

Why did I receive a check and a Notice of Distribution or more than one Notice of Distribution?

If there have been changes to your account, such as a name change, the addition or deletion of a name or a change of service address, there may have been a change in your Member number. The Member number associated with your account is used to track your Patron's Equity Credits, whether or not you have a current telephone number with MCC. In some rare cases, your Member number may change even when there is no change in your telephone number. You will receive a check (for active accounts) or a distribution notice (for inactive accounts) for each Member number which has Capital Credits associated with it for each year of distribution.

I am sure I had telephone service in Molalla in the years currently being distributed. Why haven't I received a check or a Notice of Distribution?

The primary reason a check may not be issued on an account is the existence of an unpaid balance due. The MCC Bylaws state "Any indebtedness owed by a patron to the Cooperative and not paid within sixty (60) days may be offset by the Cooperative against a member's equity credits and the member equity credit account, including, without limitation, in the manner provided by ORS 62.235(1), as amended." If you would like a further explanation specific to your account, please contact MCC.

Do I receive interest on my unpaid Patron's Equity credit balance?

No. According to the MCC Bylaws, a Patron's Equity account is not an interest bearing account.

Can I deduct my Patronage Credits from my phone bill?

No. The Credits can only be distributed when the Board of Directors authorizes payment or at their discretion for the following reasons;

A. A member ceases to be a member, due to hardship; or,

B. A member ceases to be a member and is indebted to the Cooperative; or,

C. A member dies.

Please refer to section 10.5 of the MCC Bylaws for details.

Why have I seen a list of names in the newspaper in regards to Patronage Capital Credits?

MCC is holding a number of checks for former Members we are unable to locate. After these checks have been held for an extended period of time, a forfeiture process goes into effect. Once a month for four months, the names on the unclaimed checks are printed in the local newspaper in an effort to locate these former Members. After the four months of printing, the listed Members have six months to claim their checks. After six months pass, the unclaimed checks are forfeited to MCC. These funds contribute to education and economic development activities in our community.

2006 Distribution Statistics

Distribution Years

Portions of 1992, & 10% of 2005.

Total Dollars Distributed

\$600,000.00

Thank You For Your Patronage

Rev. 8/7/06

Questions & Answers

2006

About Your Cooperative
and
Your Patronage Credits



**MOLALLA
COMMUNICATIONS**

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Dear Member,

Since 1913, Molalla Communications Company (MCC) has proudly served the Molalla area with communication services. In December of 1957, the Company filed with the state of Oregon to become a cooperative. Now with over 47 years of cooperative history behind us, we would like to revisit what a cooperative is and what it means to our Members.

What is a Cooperative?

A cooperative is a non-profit based service organization owned and operated by its Members. In many ways it's like any other business; but in several important ways it's unique and different. A cooperative business belongs to the people who use it - people who have organized to provide themselves with the goods and services they need. A cooperative operates for the benefit of its Members.

These Member-owners share equally in the control of their cooperative. The Members elect directors which, in turn, hire management to manage the day-to-day affairs of the cooperative in a way that serves the Members' interests.

The cooperative ideal is one of people working together for a common goal; a common good. The cornerstones upon which your cooperative was built are a set of principles, known as the "Rochdale Principles", which date back to nineteenth century England. At a time when England was in the midst of social and economic change brought on by the Industrial Revolution, a group of struggling weavers and tradesmen banded together to organize what is considered the first modern cooperative. From that alliance for mutual advantage, a group of principles were developed, which became known as the "Rochdale Principles".

Today's successful modern cooperative businesses are still based on these tried and true original principles.

They are:

- * Open and equal Membership to all;
- * Democratic control - one member, one vote;
- * Education of members, employees and the general public as to the benefits of cooperative enterprise;
- * Emphasis on service rather than profit;
- * Community involvement and working with other cooperatives for mutual advantages and a better society.

Today these simple principles form the basis for modern cooperatives of every description, from agricultural and consumer cooperatives, to financial and utility service cooperatives. Overall, these enterprises are characterized by self-help, operations at low cost, and service to their Members and society.

How do I become a Member of the Cooperative?

At the time of establishing new telephone service with Molalla Communications, a fee of \$1.00 is collected for Membership. This is a one-time Membership fee and is required to be paid when service is established.

What are "Patron's Equity Credits" or "Capital Credits"?

Because Molalla Communications is a cooperative, the difference between the cost of doing business and the actual revenues collected each year is calculated and the remaining dollars are then credited in the names of the Members on the books of the cooperative for that year. These Capital Credits do not represent cash held in your name.

When are the credits distributed?

The Board of Directors of MCC determines when the Credits are distributed and which years of Capital Credits are to be paid. Please see the back panel for information regarding this year's distribution.

How is the amount of credit to each individual account determined?

Each year the difference between the cost of doing business and the actual revenues collected is computed by MCC. This amount is equal to the TOTAL Patron's Equity for that year. A detailed allocation process is then applied to compute each Member's share of the Patron's Equity. This computation is affected by the Member's contributions to revenue through local services provided by MCC. (i.e., Phone Service, Long Distance, Internet & Directory Assistance.)

What happens to my Capital Credits when I move out of the Molalla serving area?

Even if you move out of the Molalla Communications serving area, you still will have accrued Capital Credits for the time that you had service. For this reason, it is very important for you to provide us with a forwarding address. With this information, we will contact you at the time of distribution for the years in which you had active service, confirm your new address and send you your check. Once your confirmation of address is received by us, a distribution check will be mailed.

What happens to the Capital Credits on a Member's account when the Member passes away?

Capital Credits are payable to the heirs of the estate of a deceased Member. There is some paperwork which must be completed before the credits are paid. Please contact the Molalla Communications Company Business Office for more information about this process.

Why did I receive a Notice of Distribution asking that I return a signature card before I can receive my check?

Anytime a Member has Equity Credits but not an active phone line with MCC, we must first send out a Notice of Distribution to verify, in writing, the Member's current address. Active accounts are not subject to this process because it is assumed that the address on the account for billing purposes is correct.