

MICHIGAN LABORERS' ANNUITY FUND

Statement of Loan Policy

Adopted December 1, 2008

Loan Availability

Loans will be made available to Participants on a reasonably equivalent basis in a maximum amount not to exceed the lesser of fifty percent (50%) of their vested account balance or fifty thousand dollars (\$50,000). Under no circumstances, however, will any loan amount exceed the amount permitted by Section 72(p) of the Internal Revenue Code of 1986, as amended and applicable regulations. All loans shall be subject to the Trustees' approval, which shall investigate each loan application. Subject to such uniform and nondiscriminatory rules as the Trustees may periodically adopt, the Trustees, upon application by a Participant, may make a loan or loans to such Participants.

Eligibility

Vested Participants with at least three thousand dollars (\$3,000) in Annuity Fund contributions in their account are eligible to apply for a loan, but only if they meet one of the following qualifications:

Retired Participants and Alternate Payees under Qualified Domestic Relations Orders are not eligible to receive loans.

No Participant can have more than one (1) outstanding loan at any one time.

Participants may not apply for a new loan any more frequently than every twelve (12) months.

Participants are not eligible for loans if they have defaulted on a prior loan.

Application

A Participant may apply for a loan in writing to the Trustees, on a form prescribed by the Trustees. The Trustees' decision with respect to such application shall be final and binding.

A Participant applying for a loan also shall provide the following:

- a) Promissory Note - The loan shall be evidenced by a Promissory Note which documents the loan terms. The Promissory Note must be executed by the Participant prior to the establishment of the loan.
- b) Spousal Consent - The Participant's spouse must consent to the use of any portion of the Participant's vested account being assigned as collateral to secure a loan from the Plan. The Spousal Consent form must be notarized.
- c) Copy of the Participant's Driver's License
- d) Copy of the Participant's Spouse's Driver's License
- e) Marriage Certificate or equivalent proof of marriage
- f) Any and all completed Divorce Decrees and all attachments (all decrees must be sent to Legal Counsel for the Fund to determine how much of the Participant's account balance is available for loan) and copies of any outstanding Federal Tax liens.

Segregated Accounts

All existing and new loan accounts will be segregated.

Each time a loan is granted, the Participant's account balance will be reduced by the amount of each loan. Participants' segregated loan accounts will not be considered when the Fund allocates gains, losses and expenses among Participants. Repayment of all principal and interest shall be credited to each Participant's general account, no less than annually.

The distribution of Fund earnings will be calculated based upon the full account balance, less any outstanding loan balance, as of August 31 of each Plan Year, plus half (1/2) of all principal and interest payments made by the Participant to his account during the Plan Year and half (1/2) of all employer contributions received during the current Plan Year.

Term of Loan

The period of repayment for any loan shall be arrived at by mutual agreement between the Trustees and the borrower. The terms of the loan will be 60 months, but such period in no event shall exceed five (5) years. Repayment of interest and principal shall commence on the 25th day of the month following the month in which the loan was issued, but in no event shall the first payment be due in less than thirty (30) days.

Repayment of interest and principal shall be made according to a substantially level amortization schedule of monthly payments over the term of the loan.

Interest Rate

Each loan shall bear interest at a rate to be fixed by the Trustees.

The interest rate shall remain constant for the term of each individual loan. The rate will be reviewed at least annually and set by the Trustees for new loans, but may vary based upon length of the loan.

The Trustees shall not discriminate among Participants in the matter of interest rates, but loans granted at different times may bear different interest rates if, in the opinion of the Trustees the difference in rates is justified by a change in general economic conditions. In any event, each loan shall bear a reasonable rate of return.

Interest will be calculated on the first day of each month.

Repayment of principal and interest shall be credited to the Participant's segregated account no less than annually.

Collateral

Each loan shall be secured by the assignment by the borrower of the borrower's right, title and interest in and to the Trust Fund to the extent of the borrowed amount, as evidenced by the borrower's collateral promissory note for the amount of loan, including interest, payable to the order of the Trustees.

No portion of a Participant's account may be used as collateral for a loan unless at the time a security agreement is entered into, the Participant's spouse, if any (on the date the security agreement is entered), consents in writing to the use of the account as security for the loan.

Prepayment

A Participant/borrower may make additional payments towards the principal without incurring penalty or charge. These payments may be made at any time and will be applied to the outstanding principal balance. Additional payments do not relieve the Participant/borrower of the obligation to remit regular future monthly payments. All additional amounts paid will be treated as additional principal payments unless designated as prepayments of monthly loan installment payments, as described below. Interest will be adjusted at the time that the note is fully paid.

Participants will be allowed to make prepayments of principal and interest by remitting a sum equal to one (1) or more additional monthly payments. The payment must be clearly designated as a prepayment, by the Participant.

Late Payments

A ten dollar (\$10) late charge will be assessed for any loan in the event that any payment is not received within fifteen (15) days after the due date. Late charges will continue to be assessed each month until unpaid amounts are received by the Fund or until Default.

Default

If a Participant/borrower fails to make four (4) loan payments when due, the loan will be in default. The Trustees may then act upon the collateral assigned by the Participant to secure the loan, and the Fund will report to the Internal Revenue Service that the Participant/borrower received a deemed distribution of all outstanding principal and interest accrued on the Defaulted loan. As such, an IRS Form 1099 will be sent to the IRS and to the Participant and must be reported as regular income by the Participant and a ten percent (10%) additional tax may be due to the IRS.

Statements

Monthly statements will be mailed to each Participant on a monthly basis.

Appeals

Any appeals with respect to loan administration must be made to the Fund Office in writing. All appeals will be presented to the Trustees for consideration at their next meeting.

Processing Fee

All loans are subject to a one-time administration fee. The amount of the fee is to be determined annually by the Trustees.

The loan processing fee will be deducted from the loan proceeds at the time the loan amount is paid to the Participant by the Fund. The Participant, if divorced, also will be charged any applicable fee for the review of divorce decrees and domestic relations orders in connection with the processing of the Participant's loan application.