

## **GENERAL BUILDING LABORERS' LOCAL NO. 66 ANNUITY PLAN**

### **HARDSHIP WITHDRAWAL RULES AND PROCEDURES**

July 1, 2019

This document sets forth the Rules and Procedures followed by the General Building Laborers' Local No. 66 Annuity Plan (the "Plan" or "Fund") in processing Hardship Withdrawal Applications in accordance with the provisions of the Plan.

#### **I. VALID REASONS**

A Hardship Distribution may be obtained by a Plan Participant in order to pay the following expenses incurred by the Participant, provided that all of the applicable requirements set forth herein and in the Plan are satisfied:

- A. Medical and Dental Expenses. Medical and/or dental expenses (as defined in Internal Revenue Code Section 213(d)) of at least \$1,000 which are incurred in the two-year period immediately preceding the date of the Hardship Withdrawal Application as a result of the injury or sickness of the Participant or his or her spouse or dependent child. Eligible expenses include only those expenses that the Participant is obligated to pay and which have not been reimbursed by (and for which the Participant has no right to reimbursement from) any public or private plan or program (including, but not limited to, Medicare, Medicaid, workers' compensation, the General Building Laborers' Local No. 66 Welfare Fund, or any other employee benefit plan, insurance carrier, employer, union or joint employer-union welfare plan or program. For purposes of this paragraph, the term "dependent child" shall be defined as it is defined under the Welfare Fund.
- B. Funeral Expenses. Funeral expenses for the death of a Participant's spouse, child, parent, sibling or in-law. The withdrawal amount may include all amounts that are included in the funeral home bill (including flowers, cards, transportation, etc.). A withdrawal is not permitted in order to pay for these expenses if they are or can be reimbursed under any other insurance program.

- C. Purchase/Construction of Principal Residence. Expenses directly related to the Participant's purchase or construction of his/her *principal* residence (which may be a house, cooperative or condominium). Expenses eligible for withdrawal include those that are approved by the Fund as being directly related to the **purchase or construction of the residence**, such as the down payment, contract and title expenses. Mortgage payments are not eligible expenses. In all cases, the amount of the Hardship Withdrawal will be limited to the following: purchase price (or building costs if the house is being built) **plus** closing costs (including contract and title expenses, attorneys' fees and prepaid interest on a mortgage (points)), **minus** any mortgage or loan secured by the home and/or property. For purposes of this paragraph, the term "principal" residence shall mean the residence in which the Participant principally resides, which may be no more than 140 miles from the office of the General Building Laborers' Local 66 Funds, unless the Participant provides documentation demonstrating to the satisfaction of the Fund that he/she commutes from a further distance.
- D. Post-Secondary Educational Expenses. Expenses incurred in connection with the payment of tuition and/or room and board for post-secondary education (i.e., college, graduate school or technical school) for the Participant, spouse or dependent children, for the semester immediately preceding and/or the semester immediately following the date of the Hardship Withdrawal Application. The Fund does not allow withdrawals for expenses incurred for books, fees, insurance and other miscellaneous expenses or for any tuition and/or room and board expenses that are covered by loans, scholarships or financial aid. However, the Fund does not consider payment via a payment plan to be a loan. The Fund will allow a Hardship Withdrawal for the payment of tuition for an on-line course (or courses) only if the otherwise eligible individual at issue is taking such course(s) in conjunction with in-person attendance at school at that time.
- For purposes of this paragraph, the term "dependent child" shall be defined as a Participant's child who is under age 26, who is the Participant's biological child, stepchild, legally adopted child, or child placed with the Participant for adoption.
- E. Special Educational Expenses. Expenses for special education tuition fees for a handicapped dependent child of the Participant. Such fees shall not include fund-raising activities, book fees or enrollment fees.
- F. Private Educational Expenses. Expenses for tuition fees for private education of a dependent child of the Participant. Such fees shall not include fund-raising activities, book fees or enrollment fees.

- G. Foreclosure/Tax Lien. Expenses necessary to prevent the Participant from losing his/her *principal* residence (which may be a house, cooperative or condominium) as a result of (1) a foreclosure proceeding (or threatened foreclosure proceeding) brought against the Participant, or (2) a tax lien proceeding (or threatened tax lien proceeding) that is based on the Participant's failure to pay real estate taxes on such property.
- H. Eviction. Expenses necessary to prevent the Participant from losing his/her *principal* residence as a result of an eviction proceeding (or threatened eviction proceeding) due to the Participant's failure to pay rent, or necessary expenses incurred in order to obtain a *new principal* residence due to eviction from the Participant's *prior principal* residence. Withdrawals are permitted for up to six months of past due rent in order to prevent eviction. "Rent" does not include any other expenses, such as parking costs.
- I. Destruction of Principal Residence Due to Fire, Earthquake, Hurricane and Similar "Acts of God". Expenses incurred in order for the Participant to obtain a new *principal* residence or to renovate a *principal* residence, or to replace necessary basic household furnishings or belongings, which have been destroyed due to a disaster (such as fire, earthquake, hurricane, major flood, tornado and similar "acts of God") that caused destruction to the Participant's *principal* residence, where such expenses cannot be satisfied from another source (including insurance or otherwise).
- J. Delinquent Income Taxes. Expenses for payment of delinquent federal and state income taxes owed by the Participant. The withdrawal amount is limited to the actual amount owed to cover delinquent federal and/or state taxes owed by the Participant.
- K. COBRA Coverage. Expenses for the payment of COBRA continuation coverage for the Participant, spouse and/or children under the General Building Laborers' Local No. 66 Welfare Fund.
- L. Attorneys' Fees. Expenses for the payment of attorneys' fees incurred by (i) the Participant, his spouse or dependent child as a result of allegations relating to a criminal act, (ii) the Participant as a result of his or her personal bankruptcy filing or (iii) the Participant as a result of divorce or child support proceedings in which the Participant is a named party.
- M. Handicap-Accessibility. Expenses incurred in order to renovate the Participant's *principal* residence to make it handicapped accessible for the Participant or a family member.
- N. Delinquent Child Support Payments. Expenses for the payment of all or some of any accumulated delinquent child support expenses incurred pursuant to a domestic relations order, a judgment of divorce or a stipulation of settlement, provided that the Plan shall pay such arrearages directly to the institution that has demanded such payments.

The Fund's Board of Trustees (or their authorized designee) has the sole and absolute discretion to determine whether or not the above contingencies (A through N) have occurred and are supported by appropriate proof and documentation.

**IMPORTANT NOTE:**

**IF A PARTICIPANT MAKES A MISREPRESENTATION RELATING TO HIS BENEFIT APPLICATION, OR FURNISHES FRAUDULENT INFORMATION OR PROOF TO THE FUND OFFICE, SUCH PARTICIPANT WILL NOT BE ENTITLED TO A HARDSHIP DISTRIBUTION FOR A PERIOD OF FIVE (5) YEARS FROM: (I) THE DATE OF THE MISREPRESENTATION OR FRAUD (IN THE CASE OF A FAILURE TO USE WITHDRAWN MONIES FOR THE PURCHASE OF A PRINCIPAL RESIDENCE), OR (II) THE DATE OF THE FUND'S DISCOVERY OF THE MISREPRESENTATION OR FRAUD (IN ALL OTHER TYPES OF WITHDRAWAL SITUATIONS). IN ADDITION, IF A DISTRIBUTION IS NOT USED FOR THE STATED PURPOSE, THE PARTICIPANT MAY NOT IN THE FUTURE RECEIVE A DISTRIBUTION FOR THAT PURPOSE.**

II. **LIMITATIONS ON HARDSHIP WITHDRAWALS**

A. **Number of Withdrawals:** A Participant is limited in the number of Hardship Withdrawals he/she is eligible for:

- one (1) Hardship Withdrawal every three (3) years for the reasons described in paragraphs C, I, J, L, and M of Section I above,
- one (1) every twelve (12) months for the reasons described in paragraphs A, B, G, H of Section I above, and two (2) hardship withdrawals every 12 months for the reason described in paragraph K of Section I above
- no more than once every semester for all *educational* reasons described in paragraphs D through F of Section I above.  
**AND**
- no more than once during the Participant's lifetime for the reason described in paragraph N of Section I above.

Notwithstanding the foregoing, in the event that a Participant is suffering from a critical illness (i.e., a life threatening condition) and has not performed work in Covered Employment for a period of three (3) months immediately preceding the date of the Hardship Withdrawal Application, such Participant may receive a Hardship Withdrawal for the reason described in paragraph A of Section I as such medical costs are incurred, a Hardship Withdrawal for the reason described in paragraph G of Section I once every three (3) months, and a Hardship Withdrawal for the reason described in paragraph H of Section I once every six (6) months, provided

that the Participant satisfies all otherwise applicable requirements for such distributions.

- B. Eligible Amounts: Hardship Withdrawals may be taken only from a Participant's Profit-Sharing Account, and in no event may a Hardship Withdrawal exceed 50% of the Participant's Profit-Sharing Account.

### III. REQUIRED DOCUMENTATION

In order for a Participant's Application for a Hardship Withdrawal to be considered complete, the Participant must submit to the Fund Office:

- A. A completed, signed and notarized Application obtained from the Fund Office;
- B. All of the required documents for the type of Hardship Withdrawal for which he or she is applying, as outlined in these Rules;
- C. A spousal consent form, if the Participant is married and his/her account balance at any time was more than \$5,000;
- D. Proper identification, as determined by the Fund. If the withdrawal relates to expenses incurred for a child, a copy of the child's birth certificate (or adoption papers) reflecting that the Participant is the child's parent; and
- E. Depending on the type of Hardship Withdrawal requested, the following additional documentation must be submitted to the Fund Office along with the Application:

1. Medical/Dental Expenses

- *Original* medical/dental bills and correspondence from the medical/dental provider(s) indicating the amount due and the Participant's responsibility for such expenses; and
- Correspondence from all sources of insurance coverage detailing amounts covered by such insurance.

2. General Building Laborers' Local 66 Welfare Fund COBRA Coverage

- Eligibility for this type of hardship withdrawal will be determined in coordination with the General Building Laborers' Local 66 Welfare Fund.

3. Funeral Expenses

- An *original* death certificate and appropriate proof of relationship (i.e., marriage or birth certificate); and

- An itemized bill from the funeral home *bearing the Participant's name*.

***Note: Checks issued by the Fund for this type of withdrawal will be made payable to the funeral home unless an official paid bill/invoice is submitted to the Fund Office along with the Application and other documentation.***

4. **Purchase/Construction of Principal Residence**

- A copy of the fully-executed contract of sale or binder agreement (or, in the case of a cooperative, the subscription agreement); and
- Documentation substantiating the amount of the requested withdrawal, as determined by the Fund.

*In addition to the above*, if the Participant is **purchasing the home** (as opposed to having a home built), he/she must submit:

- An original letter from his/her attorney (in the form provided by the Fund Office) stating that:
  - the Participant is represented by such attorney, and
  - the Participant is purchasing the residence as his/her *principal* residence and will have legal ownership of the residence as of a specified closing date.

***Note: Checks issued by the Fund for this type of withdrawal will be made payable to the escrow account of the Participant's attorney. If for any reason the purchase and closing of the subject home does not take place, the Participant's attorney must return all withdrawn funds (from his/her Local 66 Annuity Fund profit-sharing account) to the Fund Office within 90 days of the scheduled closing date.***

*In addition to the above*, if the Participant is **having his home built**, he/she must submit:

- A copy of the deed to the property where the home will be built; and
- Documentation substantiating the amount of the requested withdrawal, as determined by the Fund. The supporting documentation may include (without limitation) approved architectural plans, building permits, contracts for work being performed by third parties (construction, plumbing, electrical, etc.), receipt for foundation and bills for necessary materials.

*In addition to the above*, if the Participant is **buying a mobile home**, he/she must submit:

- A copy of the fully-executed contract of sale;
- A notarized affidavit stating that the mobile home will be kept stationary; and

- A copy of the deed to the land where he/she intends to park the mobile home or, if leased, a copy of the lease agreement with the trailer park where he/she intends to park it.

***Important Note Regarding Purchase in Spouse's Name:*** If the Participant is buying a home, condominium or cooperative, and the contract is in his/her spouse's name, the Participant must submit a notarized affidavit stating that the home will be owned in the spouse's name for personal reasons, and that the Participant intends to occupy the home as his/her ***principal*** residence. In addition, the Participant must submit a copy of his/her marriage certificate.

***Additional Documentation Required in the Event of Prior Purchase:*** If a Participant has previously received a Hardship Withdrawal from the Fund in order to purchase a principal residence, then, in order to receive a subsequent withdrawal for this purpose, the Participant must also submit to the Fund Office documentation verifying that (i) the prior purchase occurred, and (ii) the Participant was/is the owner (e.g., a copy of the deed or property tax statement or, in the case of a cooperative, a copy of the certificate of shares). In addition, the Participant's address of record on file with the Fund must have been changed to the address of the Participant's new principal residence (related to the prior withdrawal) within a reasonable time of that purchase.

#### 5. **Post-Secondary Educational Expenses**

- A copy of the student's tuition bill (issued by the school or self-generated by the Participant or student on his/her computer) showing the school name and address, the student's name, the number of classes or courses taken and the charges for tuition, room and board (including any financial aid anticipated or received). If the student is living off-campus, the Participant must submit a copy of the lease agreement indicating the duration of the lease and the monthly rental fee. The cost of a qualified meal plan with the educational institution may be included as part of the Hardship Withdrawal Application, provided that satisfactory proof is submitted, as determined by the Fund.

***Note: Checks issued by the Fund for this type of withdrawal will be made payable to the educational institution unless an official paid bill/invoice is submitted to the Fund Office along with the Application.***

#### 6. **Special or Private Educational Expenses**

- A copy of the student's tuition bill (issued by the school or self-generated by the Participant or student on his/her computer) showing the school name and address, the student's name, the grade level, the charges of the tuition (including any financial aid anticipated or received) and room and board charges (if applicable)

***Note: Checks issued by the Fund for these types of withdrawals will be made payable to the educational institution unless an official paid bill/invoice is submitted to the Fund Office along with the Application.***

7. **Foreclosure/Tax Lien**

- To Avoid Foreclosure: The Participant must submit to the Fund Office the actual foreclosure document or a letter from the lending institution threatening foreclosure proceedings if the delinquent mortgage payments are not made (for example, a Notice of Default, Demand Letter or Notice to Accelerate).
- To Avoid Tax Lien: A letter from the tax collector indicating the amount of property taxes owed and stating that a failure to pay such taxes will result in a lien on the property.

***Important Notes:***

1. ***If less than three (3) mortgage payments have been made since the Participant's last Hardship Withdrawal to avoid foreclosure, this type of withdrawal will not be permitted. In addition, if no property tax payments have been made since the Participant's last Hardship Withdrawal to avoid a tax lien, this type of withdrawal will not be permitted.***
2. ***Checks issued by the Fund for this type of withdrawal will be made payable to the party initiating the action, on behalf of the Participant.***

8. **Eviction**

- To Avoid Eviction: The Participant must submit to the Fund Office either A, B, C or D, below:
  - A. An *original* Notice of Petition (Non-Payment), which has been signed by the clerk of the court and reflects the case's index number, and a letter from the landlord or the landlord's attorney verifying that the proceedings are currently in progress; OR
  - B. An *original* Notice of Eviction issued by a Marshal or Sheriff (including the case's index number) within the last six (6) days; OR
  - C. An *original* Judgment of Eviction issued by a court and a letter from the landlord or the landlord's attorney verifying that the proceedings are currently in progress; OR
  - D. (i) a notarized letter from the landlord stating that the Participant is currently facing eviction from his principal residence and the amount and dates of delinquent rent (or similar) payments, (ii) the Participant's



last three (3) cancelled checks or money order receipts for the full rental (or similar) payment (timely paid in or before the month for which they were due), and (iii) a copy of the Participant's executed lease agreement (or other satisfactory documentation as determined by the Fund). **The Participant must submit either (i) original cancelled checks, (ii) bank statements showing copies of cancelled checks, or (iii) original money order receipts, which will be copied by the Fund Office and returned to the Participant. The Fund does not accept cash receipts as proof of payment of rent or similar charges, unless the Fund receives a notarized affidavit from the landlord confirming cash payments.**

***Important Notes:***

- 1. If less than three (3) monthly rent (or similar) payments have been timely paid since the Participant's last Hardship Withdrawal to avoid eviction, this type of withdrawal will not be permitted.***
- 2. Checks issued by the Fund for this type of withdrawal will be made payable to the landlord (or homeowners' association) on behalf of the Participant.***

- To Obtain a New Principal Residence Due to Eviction: The Participant must submit to the Fund Office all of the following:
  - The *original* Notice of Eviction issued by a Marshal or Sheriff (including the case's index number);
  - A copy of the executed lease agreement for the new residence; and
  - A notarized letter from the landlord stating the amount needed to secure the new residence (or other satisfactory documentation as determined by the Fund). *The amount of the withdrawal permitted by the Fund will be limited to the first month's rent plus an amount for a security deposit not to exceed two months of rent. Note: Checks issued by the Fund for this type of withdrawal will be made payable to the landlord on behalf of the Participant.*

9. **Destruction of Principal Residence due to Fire, Earthquake, Hurricane and Similar "Acts of God"**

- A copy of the lease agreement (or ownership document) in effect prior to the destruction;
- A notarized letter from the Participant's landlord verifying the destruction caused to the residence, furnishings and/or belongings, if applicable;
- A copy of the Fire or Police Department's report clearly setting forth the address where the disaster occurred, the date on which it occurred and the nature/extent of the damages caused to the residence, furnishings and/or belongings;
- A copy of any fire, property, casualty, homeowners' or other insurance policy covering the residence and property, as well as

copies of any correspondence from the insurance company regarding coverage for the damages/loss; and

- In cases where the Participant is obtaining a new residence, a letter or lease from the new landlord specifying the amount required to obtain the new residence (e.g., first month's rent and security deposit).

**For expenses related to renovations or the replacement of necessary, basic household furnishings/belongings, the Participant must also submit (in addition to the above):**

- Bills or estimates from vendors, which reflect the cost of renovating and/or replacing necessary basic household furnishings/belongings (e.g., beds, sofa, clothing).

10. **Delinquent Income Taxes**

- An official written notification from the Internal Revenue Service (IRS) or the applicable state tax authority requesting payment for the delinquent taxes owed, which must state the delinquent amount due, the Participant's name and the Participant's social security number. *The check will be payable to the Internal Revenue Service or applicable state tax authority.*

11. **Attorneys' Fees**

- Documentation establishing the criminal case, bankruptcy filing, divorce proceeding or child support proceeding, as applicable; and
- An invoice from the attorney.

12. **Handicap Accessibility**

- Documentation substantiating the amount of the requested withdrawal and the specific renovations. The supporting documentation may include (without limitation) approved architectural plans, building permits, contracts for work being performed by third parties (construction, plumbing, electrical, etc.), and bills for necessary work and materials; and
- A notarized affidavit of the Participant stating that the renovations are required in order to make his/her *principal* residence handicapped accessible for him/herself or a family member.

13. **Delinquent Child Support Payments**

- A copy of the court invoice, past-due payment statement or demand letter issued by a federal, state or local governmental institution listing the amount of accumulated child support which is owed by the Participant.

- *Note: Checks issued by the Fund for this type of withdrawal will be made payable directly to the institution that has demanded such payment.*

#### IV. APPLICATIONS AND PROCESSING

Applications must be made in writing by completing and signing the required forms available from the Fund Office and submitting them to the Fund Office along with the additional required documentation, as outlined above.

Following receipt of a **complete** Application and approval of the Application by the Fund, the Fund will endeavor to ensure that approved withdrawal amounts are distributed

- no later than the first Friday of the next following month in which the Application was received by the Fund Office, if the **complete** Application was received *on or before* the 24th day of the month.
- no later than the first Friday of the second month following the month in which the Application was received by the Fund Office, if the **complete** Application was received *after* the 24th day of the month.

**PLEASE BE ADVISED THAT ALL CHECKS ISSUED BY THE FUND WILL BE VALID FOR ONLY NINETY (90) DAYS. ACCORDINGLY, WITHDRAWAL CHECKS SHOULD BE DEPOSITED PROMPTLY AFTER RECEIPT.**

#### V. ADMINISTRATION

The responsibility for administering the Hardship Withdrawal program and processing individual Hardship Withdrawal Applications has been delegated by the Board of Trustees to the Fund's Manager, subject to the Participant's right to request a review of any such decisions in accordance with the Plan's Appeals Procedures. Outside consultants and other professionals may assist the Fund's Manager and the Fund's staff in interpreting the Plan's Hardship Withdrawal Rules and Procedures and in processing Hardship Withdrawal Applications.

To the extent that any term used in these Procedures is not defined herein, the relevant definitions in the Plan shall apply.

The Trustees may, at any time and from time to time, adopt such other rules as they deem necessary or appropriate, in their sole and absolute discretion, in connection with the Plan's Hardship Withdrawal program.