

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

**REVENUE LOAN AGREEMENT
(Promissory Note)**

Date of Loan:

Amount of the Loan: \$

City and State of Lender:

Payment Start Date:

For value received, Red Hen Collective Cooperative, Inc. (the “*Borrower*” or the “*Company*”), hereby promises to pay to the order of _____ (the “*Lender*” or the “*Investor*”), in lawful money of the United States of America and in immediately available funds, the Repayment Amount (as defined below) in the manner set forth below.

• **Definitions.**

- “*Gross Margin*” means all of the Borrower’s cash receipts less cost of goods; pass through costs such as shipping, customs, warehousing, and trucking; refunds and returns; and samples. For purposes of calculating Gross Margin, the Company’s CPA shall calculate total revenue on a cash basis at the end of each fiscal year.
- “*Lenders,*” or “*Investors*” means all of the purchasers of the Notes.
- “*Note*” means this Note. “*Notes*” means all of the Notes which contain substantially the same terms as this Note (except for the Repayment Amount). “*Payment Start Date*” means the date specified above.
- “*Pro Rata Share*” shall mean a fraction, the numerator of which is the original loan amount, and the denominator of which is the total amount of the outstanding principal and unpaid interest on all of the Notes.

e. “*Repayment Amount*” means the original Amount of the Loan multiplied by 1.35.

2. Basic Terms.

- **Note Purchase Agreement.** The Note is issued pursuant to the terms of that certain Note Purchase Agreement (the “**Agreement**”), dated as of _____ by and between the Company and the Lender, and is issued pursuant to the terms on the Crowdfund Mainstreet platform.
- **When Paid in Full.** The Note will be considered paid in full and this agreement will terminate when the Borrower has paid the Lender the Repayment Amount, except in the Event of a Default, in which the Borrower will owe Lender additional amounts as set forth herein.
- **Interest Rate.** The interest rate on this Note is a function of the time it takes the Borrower to repay the Repayment Amount. To the extent allowed under applicable law, the revenue share will not be considered interest under state usury laws.

3. **Payments.**

- **Annual Payments.** The Borrower will make the annual payment to the Lender (or cause the payments to be made through an agent) within ninety (90) days of the end of each fiscal year.
- **Amount of Each Payment.** Each year, the Lender shall be entitled to receive from the Borrower the following amount:

The Lender’s Pro Rata Share of fifteen percent (15%) of the Borrower’s Gross Margin.

In the first year, the amount due shall be pro-rated as follows: the annual payment shall be multiplied by the number of days remaining in the calendar year following the Payment Start Date and divided by 365.

Under no circumstances shall payments to the Lender exceed what is allowed under California law governing usury.

- **Order of Application of Payments.** All payments under this Agreement shall be applied first to interest and then to principal.

4. Prepayment. The Borrower may make complete or partial prepayments of the Notes at the Borrower’s discretion, provided that all such partial prepayments shall be made pro rata among all of the Lenders based on the original amounts of their Notes to the Borrower. If the Company wishes to pay off one or some (but not all) of the Notes, it may do so only for good cause. The term “good cause” means an instance in which the Company reasonably believes such prepayment is necessary or advisable to prevent a violation of any law, regulation, or other

governmental rule or to prevent material harm to the effective operation of the Company.

5. Characterization of Investment. The parties agree that they shall treat this agreement as a loan for financial and tax and all other applicable purposes, and not as equity. The Lender agrees to comply with all applicable laws governing the making of loans to businesses in the jurisdiction in which they are resident.

6. Security. The Note is an unsecured obligation of the Company.

7. Subordination. The Note shall be subordinated to all indebtedness of the Company to banks, commercial finance lenders, insurance companies, leasing and equipment financing institutions, and/or other institutions regularly engaged in the business of lending money.

8. Assignment. The Note may be assigned by either party so long as such assignment complies with all applicable laws and regulations.

9. Default. Each of the following events shall be an “*Event of Default*” hereunder:

- Borrower fails to pay any of the outstanding principal amount due under this Note on the date the same becomes due and payable or within five business days thereafter or any accrued interest or other amounts due under this Note on the date the same becomes due and payable or within five business days thereafter;
- Borrower files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any limited liability company action in furtherance of any of the foregoing; or
- An involuntary petition is filed against Borrower (unless such petition is dismissed or discharged within 60 days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee or assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Borrower.

Upon the occurrence of an Event of Default hereunder, all unpaid principal, accrued interest and other amounts owing hereunder shall automatically be immediately due, payable and collectible by Lender pursuant to applicable law.

10. Parity with Other Notes. The Borrower’s repayment obligation to the Lender under this Note shall be on parity with the Borrower’s obligation to repay all Notes issued in the same offering. In the event that the Company is obligated to repay the Notes and does not have sufficient funds to repay all the Notes in full, payment shall be made to the holders of the Notes on a pro rata basis. The preceding sentence shall not, however, relieve the Company of its obligations to the Lender hereunder.

11. Waiver. Borrower waives presentment and demand for payment, notice of dishonor,

protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including, without limitation, reasonable attorneys' fees, costs and other expenses. The right to plead any and all statutes of limitations as a defense to any demands hereunder is hereby waived to the full extent permitted by law.

12. Amendments. Any provision of this instrument (other than the Repayment Amount) may be amended, waived or modified as follows: upon the written consent of the Borrower and the holders of a majority (by unpaid principal amount) of the Notes.

13. Expenses. The Company and the Lender will each bear their own legal and other expenses with respect to the financing.

• **14.**

Notice. Any notice or demand which either party may or must give to the other under this Agreement shall be made in writing and shall be either hand delivered or sent via email, facsimile, or U.S. certified mail to the following addresses, or at such other addresses which each party may later designate in writing to the other party:

If to the Company:

**Molly Madden
Red Hen Collective Cooperative, Inc.
2323 Broadway
Oakland, CA 94612
Phone Number: 646-484-1846
Email: molly@redhencollective.com**

If to the Investor:

**At the office of MiTec, PBC (dba Crowdfund MainStreet)
2601 Blanding Ave. C528 Alameda, CA 94501**

15. Governing Law. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

16. Successors and Assigns. Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; provided, however, that the Company may assign this instrument in whole, without the consent of the Lender, in connection with a reincorporation to change the Company's domicile. Subject to the foregoing, this instrument will be binding on the parties' successors and assigns.

17. No Membership Rights. The Lender is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of a membership interest of the Borrower for any purpose, nor will anything contained herein be construed to confer on the Lender, as such,

any of the rights of a member of the Borrower or any right to vote for the election of directors or upon any matter submitted to members at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

18. Tax Withholding. Lender hereby authorizes the Borrower to make any withholding required by law. Lender agrees to provide to Borrower a Form W-9 or comparable form.

19. Electronic Signatures. Investor may tender to the Company this Note by electronic

means such as by email or facsimile. If Investor submits this Note to the Company electronically, Investor agrees that Investor's digital signature or other form of electronic acknowledgement, consent or acceptance (as the case may be), constitutes Investor's signature, acceptance and agreement of the terms of this Note and such digital signature, consent or acceptance shall be given the same force and effect as a signature affixed by hand.

20. Not Effective Until Acceptable by Borrower. This agreement is not effective until the Borrower has accepted the Lender's funds.

In Witness Whereof, the parties hereto have executed this Note as of the date first written above.

BORROWER:

Red Hen Collective Cooperative, Inc.
a California cooperative corporation

By:

Name: Molly Madden

Title: President

