

GRAYSON RURAL ELECTRIC COOPERATIVE CORPORATION

BOARD POLICY NO. 523

SUBJECT: EMPLOYEE, DIRECTOR, AND LEGAL COUNSEL LOAN PROGRAM

I. OBJECTIVE

This program is offered as a short-term employee benefit to allow employees, directors and legal counsel of the Cooperative to purchase innovative/energy efficient electrical appliances, devices or weatherization projects approved by the Cooperative's Energy Advisor.

II. CONTENT

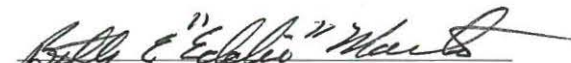
- A. Each active employee, director or legal counsel who has one year (1 year) of continuous service with the Cooperative may apply for an interest-free loan for the purchase of new electric utilization devices. The purchase must be for the personal use of the employee.
- B. The minimum loan amount is \$500 and the maximum amount is \$5,000.00. One (1) loan may be obtained at a time. A loan must be paid in full before a new loan is approved.
- C. The maximum payment term is 36 months for each loan. Payments shall be made by means of authorized weekly payroll deduction or monthly payments by directors and legal counsel. If an individual wants to raise the amount of his/her payment in order to pay the loan off early, arrangements must be approved by the President and CEO and communicated to the Payroll Clerk.
- D. The purchase must be from a commercial establishment and must be new, warrantied equipment. No used equipment from a private individual is permitted. Verification of the purchase price by means of purchase receipt and/or written quote is required. If by quote, the purchase receipt will be required after purchase.
- E. The Cooperative extends no warranty, written or implied, for the electric utilization device(s) purchased under this program. Title shall be retained by the individual to all items purchased. The full loan amount shall be repaid, regardless of the performance or non-performance of the electric utilization device(s).
- F. If for any reason the employee's employment is terminated, a Director leaves the board voluntarily or otherwise, or the legal counsel's contract is not renewed or he/she leaves for other reasons, or if the employee, Director or Legal Counsel breaches the Loan Agreement in any way, the entire loan balance due the Cooperative shall be immediately due and payable and the Cooperative shall be authorized to deduct the entire amount from any moneys owed the employee, Director or Legal Counsel, or to collect such amount by any other means the Cooperative may deem necessary.
- G. Loans for employees shall be reviewed and approved or disapproved by the President and CEO. Loans for the President and CEO, Directors and Legal Counsel will be reviewed and approved or disapproved by the full Board. The Cooperative reserves the right to refuse any loan application based upon its review. The Board shall be advised about the loan program biannually.
- H. This program shall become effective on and after December 21, 1990, and shall be reviewed annually thereafter. This program may be terminated at any time by the Cooperative.

- I. The provisions of Board Policy No. 507 regarding loans to employees shall be held in abeyance as they relate to this program for the term the program remains in effect.

III. RESPONSIBILITY

It shall be the responsibility of the President & CEO to insure that the provisions of this policy are implemented and carried out.

  
Roger L. Trent, Chairman

  
Bill E. (Eddie) Martin, Secretary/Treasurer

Date Adopted: 12/21/90  
Minute Book Page: 1994-1995  
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Minute Book Page: 2327-2328  
Date Revised: 01/24/97  
Minute Book Page: 2869 – 2870  
Date Reaffirmed: 10/28/04  
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