

IRON WORKERS DISTRICT COUNCIL OF SOUTHERN OHIO & VICINITY
BENEFIT TRUST / PENSION TRUST / ANNUITY TRUST

GUIDELINE FOR LOCAL UNIONS REGARDING BONDING FOR
NEW CONTRACTORS

Effective January 2013

The 2010 Statement of Policies and Procedures on Delinquency Collections requires that all new contributing contractors sign a participation agreement and post a \$20,000 surety bond prior to commencement of participation in the Funds. The ability of a newly established business with no financial or credit history to secure a \$20,000 surety bond may create a special challenge. Thus, the Trustees have enacted this Guideline so that when a Local Union is in contact with a new contractor a number of other options for the bonding requirement may be presented.

Bonding Options for New Contractors

[Options are presented in the order of preference]

- 1.) 1st option – Post a \$20,000 cash bond with the Fund Office;
- 2.) 2nd option – In the case of a contractor who is a bargaining unit alumni and accrued an annuity account through the Annuity Trust, such individual on a voluntary basis has the option to post the \$20,000 cash bond by obtaining a loan on his annuity account, if eligible, or by taking a distribution from such annuity account, if eligible;
- 3.) 3rd option – Provide a Letter of Credit in the amount of \$20,000 from a qualified financial institution;
- 4.) 4th option – Post a \$5,000 cash bond and pay fringe benefit contributions on a weekly basis (until such time as a \$20,000 cash bond is posted); or
- 5.) 5th option – Secure joint check agreements and/or direct assignments from the general contractor or owner of the project whereby fringe benefit payments are made directly by the general contractor or owner of the project to the Trust Funds (until such time as another option is met).

At least one of these options must be satisfied for the new contractor to participate in the Funds.