses incurred in administering the Plan shall be paid by the Employer.

9.02 No Contract of Employment

Nothing herein contained is intended to be or shall be construed as constituting a contract or other arrangement between any Employee and the Employer to the effect that such Employee will be employed for any specific period of time.

9.03 Amendment and Termination

The Employer has established the Plan with the intention and expectation that it will be continued, but the Employer will have no obligation to maintain the Plan, and the Employer may terminate all or any part of this Plan at any time hereafter without liability. Upon termination of the Plan, all elections and reductions in compensation relating to the Plan shall terminate. The Employer reserves the right to amend at any time any or all of the provisions of the Plan. All amendments shall be in writing and shall be approved by the Employer in accordance with its normal procedures for transacting business.

9.04 Governing Law

This Plan shall be construed, administered, and enforced in accordance with the law of the State where the Employer is headquartered, to the extent not superseded by the Code, ERISA, or any other federal law.

9.05 Compliance With Code, ERISA, and Other Applicable Laws

It is intended that this Plan meet all applicable requirements of the Code and ERISA and of all regulations issued thereunder. ERISA applies to the Group Sponsored Insurance. This Plan shall be construed, operated, and administered accordingly, and in the event of any conflict between any part, clause, or provision of this Plan and the Code and/or ERISA, the provisions of the Code and ERISA shall be deemed controlling, and any conflicting part, clause, or provision of this Plan shall be deemed superseded to the extent of the conflict. In addition, the Plan will comply with the requirements of all other applicable laws.

9.06 No Guarantee of Tax Consequences

The Employer makes no commitment or guarantee that any amounts paid for the benefit of a Participant under this Plan will be excludable from the Participant's gross income for federal, state, or local income tax purposes. It shall be the obligation of each Participant to determine whether each payment under this Plan is excludable from the Participant's gross income for federal, state, and local income tax purposes and to notify the Employer if the Participant has any reason to believe that such payment is not so excludable.

9.07 Limitation of Rights

Neither the establishment of the Plan nor any amendment thereof will be construed as giving to any Employee or other person any legal or equitable right against the Employer, except as expressly provided herein, and in no event will the terms of employment or service of any

Employee be modified or in any way be affected hereby.

9.08 Headings

The headings of the various Articles and Sections are inserted for convenience of reference and are not to be regarded as part of this Plan or as indicating or controlling the meaning or construction of any provision.

9.09 Plan Provisions Controlling

In the event that the terms or provisions of any summary or description of this Plan are in any construction interpreted as being in conflict with the provisions of this Plan as set forth in this document, the provisions of this Plan shall be controlling.

9.10 Severability

Should any part of this Plan subsequently be invalidated by a court of competent jurisdiction, the remainder of the Plan shall be given effect to the maximum extent possible.

* * *

This document is executed on this _____ day of _____, _____.

COMMUNITY ACTION TEAM INC

By: _____

Title: _____