





## 401(k) Employee Loan Application

### Terms and Conditions

**Cost** – A loan fee in the amount of \$60 shall be deducted from the loan amount approved. An annual maintenance fee of \$60 will be charged to your account every year the loan is outstanding.

**Optional Express Delivery** – Prevailing rates apply to expedited courier service. Delivery times cannot be guaranteed, and charges are non-refundable. Express delivery is available for deliveries Monday through Friday only and is not available to P.O. boxes. Delivery is not guaranteed to all areas.

**Amount of Loan** – The maximum loan amount, when added to the outstanding balance of all other loans from all qualified plans sponsored by your employer, is generally the lesser of 50% of your vested account balance, or \$50,000 reduced by the excess, if any, of your highest total outstanding balance of all such loans for the one-year period ending on the day before the date the loan is made, over the outstanding balance of loans from all such qualified employer plans on the date the loan is made.

**Source and Application of Funds** – Loan disbursements will be made on a prorated basis from each of your current investment options and contribution sources or Saturna Capital may decide which funds to liquidate to fund the loan proceeds.

**Eligibility** – You must be actively employed to take a loan. Note that if you file bankruptcy, the bankruptcy court may prohibit the plan from processing your repayments through payroll deduction.

**Interest Rate Determination** – For loans originating in any given month, interest due will be based on the designated rate for your Plan on the first business day of each month, and such rate is fixed for the life of the loan. The interest rate is set at the current Prime Rate as published in the Wall Street Journal.

**Repayment** – Payments must be made by payroll deduction. Saturna Capital will notify your employer's payroll department at the time a loan is made, indicating the dollar amount your employer must begin deducting from your pay each pay period according to the payroll frequency indicated on the front of the form. You should refer to your Truth-in-Lending Disclosure and promissory note and/or amortization schedule for information as to the amount and due date of each payment. It is entirely your responsibility to ensure that timely loan repayments are being remitted to Saturna Capital by your employer's payroll department to avoid the tax consequences associated with a defaulted plan loan.

Principal repayments and interest payments shall be reinvested in your account in accordance with your current investment elections.

**Default** – If the sum of all loan payments due in a calendar quarter is not made and payment is not received by the end of the following calendar quarter, pursuant to Internal Revenue Code rules and regulations, the loan will be in default and the entire outstanding loan balance, including accrued but unpaid interest, shall be deemed distributed and will be tax reported to you. This entire amount must be included in your gross income in the calendar year of default. An IRS premature withdrawal penalty may also apply. Borrowers who default on a loan from the Plan may be prohibited from obtaining future loans from the Plan.

**Prepayment** – Prepayment in full of the outstanding loan principal and the accrued interest may be made no earlier than the next loan payment due date. Arrangements for a full payment must be made by contacting Saturna Capital for a prepayment figure no more than two weeks before the payoff.

**Full Distributions** – Before a full distribution can be processed, you must have experienced a distributable event and elect to treat the loan as a taxable distribution. All outstanding loan principal and accrued interest shall be treated as a distribution from the Plan on the date of death. The loan cannot be transferred to, or assumed by, your beneficiary. In addition, the amount of the outstanding loan will be tax reported as a distribution to you or your estate, as applicable.

**Indemnification** – Saturna Capital Corporation accepts no responsibility for any adverse tax consequences to you resulting from your failure to adhere to the terms of this agreement and all applicable federal and state loan laws, and you hereby hold Saturna Capital harmless from any claim, of whatever nature, from yourself, your creditors, your family, your heirs, successors and assigns in connection with this agreement.

Please forward completed paperwork to Saturna at:

**Saturna Capital Corporation**  
**Attn: Loan Processing Dept.**  
**1300 North State Street**  
**Bellingham, WA 98225**  
**Phone: 1-800-SATURNA**  
**Fax: 1-360-734-0755**  
**Online: [www.saturna.com](http://www.saturna.com)**