

FEDERATED RURAL ELECTRIC ASSOCIATION

DESIGNATION OF MEMBERSHIP TYPE

I (We) hereby apply for membership in Federated Rural Electric Association, PO Box 69, Jackson, Minnesota 56143, and agree to be bound by the Articles of Incorporation, the Bylaws and the Policies of said Association:

NAME: _____ SECOND NAME: _____

MAILING ADDRESS: _____

BUSINESS NAME (If different): _____

BUSINESS ADDRESS (If different): _____

TYPE OF MEMBERSHIP: (See back for explanation, and then check one of the following)

- _____ Individual
- _____ Joint tenancy, with full rights of survivorship
- _____ Tenancy in common
- _____ Corporation (return copy of Certificate of Incorporation with this application)
- _____ Partnership (return evidence of partnership name and name and address of each partner with this application)
- _____ Governmental agency

The information requested above is necessary to ensure issuance of a stock certificate in proper form and to establish and maintain membership lists and accurate allocation of capital credits.

DATED: _____, 20 ____.

SIGNED: _____

(All joint tenants and all partners must sign)

COMPLETE AND RETURN TO:
FEDERATED RURAL ELECTRIC ASSOCIATION
PO BOX 69, JACKSON MN 56143-0069

NOTE

Individual - Stock owned by a patron individually and capital credited to his/her account, upon the death of such patron, becomes a part of the patron's probate estate and may be retired prior to the time it would otherwise be retired under the provisions of the Bylaws.

Joint tenancy – Stock owned by two or more persons, each of whom has full interest with the Right of Survivorship. One joint tenant dies, the surviving joint tenant(s) gets the decedent's interest in the property automatically, no probate hearing. Capital Credits continue to be paid out as retired to remaining member(s) or additional member(s) if a new joint tenancy is created. Example – Abel and Baker are co-owners of a share of Federated REA. Each owns half of the entire share. Upon Abel's death, Baker will own the entire share and capital credits, and vice versa if Baker dies first.

Tenancy in common – A way for two or more people to have equal ownership interests in the share. One person dies, his/her stake in the property goes to their heirs, as provided for in a will or through probate. Heirs have a choice of receiving their share of Capital Credits paid out on a discounted basis or to continue to be paid out as retired.

Tenancy in common is different from joint tenancy because the transfer of the property (share and capital credits) to a beneficiary in the event of an owner's death is different. In joint tenancy, the title of the property is passed to the surviving owner(s), while in tenancy in common, the title will be passed to a beneficiary of the decedent's choosing.

Partnership – A legal contract entered into by two or more persons. Each shares a fixed portion of profits and losses. A death of a partner has no effect on the payout of Capital Credits. Credits continue to be paid out as retired. No early discounted capital credit payments shall be made.

Corporation – A legal entity. Capital credit policy same as for partnership.

Governmental agency – Same policy as for partnership.

The term "member" as used in the Bylaws of the Association is deemed to include all persons holding a joint membership, and provisions in the Bylaws relating to the rights and liabilities of membership apply equally with respect to the holder of a joint membership. For instance,

- (a) The presence at a meeting of either or both holders of a joint membership is regarded as the presence of one member and constitutes a joint waiver of notice of the meeting.
- (b) A joint membership is entitled to only one vote, and the vote of either joint tenant separately, or both jointly, shall constitute but one joint vote.
- (c) A waiver of notice signed by any joint member constitutes a waiver effective as to all other holders of that joint membership.
- (d) Notice to any holder of a joint membership constitutes notice to all holders of that joint membership.
- (e) Any holder of a joint membership may be elected or appointed as an officer or board member, provided that he or she is otherwise qualified for office and provided, further, that no other holder of the same joint membership may be elected or appointed to serve as an officer or a board member during the same period of time.

