
POLICY BULLETIN NO. 102

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 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 retirement of capital credits shall be made at the discretion of the Board of Directors in compliance with the Cooperative Bylaws and mortgage requirements.
4. The Cooperative may retire capital credits providing the financial condition of the Cooperative will not be impaired by doing so.
5. No capital credits shall be paid unless and until the Board of Directors has taken action approving such retirement.
6. Payment to Estates
 - a. At the discretion of the Board of Directors, capital credits of the Cooperative and other assigned will be paid to the heirs of deceased natural persons of their Estates.
 - b. All monies owed to LYREC must first be paid or amounts owing shall be deducted from the payment.
 - c. The applicant shall complete 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 joint membership, the surviving party will receive one-half (1/2) share of the capital credits. The remaining one-half (1/2) share will be paid only upon the death of the second member and payment shall be made to the estate as determined by LYREC's legal counsel.
 - e. In the case of capital credits accruing subsequent to 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.
7. Payment to Companies, Corporations, and/or Business's that have ceased to exist.
- a. Individuals requesting payment of capital credits from above mentioned shall complete 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 policy.