



January 2022

Dear Buffalo Mountain Food Coop Supporter,

Thank you for requesting an Investment Packet. We are very pleased that you are investing in our co-op. We can only achieve our goal of renovating and moving into our new location with strong financial support from our members and generous supporters like yourself. Your investment is much appreciated.

Our new store will be a larger version of the Co-op's Main Street store you love, with more fresh produce, meat, cheese and deli; more parking; and even an indoor eating area. With your help, our new store will quickly become Hardwick's Market of Choice.

In order for us to raise \$500,000 by March 1<sup>st</sup>, we need to achieve an average investment of at least \$5,000. In order for us to reach this goal we will need some of our members to invest more than this average. It will be a great help to our campaign and our co-op if you are able and willing to invest more than the average.

This packet includes our investment memorandum, subordinated promissory note, note purchase agreement, this cover letter and a stamped, self-addressed return envelope. Please read the Memorandum carefully before filling out and returning the two Notes to us.

When you are ready to proceed with your investment please fill and sign in the following places:

1. Note purchase agreement:

- Pg 1: Principal Amount of your loan
- Pg 1: Term in Years: 7, 10, 13 or 16
- Pg 1: Interest rate 1%, 1.5% or 2% (interest will be paid out annually)
  - i. Loans between \$1,500 - \$9,999.99 = 1%; Loans between \$10K - \$49,999.99 = 1.5%; Loans \$50K+ = 2%
- Pg 3 : Initial 2.8 if you are investing more than \$10K and you meet the stated criteria; Initial 2.9 if you are investing more than \$25K and you meet the stated criteria. If you are investing less than \$10K, leave blank.
- Pg 4: Fill and sign all information in the appropriate (person or entity) section.

2. Subordinated promissory note:

- Date: date you are making your loan, ie. today's date
- Maturity Date: your loan will be paid back with interest by Dec. 31 of the term year.
  - i. 7 years = 12/31/2029 ; 10 years = 12/31/2032 ; 13 years = 12/31/2035 ;  
16 years = 12/31/2038
- Loan Amount
- Fill all information in the first paragraph
- You do not need a Witness: the BMFC will have a witness when the Duly Authorized Agent completes the Promissory Note

Please contact us at [CapitalCampaign@bmfco.coop](mailto:CapitalCampaign@bmfco.coop) to request assistance with the paperwork or have any questions. Please identify if you'd like a return call and when's a good time, or call Lydia at (802) 522-8068.

Once we receive your paperwork and a check (made out to Buffalo Mountain Co-op, memo: Capital Campaign) we will send you a thank you and return a copy of the completed Subordinated Promissory Note to you.

Again, thank you so much for requesting a packet and supporting our co-op. Thank you for helping us grow!

Sincerely,



Emily Hershberger  
General Manager

Investors may select and must spread across loan terms of 7, 10, 13 or 16 years	All VT Residents	VT Residents who qualify*	VT Resident who qualify*
Loan Amount	\$1,500 – \$9,999.99	\$10K - \$49,999.99	\$50K+
Interest Rate	1%	1.5%	2%

Accrued interest shall be paid annually, on or before December 31 of each year starting in 2022. All accrued interest and outstanding principal will be due and payable together on the Maturity Date. (eg. 7 years = 12/31/2029; 10 yrs = 12/31/2032; 13 yrs = 12/31/2035; 16 yrs = 12/31/2038)

\*Vermont Qualified Investors qualify to invest between \$10,001 and \$25K; Accredited Investors qualify to invest more than \$25K.

\*Details can be found on page 18-19 of the Offering Memorandum. Request a copy from [CapitalCampaign@bmfco.coop](mailto:CapitalCampaign@bmfco.coop)

**NOTE PURCHASE AGREEMENT**

THIS NOTE PURCHASE AGREEMENT (the “Agreement”) is by and between Buffalo Mountain Co-op Inc., a Vermont nonprofit cooperative corporation (the “Company”) and the undersigned investor (the “Investor”), a resident of the State of Vermont. This Agreement shall be dated as of the date that the Company accepts the Investor’s executed Agreement.

WHEREAS, the Company is offering Vermont residents the opportunity to purchase promissory notes issued by the Company on the terms described in that certain Vermont Crowdfunding Offering Memorandum (the “Offering Memo”) provided to the Investor;

WHEREAS, the Investor is a resident of the State of Vermont, and wishes to purchase a promissory note issued by the Company on the terms described herein and in substantially the form attached hereto as Exhibit A (the “Note”); and

WHEREAS, upon execution of this Agreement by the Company, the Company desires to accept the Investor’s offer to purchase a Note on the terms described herein;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, and in reliance on the representations and warranties contained herein, the parties hereby agree as follows:

**SECTION 1. PURCHASE AND SALE OF SECURITIES**

1.1 Note.

(a) Subject to the Company’s acceptance hereof, in whole or in part, the Investor by executing this agreement hereby purchase a Note issued by the Company on the following terms:

Principal Amount	Term in Years	Interest Rate
\$ _____	_____	_____

(b) The Investor shall pay the principal amount of the Note to the Company simultaneously with executing this Agreement. If the Company receives and accepts offers to purchase an aggregate amount of at least \$250,000 in Notes from Vermont residents, the Company will issue a Note to the Purchaser reflecting the terms stated above. If such minimum is not received, the Company will return the principal amount to the Investor without interest.

(c) If the Investor wishes to purchase more Note(s) having an aggregate principal amount in excess of \$10,000, the Investor must read Sections 2.8 and 2.9 hereof carefully and initial these Sections as applicable.

**SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE INVESTOR**

The Investor hereby represents and warrants to the Company as follows:

2.1 Resident. The Investor is a resident of the State of Vermont.

2.2 Knowledge. The Investor possesses such knowledge, either alone or through a representative,

to be able to understand the Company's proposed plan of business, to evaluate the merits and risks of the investment and to make an informed business decision regarding whether to invest in the Company.

2.3 Information. The Investor believes that s/he has received all the information s/he considers necessary or appropriate for deciding whether to purchase a Note from the Company. The undersigned Investor further represents that s/he has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the Note and the business, properties, prospects, and financial condition of the Company and to obtain additional information necessary to verify the accuracy of any information furnished to the Investor or to which the Investor had access. Without limiting the foregoing, the Investor has received copies of, and has read and understands, the Offering Memo, this Agreement, and the Note.

2.4 Restrictions on Transfer. The Investor understands that the Note shall be subject to restrictions on transferability and resale and may not be transferred or resold.

2.5 Economic Risk. The Investor understands that s/he must bear the economic risk of this investment in the Company for an indefinite period of time and is able to bear such economic risk.

2.6 Seniority; Subordination. The Investor understands that any Note issued to the Investor shall constitute unsecured indebtedness of the Company and shall rank *pari passu* with all other unsecured indebtedness of the Company. The Investor expressly agrees and acknowledges that the payment of interest and principal in respect of the debt evidenced by the Notes shall be subordinate and junior in right of payment to the prior payment in full of all secured indebtedness of the Company.

2.7 Risks. The Investor acknowledges and is aware of the following:

a. There are many risks associated with an investment in the Company and the Investor fully understands such risks, including the risks described under the heading "Risk Factors" in the Offering Memo.

b. The offering relating to the Note has not been registered with the Securities and Exchange Commission nor the Vermont Department of Financial Regulation. The Securities and Exchange Commission and the Vermont Department of Financial Regulation have neither approved nor disapproved of the offering.

c. No discussion or analysis of the tax aspects of an investment has been provided by the Company. Each prospective investor must rely on his or her own accountants, attorneys and advisors as to such matters. Without limiting the foregoing, the Investor understands and acknowledges that under Section 7872 of the Internal Revenue Code of 1986, as amended (the "Code"), the Internal Revenue Service may impute interest with respect to certain below market loans, and that the Company has not investigated whether the Note would be classified as a below market loan subject to the Code's imputed interest rules. The Investor should consult with his or her tax adviser to confirm whether and how the Code's imputed interest rules might apply to the Note and to understand the potential tax implications.

2.8 Vermont Qualified Investor Status. **If the Investor wishes to purchase a Note in the principal amount of more than \$10,000:**

**An Investor that is a natural person must either:**

a. Have an individual liquid net worth, or joint net worth with the Investor's spouse, of more than \$500,000; or

- b. Have an individual income in excess of \$100,000 in each of the two most recent years or joint income with the Investor's spouse in excess of \$150,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

**An Investor that is a corporation, limited liability company or partnership must:**

- a. Not be formed for the specific purpose of acquiring the Notes, and
- b. Have total assets in excess of \$2,500,000.

**By initialing immediately below, I certify that I satisfy the above criteria:**

**INITIAL HERE: \_\_\_\_\_ (Must be initialed only if purchase amount exceeds \$10,000)**

**2.9 Accredited Investor Status. If the Investor wishes to purchase a Note in the principal amount of more than \$25,000, the Investor must either:**

**An Investor that is a natural person must either:**

- a. Have an individual liquid net worth, or joint net worth with the Investor's spouse, of more than \$1,000,000; or
- b. Have an individual income in excess of \$200,000 in each of the two most recent years or joint income with the Investor's spouse in excess of \$300,000 in each of those years and have a reasonable expectation of reaching the same income level in the current year.

**An Investor that is a corporation, limited liability company or partnership must:**

- a. Not be formed for the specific purpose of acquiring the Notes, and
- b. Have total assets in excess of \$5,000,000.

**By initialing immediately below, I certify that I satisfy at least one of the above criteria:**

**INITIAL HERE: \_\_\_\_\_ (Must be initialed only if purchase amount exceeds \$25,000)**

**SECTION 3. PREPAYMENT OF INVESTOR PROMISSORY NOTES**

3.1 Optional Prepayments. The Notes shall be subject to prepayment without penalty, in whole or in part, as provided for in the Notes. The Company reserves the right to prepay one or more of the Notes, to the exclusion of the other outstanding Notes.

**SECTION 4. MISCELLANEOUS**

4.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, without giving effect to such jurisdiction's principles of conflict of laws.

4.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

**[Remainder of page intentionally blank; signature page follows]**

**SIGNATURES**

The undersigned hereby represents that the undersigned has read and agrees to the terms and conditions of this entire Agreement.

**If the Investor is a natural person:**

Printed Name of Investor:

\_\_\_\_\_

Signature of Investor:

\_\_\_\_\_

Printed Name of Joint Owner (If Any):

\_\_\_\_\_

Signature of Joint Owner (If Any):

\_\_\_\_\_

Address to Which Correspondence  
Should be Directed:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Social Security Number:

\_\_\_\_\_

Telephone Number:

\_\_\_\_\_

E-Mail Address:

\_\_\_\_\_

**If the Investor is a trust, corporation, limited liability company, partnership or other legal entity:**

Print Name of Entity:

\_\_\_\_\_

Signature by Authorized Representative:

By: \_\_\_\_\_

Name:

Title:

Tax ID Number:

\_\_\_\_\_

Address to Which Correspondence  
Should be Directed:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact Telephone Number:

\_\_\_\_\_

Contact E-Mail Address:

\_\_\_\_\_

**COMPANY SIGNATURE PAGE TO NOTE PURCHASE AGREEMENT:**

*(For Buffalo Mountain Co-op Use Only)*

This Note Purchase Agreement of \_\_\_\_\_ is hereby agreed to  
and accepted as of \_\_\_\_\_, 2022. *Name of Investor*

BUFFALO MOUNTAIN CO-OP INC.

By: \_\_\_\_\_  
Duly Authorized Agent

**THIS SUBORDINATED PROMISSORY NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD.**

**SUBORDINATED PROMISSORY NOTE**

Date of Loan	Maturity Date	Loan Amount
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For value received, Buffalo Mountain Co-op Inc., a Vermont nonprofit cooperative corporation (the “Company”) hereby promises to pay to \_\_\_\_\_ (the “Lender”), whose address is \_\_\_\_\_, or his or her heirs, successors or permitted assigns, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) together with accrued interest thereon at the fixed rate of \_\_\_\_\_ Percent ( \_\_\_\_\_ %) per annum.

Beginning on December 31, 2022 and continuing on each one-year anniversary thereafter until the Maturity Date, the Company shall make annual payments of accrued interest only. The entire outstanding balance of principal and interest hereunder shall be due and payable by the Company in full on the Maturity Date. There shall be no penalty for prepayment or early payment of this Note by the Company. All payments shall be made to the address of Lender set forth above or such other address as Lender may designate to the Company in writing. It is the responsibility of Lender to inform the Company of any change in address.

Interest on this Note is computed on an actual/360 simple interest basis; that is, by applying the ratio of the annual interest rate over 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

Lender understands that this Note is one of a series of Notes issued to Lenders by the Company pursuant to a Vermont Crowdfunding Offering. **This Note is unsecured. Lender’s right to payment pursuant to the terms of this Note is subordinate to current or future secured lenders of the Company.** This subordination is self-executing and shall not require any further action on the part of Lender or the Company, however, Lender agrees to execute such documents as are reasonably required by any secured lender of the Company.

The Company shall be in default if it fails to make prompt payment of any interest or principal when due. Lender may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to Lender under the law.

Lender may at his or her discretion waive any of the terms and conditions of this Note, including the final maturity date of this Note without the Company completing an amendment to this Note. However, no waiver of one part of this Note shall operate as a waiver of any other term or condition of this Note or of the same part of this Note on a future occasion.

This Note shall be governed by the laws of the State of Vermont.

BUFFALO MOUNTAIN CO-OP INC.

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Duly Authorized Agent