

## NOTICE

### IMPORTANT CAPITAL CREDIT EQUITY PERTAINING TO PERSONAL ACCOUNTS

Yampa Valley Electric Association, Inc. ("YVEA"), is a non-profit corporation formed as a membership cooperative. As such, the members collectively are the owners of the cooperative. Each year that YVEA earns a positive margin (profit), substantially all of the margin for that year is allocated for accounting purposes on the books of YVEA to the YVEA members in the form of "capital credits," such allocation made in accordance with each member's electric usage for the year. Past, present, and future members of YVEA each have an "account" with YVEA. You have chosen an individual or joint member account, and the account is therefore in the name of yourself or the name of you and your spouse or the name of you and your partner in a civil union. The accounting allocations of capital credits to members are cumulated and then portions are disbursed and paid to the members owning such credits as and when the financial position of YVEA allows. Undistributed capital credits from prior years constitutes the members' ownership equity in YVEA, but such undistributed capital credits are also the essential resource for YVEA to build, maintain and upgrade facilities necessary to provide present and future members with reliable and economical electric service.

Undistributed capital credits allocated to your individual account are assets of yours, or of you and your spouse or partner in a civil union. Ordinarily, YVEA retires and pays out allocated capital credits on an annual basis, with the oldest capital credits usually being retired and paid first. Currently, it may take from 13 to 20 years for a particular year's capital credit allocation to your account to be paid and distributed by YVEA. Even if you terminate electric service from YVEA, the undistributed capital credit allocations to your account remains as assets of you, or of you and your spouse or partner in a civil union. YVEA is permitted by its Bylaws to make early or accelerated payment or retirement of all of the undistributed capital credits in your account, on a discounted basis, to your estate after your death if you are the sole person on the account, or to the estate of the last to die of the two persons on a joint account. Such early retirement of all accumulated but undistributed capital credits on a discounted basis is not available to a business account.

The total amount of all members' capital credit allocations to be distributed and paid in any year, and the prior years or partial year for which such allocations are deemed paid and retired, are determined annually by the Board of Directors of YVEA. **Distributions of capital credits on member accounts that were in a joint name for the year in which an allocation is to be retired and paid will be made by one check payable to the order of both names on the account.** It is the policy of YVEA that only one payment may be made per member name or joint names.

An individual member or both joint members may assign the undistributed capital credits account in writing only to successors in occupancy of all or part of your premises served by YVEA. Use the Affidavit of Transfer which is at the end of this form. If you cease to receive electric service from YVEA and do not assign the undistributed capital credits account to successors in occupancy of the served property, then the account nevertheless remains an asset in the name of yourself, or in the joint name of you and your spouse or partner in a civil union, eligible to receive regular annual payments of distributions of accumulated but unretired capital credits from such account. If you open a joint individual account, either joint member may assign such Transferor's interest in the undistributed capital credits of such account to the other joint member only, by using the Affidavit of Transfer which is at the end of this form. If you open an individual account in your name only, you may thereafter transfer the account and its undistributed capital credits to a joint account with yourself and your spouse or yourself and your partner in a civil union, by using the Affidavit of Transfer which is at the end of this form.

Please notify YVEA of any change of address of your individual member account. If you have any questions or require additional information please call the Capital Credit department of YVEA at 888-873-9832 extension 2251 or 970-871-2251 or submit questions through our YVEA online website