

Tile Layers Union Local No. 7, N.Y. Annuity Plan

Loan Application

EMPLOYEE INFORMATION

Borrower (please print or type): _____

Social Security Number: _____ Telephone: () _____

Address: _____

Mailing Address: _____

Currently married (check one) Yes No

I. REQUEST FOR LOAN

I hereby apply for a loan of \$ _____ from the current value in the Plan as directed below:

II. PURPOSE OF LOAN

Please attach copies of bills, invoices, etc.

III. REPAYMENT OF LOAN

My loan is to be repaid in _____ payments and must be paid quarterly.

IV. PLAN RULES RELATING TO LOANS

Plan rules governing the operation of this loan program are attached hereto and are made part hereof by reference.

I have read and understood all portions of the loan application including the attached addendum _____ and affix my signature hereto as evidence of this _____ day of _____ 20_____.

Employee's Signature _____

State Of _____

County of _____

On the _____ day of _____, 20_____ before me came _____ to me known and known by me to the persons described in and who executed the forgoing statements and they duly acknowledged to me that they executed the same.

Notary Public

I hereby consent to this loan to my spouse and the \$100 administrative fee charged to my spouse's Account, and waive all rights to receive the proceeds in the form of a Joint and Survivor Annuity. I understand that should my spouse default on this loan or die before the loan is repaid, the amount of the benefit I will receive will be less than I would have received had the loan not been granted.

Spouse's Signature _____

State of _____

County of _____

On the ____ day of _____, 20____ before me came _____ to me known and known by me the person's described in and who executed the foregoing statements and they duly acknowledged to me that they executed the same.

Notary Public

Dear Participant:

The Board of Trustees is pleased to announce that the Annuity Plan has been amended to allow for hardship loans. This amendment allows you to borrow a portion of your retirement savings that have accumulated in the Plan in the event that you face a hardship, provided that you have been a participant in the Plan for at least 48 months.

Only current participants may request a hardship loan. Former participants, alternate payees and beneficiaries are not entitled to take a hardship loan from the Plan.

Hardship Loans

You may be eligible to apply for a hardship loan if:

- You are currently participating in the Plan; and
- You need money to meet certain expenses due to financial hardship.

Financial hardship loans will be granted for the following purposes:

- Expenses for medical care for you, your spouse or dependents that are not covered by the Tile Layers Local 7 Insurance & Welfare Fund;
- Costs related to the purchase of your primary residence (excluding mortgage payments), provided it is your first purchase of a primary residence;
- Tuition payments and related fees (including room and board) for you, your spouse, your children or dependents for post-secondary education or for a school or institution for physically or mentally handicapped children;
- Payments to prevent foreclosure of a mortgage on your primary residence.
- Expenses for a funeral, burial or cemetery upon the death of your spouse, child, or parents, or your spouse's parents;
- Emergency economic assistance needed due to temporary unemployment or disability due to illness or injury.

The Trustees will review your application to determine whether you have met the standard for a loan due to financial hardship.

Requesting a Hardship Loan

You must submit your request for a hardship loan to the Fund Office. You may contact the Fund Office for a Loan Application.

If you already have a loan outstanding, no additional loans will be granted until your current loan has been paid in full.

If you are married at the time of any hardship loan, you must also submit a written consent signed by your spouse and notarized. The Loan Application form provides a space for such consent.

There will be a \$100 administrative fee charged to your Individual Account to cover the cost of administering the loan.

Amount of a Hardship Loan

The Internal Revenue Code limits the amount of any new loan to the lesser of the following two amounts:

- 50% of your account balance, reduced by the balance of outstanding loans on the day before the new loan, or
- \$50,000, reduced by the highest outstanding balance of all loans over the last 12 months.

Loans for any purpose other than purchase of your primary residence may not exceed \$25,000.

Other Terms

Your request for a hardship loan must be for a minimum of \$1,000 and you may not have more than one loan outstanding at a time.

You must repay the hardship loan within five years if the loan is for any reason other than expenses in connection with the purchase or construction of a home, apartment or condominium. If the loan is for that purpose, you must repay the loan within 10 years. You may pay off the hardship loan any time before the due date without penalty. Repayment starts in the calendar quarter immediately following the quarter in which you receive the loan.

Interest Rate

The hardship loan will bear interest at a rate equal to the average of the primary rate of three local banks at the beginning of the calendar quarter in which you applied for the loan. The three local banks used to determine the interest rate will be designated periodically by the Board of Trustees. This rate will be fixed during the term of your hardship loan. Payments will be credited first to interest.

Default

If you fail to make a payment and you fail to correct the missed payment by the last day of the calendar quarter following the calendar quarter in which you missed a payment you will be in default.

If you default, you will receive a 1099-R for the outstanding hardship loan including interest. In addition to being liable for income taxes, you may also be liable for a 10% early withdrawal tax. For example, if you are in the 20% tax bracket for the year of the default, you must pay taxes to the federal government equal to 30% of the defaulted amount, plus an additional amount to the state.

IF YOU DEFAULT, YOU MAY NOT TAKE ANY MORE LOANS.

If you terminated Covered Employment, you may continue to repay the loan. However, if you elect to take distribution of your account then you must repay the loan in full, including accrued interest. If you do not repay, then the loan, plus interest, will be offset against your distribution. You will still be taxable on the total.

Example

John has \$100,000 in his account at termination of employment. He also has an outstanding loan of \$20,000 plus accrued interest of \$1,000. John elects to receive his account in a lump sum. He will receive the following:

Account	\$100,000
Less loan	20,000
Less interest	<u>1,000</u>
Total received	\$79,000

John will receive a 1099-R showing a \$100,000 taxable distribution even though the final distribution is \$79,000.

Documentation

You will be required to sign a Promissory Note and to provide any other documents required by the Trustees. All loan applications must be accompanied by adequate documentation (bills, invoices, etc.) to account for the amount requested.

Military Service

If you enter the military and meet certain conditions, the need for you to make repayments may be suspended.

Please contact the Fund Office if you have additional questions about hardship loans.

Sincerely,

The Board of Trustees

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