

RANDOLPH ELECTRIC MEMBERSHIP CORPORATION

P.O. Box 40, Asheboro, North Carolina 27204

336-625-5177 or 1-800-672-8212

APPLICATION FOR DECEDENT MEMBER'S CAPITAL CREDITS

Account # _____

CIN # _____

1. Decedent member's name _____

2. Decedent member's address and residency at date of death _____

3. Date of decedent member's death: _____ Age at Death: _____ County _____

4. List capacity in which undersigned makes this application (check one):

Executor or Executrix of decedent member's Will. Undersigned must attach a copy of his/her Letters Testamentary or a letter from the Clerk of Court stating the undersigned now is or, if the estate has been closed, last was the official executor or executrix of the estate.

Administrator or Administratrix of decedent member's estate. Undersigned must attach a copy of his/her Letters of Administration or a letter from the Clerk of Court stating that the undersigned now is or, if the estate has been closed, last was the official administrator or administratrix of the estate.

Relative of decedent member who died without a Will and there was not Administrator or Administratrix, of the estate appointed by Clerk of Court.

5 Name of the applicant: _____

6 Relationship of the applicant to decedent member: _____

7 Mailing address of the applicant: _____

P.O Box or Street and Number

County: _____ City: _____ State: _____ Zip Code: _____ Phone: _____

8. The Cooperative offers two options for paying capital credits to the estates of deceased members. They are as follows. (1) a discounted, present value, lump sum payment, or (2) payment according to general retirement policies. The general rotation cycle is currently approximately twenty-five (25) years—meaning current allocations for capital credits will not be paid approximately 25 years. However the present value option is payable now.

Please choose which method you desire:

A I request the lump sum, net present value payment now. As capital credits for the year of death are not known until the year following death. I authorize the Cooperative to pay discounted estimated capital credits for the year of death. A copy of Board Policy 437 is provided; read it carefully.

B I request later payment according to the general retirement policies under the normal rotation cycle.

(We) (I) also hereby undertake and agree to hold Randolph Electric Membership Corporation free and clear from any claim or liability arising from or which might grow out of the payment of Capital Credits on the above account.

The undersigned hereby represents all of the foregoing information and any information supplied on the back hereof or by attachment hereto to be complete and accurate to the best of his or her knowledge, and agrees to hold the Cooperative harmless from any liability that may arise out of its retirement of capital credits based on such information.

Date: _____ Signed: _____

Title: _____

(State whether Executor, Executrix, Administrator, Administratrix or Relation to Decedent)

_____ County, North Carolina

Signed and sworn to (or affirmed) before me this day by _____

(Name of Applicant)

Date: _____ Signature: _____

_____, Notary Public

(Print or Type Name)

My commission expires: _____



P.O. Box 40 · 879 McDowell Road · Asheboro, NC 27204-0040

Capital Credit Form for Clerks Office

_____ Attach "Letter of Administration"

OR

_____ Attach "Letter of Testamentary"

OR

_____ Attach Documentation from Clerk
of Courts office with official seal

_____ Please sign and have notarized

_____ Return back to Randolph EMC

Randolph EMC
PO Box 40
Asheboro, NC 27204-0040
Attn: Leigh Ann Kirkman

If you have any questions, please call me, Leigh Ann Kirkman at 336-625-5177 or 1-800-672-8212.

CIN _____ Amount _____

CIN _____ Amount _____

CIN _____ Amount _____

Total Refund _____

RANDOLPH ELECTRIC MEMBERSHIP CORPORATION

POLICY NO. 437

SUBJECT: CAPITAL CREDITS

I. OBJECTIVE

The objective of this capital credits Policy ("Policy") is to state the general policy of Randolph Electric Membership Corporation ("Cooperative") for allocating and retiring capital credits.

II. POLICY

A. The Cooperative shall allocate and retire capital credits in a manner that: (1) is consistent with state and federal law; (2) is consistent with operating on a cooperative basis under federal tax law; (3) is fair and reasonable to the Cooperative's patrons and former patrons; (4) provides the Cooperative with sufficient equity and capital to operate effectively and efficiently; and (5) protects the Cooperative's financial condition. Subject to law, the Cooperative's Certificate of Incorporation, and the Cooperative's bylaws, the allocation and retirement of capital credits are at the sole discretion of the Cooperative's Board of Directors ("Board").

B. Board Approval

The Cooperative shall allocate and retire capital credits according to the manner, method, timing, and amount approved by the Board.

C. Patronage Earning Allocations

For each good or service provided by the Cooperative on a cooperative basis during a fiscal year, the Cooperative shall equitably allocate to each patron, in proportion to the quantity or value of the good or service purchased by the patron during the fiscal year, the Cooperative's patronage earnings from providing the good or service during the fiscal year. The Cooperative, however, may retain for necessary purposes, without allocation, patronage earnings to meet the reasonable future needs of providing the good or service, but the Cooperative shall keep records necessary to determine, at any time, the rights and interests of each patron and former patron in the retained patronage earnings.

D. Patronage Loss Allocations

For each good or service provided by the Cooperative on a cooperative basis, the Cooperative shall offset patronage losses with the Cooperative's patronage earnings from providing the good or service during the most recent past fiscal year(s) or the next succeeding future fiscal year(s).

E. Nonpatronage Earning Allocations

As approved by the Board, the Cooperative may use, retain, or equitably allocate the Cooperative's nonpatronage earnings.

F. Nonpatronage Loss Allocations

As approved by the Board, the Cooperative shall offset nonpatronage losses with the Cooperative's nonpatronage earnings during any fiscal year.

G. General Capital Credits Retirements

The Cooperative may generally retire capital credits with the goals of: (1) maintaining an equity level between thirty percent (30%) and forty percent (40%) of the Cooperative's total assets; (2) retiring some capital credits every year during the month of June; (3) communicating and promoting the cooperative principles; (4) fostering loyalty and support among patrons and former patrons; and (5) maximizing public relations and political goodwill.

H. Special Capital Credits Retirements

The Cooperative may specially retire capital credits upon the death of an individual patron or former patron.

I. Discounted Special Capital Credits Retirements

For capital credits specially retired before the time the Cooperative anticipates normally retiring the capital credits, as agreed upon by the Cooperative and a patron or former patron, the Cooperative may pay the discounted, net present value of the capital credits.

J. Recoupment

After retiring, and before paying, capital credits allocated to a patron or former patron, the Cooperative shall recoup, offset, or setoff any amount owed to the Cooperative by the patron or former patron by reducing the amount of retired capital credits paid to the patron or former patron by the amount owed.

III. LIMITATIONS

A. Forfeiture of Capital Credits

The Cooperative shall not enter contracts through which a patron or former patron forfeits the right to the allocation or retirement of capital credits. The Cooperative shall not require any patron or former patron to forfeit the right to the allocation or retirement of capital credits.

B. Separate Allocations and Retirements

The Cooperative shall separately identify and allocate to the Cooperative's patrons capital credits and similar amounts allocated to the Cooperative by an entity in which the Cooperative is a member, patron, or owner. The Cooperative may retire these separately identified and allocated capital credits before or after the entity retires and pays the amounts to the Cooperative.

C. Notice of Allocation

Within eight and one-half (8½) months following a fiscal year, the Cooperative shall notify each patron in writing of the amount of capital credits allocated to the patron for the preceding fiscal year through a written notice or through a published formula used by the patron to determine the dollar amount allocated.

D. Adverse Financial Impact

The Cooperative shall not retire any capital credits unless the Board first determines that the retirement will not adversely impact the Cooperative's financial condition.

E. Request and Agreement for Special Retirement

The Cooperative may specially retire capital credits upon the death of a patron or former patron only upon receiving a written request from the appropriate legal representative and only under terms and conditions agreed upon by the Cooperative and the appropriate legal representative.

F. Discount Rate

If the Cooperative retires capital credits before the time the Cooperative anticipates normally retiring the capital credits and pays the discounted, net present value of the capital credits, then the Cooperative shall use a discount rate equaling the Cooperative's average cost of debt for the previous year.

G. Payment and Notice of Retirement

After the Cooperative retires capital credits allocated to a patron or former patron, the Cooperative shall pay the retired amount by sending a check (or issuing a bill credit) for the amount to the patron's or former patron's most current address listed on the Cooperative's records.

H. Unclaimed Capital Credits

The Cooperative shall pay, retain, or escheat unclaimed capital credits as permitted by law. The Cooperative may impose a dormancy or service charge equaling five percent (5%) per annum of the retired but unclaimed amount.

IV. RESPONSIBILITY

A. Implementation of Policy

The Cooperative's CEO is responsible for implementing this Policy and for developing the practices and procedures necessary to allocate and retire capital credits according to this Policy.

B. Recommendations to Board

The Cooperative's Manager is responsible for: (1) recommending to the Board the manner, method, timing, and amount for allocating and retiring capital credits; and (2) when in the best interest of the Cooperative and its patrons and former patrons, recommending to the Board revisions to this Policy.

C. Review and Approval by Board

The Board is responsible for: (1) reviewing, discussing, and evaluating the Manager's recommendations regarding the manner, method, timing, and amount for allocating and retiring capital credits; (2) approving the manner, method, timing, and amount for allocating and retiring capital credits; (3) reviewing, discussing, and evaluating this Policy every other year; (4) reviewing, discussing, and evaluating the Manager's recommendations for revising this Policy; and (5) revising this Policy.

D. Compliance with Policy

The Board is responsible for the Cooperative's compliance with this Policy.

EFFECTIVE DATE: January 28, 2008

REVISED EFFECTIVE DATE: August 27, 2012