WEST OREGON ELECTRIC COOPERATIVE, INC.
VERNONIA, OREGON

POLICY NO. 502
CAPITAL CREDIT RETIREMENTS

I. Objective

To establish a policy for the payment of members' patronage capital (capital credits) in accordance with cooperative bylaw provisions.

II. Policy

A. The bylaws grant the board of directors discretion in determining the timing, method, basis, priority and order of capital credit retirements provided the financial condition of the cooperative is not impaired by the retirements and all patrons similarly situated are treated equally and in proportion to their patronage.

General Capital Credit Retirements

B. The board of directors shall specifically authorize all general capital credit retirements. In the event that only part of the capital credits for a given year are retired, an equal percentage of the capital credits for each member for that year shall be retired.

C. In addition to the general retirement, the board of directors may choose to retire "excess" margins to the members as soon as practical after the close of each fiscal year. Excess margins retired will be subtracted from the capital credits for that year and will be paid in proportion to the individual member patronage for that year. Excess margins are defined as those margins beyond those required to meet loan requirements designated by the Rural Utilities Service, the National Rural Utilities Cooperative Finance Corporation, and other supplemental lenders.

Unclaimed Capital Credits

D. Any distribution of capital credits by West Oregon Electric which remains unclaimed four (4) years after the date authorized for payment will automatically
revert to the cooperative after the following steps have been taken:

1. At least six (6) months prior to the declared reversion date, notice that the payment is available has been mailed to the last known address of the person the cooperative's records show as entitled to the payment.

2. If the address of such person is unknown, notice is published at least once a month for four (4) months in a newspaper with general circulation in the county where the registered office of the cooperative is located. Notice shall also be published on the WOEC website, Facebook page and other electronic media where practicable and currently used by WOEC as a source of general member information.

3. No new board authorization is required as each reversion period falls due in that this policy constitutes such reversion authorization.

E. It is the intent of this policy that the treatment of unclaimed capital credits be self-executing. No new board action is required as each reversion period falls due in that this policy constitutes board action covering each future period and shall remain in effect until revised or terminated.

III. Responsibility

The board of directors shall be responsible for any change or revision of this policy. The general manager or his/her designee shall be responsible for carrying out this policy.

IV. Review Date

The provisions of this policy will be reviewed at the first Board of Directors meeting two years after last revision or review.

Date Adopted: 10/21/97  Attested: s/ Sam Hearing, Secretary
Date Reviewed: 04/20/99  Attested: s/ Sam Hearing, Secretary
Date Reviewed: 04/17/01  Attested: s/ Sam Hearing, Secretary
Date Revised: 04/15/03  Attested: s/ Dixie London, President
Date Reviewed: 04/19/05  Attested: s/ Randall Aultman, Secretary
Date Reviewed: 04/17/07  Attested: s/ Randall Aultman, Secretary
Date Reviewed: 05/22/09  Attested: s/ Dixie London, Secretary
Date Revised: 04/19/11  Attested: s/ Bob Paleck, Secretary
Date Reviewed: 04/16/13  Attested: s/ Marty Van Dyken, Secretary
Date Reviewed: 04/28/15  Attested: s/ Larry Averitt, Secretary

Date Revised: 04/25/17  Attested: ___________________________
                          Rosemary Lohrke, Secretary