



HAWAII ELECTRICIANS ANNUITY FUND

1935 HAU STREET, ROOM 300 • HONOLULU, HAWAII 96819 • PHONE(808) 841-6169 • FAX (808) 847-4596

RULES FOR LOANS TO PARTICIPANTS
OF THE HAWAII ELECTRICIANS ANNUITY FUND,
As Amended September 15, 1997

Section 1. Purpose of Loan.

Loans to Participants will be made only for the following:

a. Emergencies:

- 1) Funeral Expenses for deceased spouse, child, or parent of participant where expenses exceed any death benefits which may be payable;
- 2) Medical expenses for the Participant, spouse or dependent children, which exceed any benefits payable by any medical insurance by at least \$100;
- 3) Catastrophic Expenses caused by fires, floods, accidents, or earthquakes, which exceed the participant's cash reserves and any financial assistance he may qualify for from any aid program.

b. Hardship Needs:

- 1) Education Expenses for a Participant's physically or mentally handicapped dependent children not covered by any government aid program for such children;
- 2) Food and Rental Expenses if an unemployed Participant or his dependents do not qualify for unemployment or welfare assistance;
- 3) Prevention of Mortgage Foreclosure or Eviction from Rental Unit if the Participant can substantiate the mortgage/rental amounts owed.

c. Principle Residence

Payment to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is used or is to be used within a reasonable time as the principle residence of the Participant.

Loans to acquire or construct a principle residence shall have a 10 year maximum period of repayment. Reconstruct or substantially rehabilitate a dwelling shall have a 5 year maximum period of repayment. A loan for this purpose will only be made once in a lifetime.

Section 2. Loan Conditions

a. Minimum Balance of Accumulated Share

Loans will be made only if the Participant's share value is at least \$1,000 at the time application is made.

b. Maximum Loan Amount

The amount of a loan, together with the outstanding balance of all previous loans, shall not exceed the lesser of \$50,000 or 50% of the value of the Participant's Accumulated Share. Loans will only be approved for the purposes stated in Section 1.

c. Interest

Annual interest at the then prime rate (as published in the Wall Street Journal on the last business day of the preceding calendar month) shall be charged for all loan amounts outstanding. This rate shall be subject to review and adjustment from time to time by the Trustees with due regard to the interest rate then prevailing in Hawaii for personal loans.

d. Installment to Repay Loan

The maximum period for repayment of principal residence loans shall be 10 years and for all other loans 5 years or on the date the borrower becomes eligible for death, disability, retirement or termination benefit from the Fund, whichever occurs earlier.

e. Delinquent Loan Payments

There will be no late charges applied to delinquent loan balances. Should a loan remain delinquent for more than three months, and all delinquent installments are not paid by the due date of the fourth month, the Trustees can either require the borrower to take a "deemed" distribution from the Fund equal to the entire unpaid balance of the loan or subject the borrower to collection through legal process to pay-off the then entire loan balance plus interest, court costs and attorney fees. This deemed distribution is required by law to be reported by the Fund to the Internal Revenue Service and the Hawaii State Tax Office as income to the borrower and thereby subject to applicable taxed and penalties to be paid by the borrower.

If a borrower defaults on a loan, no further loans to the borrower shall be approved for a period of five years from the date of default.

f. Security

All loans shall be evidenced by a promissory note and secured by the full value of the Participant's Accumulated Share in the Fund.

g. Application

Application for loans shall be made on a form approved by the Trustees with all information and documents requested attached thereto. Such application shall provide for the consent of the Participant's spouse, if any. Loans shall be made only after approval by the Trustees or their appointed representatives.

h. Loan Checks

All loan checks will be made payable to the Participant and the third party, if applicable (e.g. "XYZ Mortgage Co." if the loan is for the Participant's principle residence).

i. Married Participant: Spouse Consent

An application by a married Participant for a loan under these Rules shall not be considered unless the Participant's legal spouse consents to such loan request on a form and in a manner approved by the Trustees.

Section 3. Restrictions.

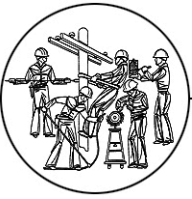
No loans may be made for business or investment purposes or any other purposes except as outlined in Section 1. Any Participant who fraudulently applies for and obtains a loan shall be subject to prosecution as provided by law.

Section 4. Partial Invalidity.

If any portion of these rules are deemed invalid under any applicable law, the remaining rules shall continue to apply.

Section 5. Valuation of Individual Accounts.

The portion of a Participant's Individual Account which is loaned to a Participant shall not participate in the allocation to Individual Accounts of Fund earnings or losses from investments. Interest payments made by a Participant in connection with the repayment of a loan under the Plan shall be credited to this Individual Account.



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APPLICATION FOR LOAN

(Deliver or mail this form together with the financial statement and supporting documents to the: Hawaii Electricians Annuity Fund Office, 1935 Hau St., Room 300, Honolulu, Hawaii 96819, ATTN: LOAN COMMITTEE;

1. NAME _____
PRINT Last First Middle Social Security No.

2. ADDRESS _____
Number Street City State Zip
Phone No. _____ No. Dependents: _____

3. Martial Status check all applicable: []Married; []Single; []Divorced

4. [] Employed at: _____ No. Years _____
[] Unemployed, how long: _____ Expected Return to work: _____

5. PURPOSE OF LOAN (Check applicable boxes below)

EMERGENCIES

[] Funeral Expenses (limited to spouse, dependent child, parent, if expenses exceed any death benefits payable).

Name of deceased _____ . Relationship to

Participant _____. (Attach bill from funeral director, church, etc. and show amounts and source of any death benefit payable.)

[] Out-of-pocket medical expenses for sickness or injury of at least \$100 for participant, spouse or dependent children which was not reimbursed by benefits payable from any insurance or aid programs. (Attach proof of expenses such as doctors, hospital, pharmacists bills, and show amounts to be paid by insurance or aid programs.)

[] Catastrophic Expenses

[] Fire; [] Accident; [] Flood; [] Earthquake

HARDSHIP NEEDS

[] Education expenses for physically or mentally handicapped dependent children not covered by any government aid program (check appropriate boxes): [] Tuition; [] Room and board

Name of Educational Institution _____

Address of Institution _____

Full Name of Student _____ Age _____ Grade _____

(Attach bill from school, etc.)

[] Food, rent and other basic needs (if participant is unemployed and he does not qualify for unemployment or welfare assistance).

[] Prevention of Eviction from Rental Unit.

[] Prevention of Mortgage Foreclosure.

PRINCIPLE RESIDENCE

[] Payment to acquire, construct, reconstruct or substantially rehabilitate a dwelling or real property for such dwelling that will

be used within a reasonable time as my principle residence. I understand that a loan for this purpose can be made only once in my lifetime. (Attach a letter from a loan institution showing expenses and a statement that they have approved your application for a mortgage loan; a letter from a licensed contractor outlining the type and cost of work required to construct, reconstruct or rehabilitate your dwelling; or a written agreement for purchase of the real property for your dwelling, whichever is applicable.)

I hereby apply for a loan in the amount of \$ _____ from the HAWAII ELECTRICIANS ANNUITY FUND. If my application is approved, I shall sign a promissory note to repay the loan with yearly interest at the then prime rate (as published in the Wall Street Journal on the last business day of the preceding calendar month) on the principal loan balance in _____ monthly installments beginning _____, _____. I understand and agree that if I default on my loan payments, the Trustees of the Fund may either make a "deemed" distribution equal to the entire unpaid balance of the loan or file legal action against me to collect the outstanding loan balance, interest, attorney fees and court costs. If a deemed distribution is made, the amount of the distribution will be reported to the Internal Revenue Service and the Hawaii State Tax Office as income to the borrower and thereby subject to applicable taxes and penalties to be paid by the borrower.

Everything that I have stated in this application is true and correct to the best of my knowledge. I understand that the Trustees of the Fund will keep this application whether or not it is approved. I authorize the Trustees to check my credit and employment history with anyone they deem necessary.

Signature of Applicant

Date

Signature of Witness

Date

As required by Regulation implementing the Retirement Equity Act of 1984, I consent to the Trustees approval of this loan application under the terms herein stated.

Consent of Spouse, if married Date

Signature of Witness

Date

FOR OFFICE USE ONLY

a) Value of applicant's Accumulated Share as of Quarter Ended _____
is \$ _____ . 50% = \$ _____ .

b) Applicant appears eligible for a loan of \$ _____ .

c) Installment period _____ months at \$ _____ per month.

d) Loan Committee recommends [] approval; [] rejection

Reason:

Committee Member

Date

Committee Member

Date

e) [] Approved; [] Rejected: at Board of Trustee meeting held on _____

FINANCIAL STATEMENT

INCOME

a. Applicant's monthly salary or wages (net after taxes) \$ _____
 b. Spouse's monthly salary or wages (net after taxes) \$ _____
 c. Other income (source: _____ } \$ _____
TOTAL MONTHLY INCOME \$ _____

EXPENSES

a. Food, clothing, rent, utilities, insurance premiums, auto, and other set basic expenses \$ _____
 b. TOTAL MONTHLY PAYMENT on **DEBTS OWED** (from figure below) \$ _____
TOTAL MONTHLY EXPENSES \$ _____

| | |
|--|---|
| Home: Rent [] Monthly Rental \$ _____ Own [] Balance Owing \$ _____ Monthly Payment \$ _____ Payment to: _____ Market Value \$ _____ How many year at present address? _____ | Additional Real Estate: Location: _____ Balance Owing \$ _____ Monthly Payment \$ _____ Market Value _____ Payment to: _____ |
|--|---|

Automobiles: Car (1) Year _____ ; Make _____
 Car (2) Year _____ ; Make _____
 Auto Insurance Co. _____

DEBTS OWED

NAME OF THE CREDITOR (Indicate branch where applicable). Include credit card account, auto loans, mortgages, installment contracts, etc. Use separate sheet if necessary.

| | PRESENT BALANCE | MONTHLY PAYMENTS |
|-------|--------------------|---------------------|
| _____ | \$ _____ | \$ _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Are all debts current? If not explain on separate sheet. TOTAL MONTHLY PAYMENTS \$ _____

Have you been divorced? _____ If yes, please submit a copy of the court filed divorce decree along with your application.

Have you been declared bankrupt in the last 14 years? _____

If so, What State? _____ What year? _____

Have you any judgments, garnishments, or legal proceedings against you? _____

If yes, please explain: _____

Are you a co-maker on a loan at present? Yes []; No []

If yes, for whom? _____

In what dollar amount? \$ _____ Date Loan made _____

Name of Financial Institution where Loan made _____

REFERENCES:

Financial Inst. Branch _____ \$ _____
Savings/Checking #

Financial Inst. Branch _____ \$ _____
Savings/Checking #

Financial Inst. Branch _____ \$ _____
Savings/Checking #

Other Credit Reference _____

Other Credit Reference _____

Parents or Nearest Relatives (not living with you)

Name _____ Relationship _____

Address _____

Other Reference _____
Name Relationship

Address _____