



RURAL ELECTRIC COOPERATIVE

Where Service Matters

FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

GENERAL POLICY No. 314

SUBJECT: RETIREMENT OF DECEDENT PATRONAGE CAPITAL

I. PURPOSE:

To provide heirs, or surviving joint membership of deceased patrons, a method to retire patronage capital on a discounted basis.

II. POLICY:

It is the policy of the Cooperative to retire the Patronage Capital of deceased Patrons, upon their death, and prior to the time such capital credits would otherwise be retired when requested by estate or surviving joint membership.

III. RESPONSIBILITY:

The CEO/General Manager is responsible for seeing that the provisions of this policy are carried out.

IV. PROVISIONS:

A. Limitations:

This policy shall apply only to deceased persons, and not to corporations, associations, or business partnerships. This policy shall apply to a joint membership where one of the parties dies and is held pursuant to Article I Section 6(b) of the By-laws.

B. Written Application:

Before patronage capital shall be retired hereunder, an application for decedent early retirement of patronage capital shall be properly executed, dated, and filed with the Cooperative.

C. Financial Condition:

The Board shall not approve applications where payment there under will impair

the financial condition of the Cooperative. The Board may elect to defer retirement of applications until the financial condition warrants retirement. In all cases duly approved applications shall be paid in the order filed, provided that all required proof and information was submitted with the application, if not the application shall be acted upon as of the date all required information was furnished to the Cooperative.

D. Time of Payment:

Payment shall be made of duly approved applications, subject to the other rules herein, at the discretion of the Board, either: (a) within a reasonable time following the end of the fiscal year in which death occurred, and after the capital for that year has been determined and credited to decedent's account, or (b) upon approval, of the discounted patronage capital for years prior to the year of death, and the capital for the year of death within a reasonable time after the end of that fiscal year.

E. Supporting Evidence:

The Board of Directors shall require that each application be supported by evidence adequate in its opinion and approved by legal counsel for the Cooperative to establish the death, the persons entitled to payment, and that payment may be made without legal liability of the Cooperative to any other person, firm, or agency. The following rules shall be considered:

1. If the decedent's estate is in the process of administration, upon the Cooperative receiving duly certified and current letters of administration in their representative capacity.
2. Upon receipt of a decree of distribution, duly certified, specifying to whom the patronage capital shall be paid, such patronage capital may be paid as provided therein.
3. If decedent's estate has been administered, and closed, prior to application made herein, and the patronage capital have not been specifically decreed, the CEO/General Manager may authorize payment according to an omnibus clause in the decree distributing unnamed and

after discovered property, or it may require the reopening of the estate for administration of the patronage capital.

4. If the estate of the decedent is not in the process of administration, and administration is not contemplated, the CEO/General Manager may authorize payment upon receiving evidence satisfactory to it of the person entitled, either by Will, or intrastate succession, to receive the patronage capital, evidence that there are not creditors unpaid, or estate or inheritance taxes to be paid, together with such indemnity as may be appropriate under the circumstances if such distribution is made.

5. Where heirs named in a decree, or otherwise entitled to receive the decedent's patronage capital are under legal disability, or are themselves deceased, the CEO/General Manager may likewise, upon furnishing of proper evidence and indemnity make payment to the person entitled thereto.

F. Debts of the Decedent:

A condition of the application, and of retirement of patronage capital pursuant to this policy, shall be that any amounts owing by decedent to the Cooperative shall be deducted from the patronage capital to be retired as a right of offset.

G. Discount:

Patronage Capital retired hereunder shall be at the discounted retirement method using a twenty (20) year rotation cycle and a discount rate equal to 1% plus the actual cost of the Cooperative's capital as calculated annually.

V. **PRIMACY OF POLICY:**

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

APPROVED BY THE CEO/GENERAL MANAGER



Bryan Case, CEO/GM

DATE EFFECTIVE: December 18, 2000

DATE REVISED: March 23, 2015

DATE REVIEWED: August 21, 2018

September 27, 2021

March 27, 2023

July 30, 2024