



HAWAII ELECTRICIANS ANNUITY FUND

1935 HAU STREET, SUITE 450 • HONOLULU, HAWAII 96819-5003 • PHONE (808) 841-6169 • FAX 847-4596

RULES FOR LOANS TO PARTICIPANTS OF THE HAWAII ELECTRICIANS ANNUITY FUND

Section 1. Purpose of Loan.

Loans to Participants will be made only for the following:

a. 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)

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 _____

[CONTINUE TO NEXT PAGE]

**PLEASE PROVIDE (1) FULL MONTHS PAYCHECK STUBS &
LAST YEARS W-2 TAX STUBS FOR BOTH PARTICIPANT & SPOUSE**

Income

Applicant's monthly salary or wage (net after taxes).....	\$ _____
Spouse monthly salary or wage (net after taxes).....	\$ _____
Other Income.....	\$ _____
TOTAL MONTHLY INCOME	\$ _____

Expenses - Monthly

Rent or Mortgage	\$ _____
Food	\$ _____
Gas- Home	\$ _____
Electric	\$ _____
Water	\$ _____
Cable	\$ _____
Cellular	\$ _____
Telephone	\$ _____
Gasoline (Auto)	\$ _____
Car Insurance	\$ _____
School Tuition	\$ _____
Child Support/Alimony	\$ _____
Misc Household Exp (clothes, hair, hobbies, household items)	\$ _____

Debts Owed - Credit cards/Car Loans/installment Contracts:	<u>Present Balance</u>
1 _____	\$ _____
2 _____	\$ _____
3 _____	\$ _____
4 _____	\$ _____
5 _____	\$ _____
6 _____	\$ _____
7 _____	\$ _____
8 _____	\$ _____
TOTAL EXPENSE	\$ _____

HOME:		Additional Real Estate:	
Rent	[] Monthly Rental Payment	\$ _____	Location: _____
Own	[] Monthly Mortgage Payment	\$ _____	
	Payment To: _____		Monthly Payment \$ _____
	Balance Owing	\$ _____	Balance Owing \$ _____
	Market Value	\$ _____	Market Value \$ _____
	How many Years at this address _____		Payment to: _____

AUTOMOBILES: Year/ Make /Model

Car 1 _____

Car 2 _____

Car 3 _____

AUTO INSURANCE CO.: _____

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