

Please check appropriate underwriting company:

- The Lincoln National Life Insurance Company**, Service Office: PO Box 21008, Greensboro, NC 27420-1008
 Lincoln Life & Annuity Company of New York, Service Office: PO Box 21008, Greensboro, NC 27420-1008
(hereinafter referred to as "the Company")

PREMIUM FINANCING LENDER CERTIFICATION

A completed Premium Financing Lender Certification must be submitted with the policy application in connection with every life insurance application when (1) the insured is age 70 or older and (2) the Owner/Applicant or Insured intends to borrow any portion of the initial or future premiums on the policy. This Certification is not required if the funds are being borrowed from a family member, or only from an employer (e.g. a split-dollar loan not involving any borrowing from a third party lender). This certification must be signed by an officer of the lender that is familiar with the premium financing loan terms for the application identified on this certification.

Introduction

The Lincoln Financial Group of companies do not want to issue any new life insurance policies where any of the parties are considering, or actually intend, the eventual transfer of the life insurance policy to a life settlement company or other investors. Our life insurance products are intended to provide benefits to the insured and his or her beneficiaries, all of who have a bona fide need for the insurance protection. Our life insurance products are not intended to enrich investors who simply hope for a financial profit from the death of the insured. Stranger originated life insurance programs ("STOLI") come in many different forms, including arrangements that are designed to appear like traditional premium financing.

Loan Guidelines

The Lincoln Financial Group has adopted underwriting guidelines in an effort to preserve traditional premium financing arrangements while excluding those financing arrangements that have many of the characteristics of STOLI programs. Because STOLI programs typically target older individuals, the following additional financial underwriting procedures apply whenever the insured is age 70, or older:

- Premium financing cases for any individual age 70 and older will only be approved if the insured can demonstrate a net worth of \$5 million or more.
- The insured must demonstrate that there is a legitimate need for the life insurance protection, and that the insured could afford to pay the future premiums without using premium financing. We expect, therefore, that the target first-year premium of the life insurance policy will not exceed 5% of the client's net worth. As an alternative, the target first-year premium should be less than 40% of the client's annual income for individuals with a net worth of \$5-10 million, and less than 75% of the client's annual income for individuals with a net worth in excess of \$10 million.
- The maximum interest rate for fixed rate loans will be 7.75%. Floating rate loans will be acceptable if the interest rate is not greater than (1) prime plus 250 basis points, or (2) LIBOR plus 350 basis points. The lender must not receive any payments in excess of loan principal, interest and reasonable charges and expenses (even if disclosed). The loan terms should not create an incentive to life settle the policy.
- Non-recourse financing is not acceptable regardless of the insured's age.

Information Needed From Lender

All premium financing cases will continue to be reviewed on a case-by-case basis, and Lincoln does not approve or endorse any lenders or loan programs. In reviewing life insurance applications that involve premium financing, it will facilitate review if the same financial information being provided to the lender is also made available to New Business. For each loan, Lincoln will need to receive copies of the following documents and/or information:

- 1) Loan term sheet, loan offering letter, financing disclosure statement or other loan information provided to the borrower (e.g., amount of the loan commitment, maturity date, interest rate, origination and pre-payment fees and expenses, and whether the loan allows interest, fees and expenses to be added to loan balance).
- 2) If the insured will be personally liable for all, or a portion, of the outstanding loan balance, provide a copy of the personal guaranty. If the insured has provided collateral in lieu of a personal guaranty, describe and identify the specific collateral being provided.

Lincoln Financial Group reserves the right to request a completed set of loan documents, either prior to, or after, the issuance of the life insurance policy being financed.

Lender name and address: _____

Contact Person: _____

Telephone Number: _____

Name of Insured: _____

Name of Owner/Applicant: _____

Policy Number (if known): _____

Marketing Name (if any)
Of The Lending Program _____

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By my signature below, I represent that I am an officer of the Lender identified above, and that I am authorized to execute this Certification on behalf of the Lender. The Lender, after reviewing the Introduction and Loan Guidelines, represents to Lincoln Financial Group that the premium financing application that the Lender has approved complies with Lincoln's Premium Financing Guidelines. The Lender further understands that Lincoln Financial Group does not want to issue any life insurance policies where any of the parties are considering, or actually intend, the eventual transfer of the life insurance policy to a life settlement company or other investors.

The Lender further represents to Lincoln Financial Group that the information and documents furnished with this certification reflect accurately the terms of the premium financing loan. The Lender agrees to update this Certification if the loan terms are modified, and to provide copies of all additional life expectancy valuations received by the Lender.

Signature

Date

Printed Name

Title of Officer Signing