



Date Adopted: 11/6/67

Date Revised: 08/26/25

Date Reviewed: 08/26/25

**Policy 102**

**Retirement of Patron's Capital**

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**SUBJECT:**

Retirement of Patron's Capital

**OBJECTIVE:**

To establish a method of allocating and retiring Capital Credits in accordance with the provisions of the Cooperative.

**POLICY:**

It shall be the policy of the Cooperative to operate on a Cooperative basis and allocate and retire capital credits in a manner that is consistent with the Cooperative's Bylaws, debt covenants, and all applicable laws. The Cooperative has adopted and will endeavor to attain and maintain a timely rotation of capital credits.

1. Allocation of capital credits shall be based upon the patronage of each member. Allocation of the previous year's margins will be made, and members will be notified of such allocation within a reasonable period.
2. The patronage assigned to the member may be divided based on allocations assigned from the Cooperative's power suppliers to the Cooperative and payable at a future date.
3. The retiring of capital credits shall be made at the discretion of the Board of Directors in compliance with the Cooperative's Bylaws and mortgage requirements.
4. The Cooperative may retire capital credits provided the financial condition of the Cooperative will not be impaired by doing so.
5. Payment of Estates
  - a. At the discretion of the Cooperatives' legal counsel, capital credits of the Cooperative and other assigned credits will be paid to the heirs of the deceased natural person's Estate.
  - b. Any outstanding monies owed to LYREC must first be paid and shall be deducted from the estate payment. Estate payments will only be made after all accounts associated with the deceased member's name have been transferred out of their name and have gone through the final billing cycle.
  - c. The applicant shall complete the appropriate forms and such other instruments as may be required by the Cooperative, evidencing the legal right to receive the capital credit retirement, and shall return them to LYREC's office.
  - d. In the case of a joint membership, the surviving party will receive one-half (½) share of the capital credits. The remaining one-half (½) share will be paid under the normal capital credit retirement rotation or upon the death of the second member, in which case, payment shall be made to the estate as determined by LYREC's legal counsel.



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- e. In the case of capital credits accruing after the payment of previously allocated capital credits, such accrued credits shall be paid in the same manner and to the same persons as the prior payment.
  - f. Payments are made up to and including the year that the member passed away. If the account remains in the name of the deceased person, the capital credits will be paid to the general retirement account rather than to the estate.
6. Payment to Companies, Corporations, and/or Businesses that have ceased to exist.
- a. Individuals requesting payment of capital credits from entities that have ceased to exist shall complete the appropriate forms and such other instruments as may be required by the Cooperative, evidencing the legal right to receive the capital credit retirement, and shall return them to LYREC's office.

**RESPONSIBILITY:**

It is the responsibility of the CEO and CFO to work toward the fulfillment of the requirements of this polic