

**MUTUAL OPERATIONS****ACCOUNTING AND FISCAL****Patronage Refunds –Except Mutual One, Two, Five, Six, Eight, Nine, Eleven Twelve, Fourteen, Sixteen****I. Legal Basis**

The Articles of Incorporation provide, under Article II for Mutuals 1 through 5, and Article III for Mutuals 6 through 16, that the Board of Directions may make refunds to stockholders as provided by the Bylaws and Occupancy Agreement. The Occupancy Agreement, under Article 3, provides that the corporation agrees that it will refund or credit to the member at the end of each fiscal year his proportionate share of such sums as have been collected in anticipation of expenses which are in excess of the amount needed for expense of all kinds, including reserves, in the discretion of the Board of Directors. The procedure recommended by FHA for such refund is stated in Section 2.

**II. Refund Procedure**

1. Mutual Boards should consider patronage refunds only at the close of a fiscal year.
2. A standard form of the resolution to be adopted by the Board is available for use.
3. The payment of any refund should be subject to two contingencies:
  - a. Completion of the audit, showing that the funds are available for payment.
  - b. The resolution, together with the statement of the auditors that the funds are available, should be submitted to FHA for approval prior to the payment of the refund.

**III. Suggestions**

Questions concerning the form to be used and the processing for FHA approval should be directed to the Executive Director.

Revised: 20 July 77

| <b><u>MUTUAL</u></b> | <b><u>RESCINDED</u></b> | <b><u>MUTUAL</u></b> | <b><u>RESCINDED</u></b> |
|----------------------|-------------------------|----------------------|-------------------------|
| ONE:                 | 09-28-17                | NINE:                | 08-14-17                |
| TWO:                 | 07-20-17                | TEN:                 |                         |
| THREE:               |                         | ELEVEN:              | 01-18-18                |
| FOUR:                |                         | TWELVE:              | 07-13-17                |
| FIVE:                | 11-18-16                | FOURTEEN:            | 06-20-17                |
| SIX:                 | 09-22-17                | FIFTEEN:             |                         |
| SEVEN:               |                         | SIXTEEN:             | 02-07-17                |
| EIGHT                | 08-28-17                | SEVENTEEN:           |                         |

(Jan 18)