



Administrative Offices • 901 Menaul Blvd NENE • Albuquerque, NM 87107

La Montanita Fund Investor Agreement

This Agreement is made this ____ day of _____, 201__ between the La Montanita Fund, LLC (“LaM Fund”), of Albuquerque New, Mexico and _____, an Investor in the LaM Fund (“Investor”).

1. Participation Interests: The Investor acknowledges that the Investor is part of an offering to a number of similar investors (“Investor Group”) who are receiving A or B Interests (together, “Fund Interests”) in the LaM Fund. A Interests are held only by La Montanita Food Cooperative (“La Montanita”), the parent company of the LaM Fund. B Interests, which are otherwise identical in terms to the A Interests, are held by the Investor Group, which may include La Montanita. The Fund Interests are not membership interests in the LaM Fund and do not entitle the Investor to any of the privileges (including voting) of holders of membership interests. However, the Fund Interests are entitled to participate in revenues received from loans collateralized by the LaM Fund (see below). Fund Interests may be diminished in value by application of the collateral to loans in default.

2. Purchase of Interests: The Investor agrees to purchase the Interests as indicated on the signature page, for the price indicated on the signature page (“Consideration”), and the LaM Fund agrees to convey to the Investor the economic participation benefits associated with the Interests that the Investor purchases. The Investor may choose from a one year term, a three year term, or a five year investment term, ending on December 31, 2016, 2018, and 2020, respectively for B-1 Interests, or June 29, 2017, or 2019, or 2021, respectively, for B-2 Interests. The term will be automatically renewed, for an additional one year term unless the Investor submits a notice of Intent to Withdraw, as provided in paragraph 5, or selects a new renewal period. One year terms will be renewed for one year; three year terms will be renewed for either one year or three years, as selected by the Investor; five year terms will be renewed for one, three, or five years, as selected by the Investor. If the investor does not select a renewal period, and has not submitted a notice of Intent to Withdraw, the investor’s funds will be automatically renewed for a one year period.

3. Membership: The Investor represents that the Investor is and will remain a member in good standing of La Montanita as a condition to the Investor’s purchase of Interests. The LaM Fund is a grassroots, local investment program organized as a limited liability company under the laws of the

State of New Mexico to provide a financial vehicle for the development of a regional food system and the local economy.

4. Authorization: The Investor agrees to give LaM Fund the authority in its absolute discretion to use Investor's Funds, deposited together with funds from other Group Investors and funds from past investors, in the LaM Fund account, as collateral to secure NUSENDA Federal Credit Union (Nusenda) (formerly known as New Mexico Educators Federal Credit Union (NMEFCU) loans ("Producer Loans") to be made to farms, ranches, value-added producers, and other food system endeavors and related businesses in the La Montanita food-shed region, and non-food businesses in New Mexico that use the cooperative economic business model ("Producers"). Investor's Funds include Investor's Consideration, any interest, fees, or other earnings attributable to the Consideration, and any amounts earned by the LaM Fund as a result of the Producer Loans which could be distributable to Investor. The Producer Loans (1) will meet LaM Fund's criteria, (2) will be approved by the LaM Fund Loan Advisory Committee ("Advisory Committee") according to the Advisory Committee's guidelines, and (3) might not otherwise be made by Nusenda without that collateralization. These Producer Loans will constitute the LaM Fund's loan collateralization program.

All interest accruing on the Investor's Consideration will continue to accrue solely to the Investor, but will become part of the funds used as collateral for the Producer Loans. The LaM Fund will maintain proper records of deposits and accruals to Investor's account. Reports will be provided to Investors on a regular basis to apprise Investors of investments collateralized by the LaM Fund program and the status of community investments.

Payments of income, if any, generated by the LaM Fund deposits and the loan program will be paid to Investors annually as decided upon by a vote of the La Montanita board, based on the recommendations of Advisory Committee. Payment will be made in proportion to the amount of A interests or B Interests an LaM Fund Investor holds.

5. Withdrawal Procedure: The Investor agrees to maintain the Investor's Funds (and any distributions on them) in the Investor's LaM Fund account for a term of not less than the date of purchase through the agreed upon LaM Fund term of one, three, or five years. The Investor also agrees to provide written notice to the LaM Fund of intent to withdraw all or part of the Investor's Funds, for B-1 Interests, by November 30 of the year in which the investment period chosen by the Investor ends (2016, 2018, or 2020) or, for B-2 Interests, May 29, 2017, or 2019 or 2021). Without written notification of Intent to Withdraw or selection of a new renewal period, the LaM Fund will automatically extend the investment term for successive additional terms of one year as provided in paragraph 2. Withdrawal requests will be honored in order of receipt and will be completed at the end of the term year plus 90 days. The amount of withdrawal will be decreased by any use of the collateralized funds to pay defaulted Producer Loans that is applied against the Investor's Funds. The LaM Fund will collateralize no new loans if withdrawal requests are outstanding. La Montanita may not submit a withdrawal request with respect to the A Interests unless and until all B Interests have been withdrawn. See the LaM Fund Memorandum provided to the Investor for further information.

6. Closing of Account: The Investor may end the Investor's participation in the LaM Fund after each annual term plus 90 days by closing the Investor's account. The account is closed in the

same way as a withdrawal and under the same conditions, except that the Investor will withdraw all funds. La Montanita may not close its A Interest account unless all B Interest Investors are also closing their accounts, before or simultaneously with the closing of the A Interest account.

7. Transfers Not Permitted Except on Death; The Investor acknowledges and agrees that the Investor may not transfer, sell, or assign the Investor's Interests, except to the Investor's estate upon the Investor's death and then subject to all of the terms and conditions of the investment, including the restrictions on withdrawal or transfer. In addition, the Investor may not sell or transfer the Investor's Interests except in compliance with all applicable securities and other laws. ***The Investor acknowledges and agrees that, in addition to the restrictions placed on transfer by the LaM Fund, during the period of the offering and for a period of nine months from the date of the LaM Fund's last sale in the offering, the Investor may not sell any Interests to anyone who is not a resident of New Mexico.*** If a transfer were to be permitted by the LaM Fund, the LaM Fund may require a legal opinion from a securities attorney, both satisfactory to the LaM Fund, that an Interest proposed to be transferred will be transferred in compliance with law. **The LaM Fund will place stop transfer instructions on its records of Interest ownership.**

8. Insurance; Responsibility; Relationships: All deposits will be fully insured under federal law until those deposits are withdrawn or applied against loans in default.

LaM Fund deposits with the Nusenda are federally insured to at least \$250,000, and backed by the full faith and credit of the United States Government, by the National Credit Union Administration, a U.S. Government Agency.

The Investor expressly understands and agrees that the Nusenda -is in no way a partner or guarantor or in any way responsible for any action, or inaction, of the LaM Fund, or for Investor's investment, and this Agreement and any other Agreements between the Investor and the LaM Fund are solely between those two parties. An Investor has no beneficial or other interest in the funds of other Group Investors. The Nusenda-is a third party beneficiary to this paragraph of this Agreement.

This Agreement does not create any kind of partnership relationship between the LaM Fund and the Investor. The Investor's and the LaM Fund's rights, duties and obligations will at all times be solely as specified in this Agreement and will under no circumstances be on any basis other than individual and will not be joint or collective.

9. If Producer Loan Losses Occur: The Investor authorizes LaM Fund to collateralize Producer Loans. Investor Funds will be allocated as collateral as follows:

- All loans maturing within the one-year investment term ("One Year Loans") will be secured by one-year term investments ("One Year Collateral").
- All loans maturing on or after the one-year term date and before the three year term date ("Three Year Loans") will be secured by three-year term investments ("Three Year Collateral").
- All loans maturing on or after the three-year term date and not later than the five year term date ("Five Year Loans") will be secured by the five-year term investments ("Five Year Collateral"). One Year Loans, Three Year Loans, and Five Year Loans are each a "Loan

Category” and One Year Collateral, Three Year Collateral, and Five Year Collateral are each a “Collateral Category.”

- Roll overs will be reallocated for the period rolled over.

The LaM Fund will make commercially reasonable efforts to obtain the successful repayment of Producer Loans, both through careful screening of loan request documents and through general collection efforts, but cannot assure or guarantee that any Producer Loan will be paid in full or when due or that it will not default. If a Producer Loan goes into default, Nusenda is authorized to take the collateral provided by the LaM Fund in repayment of the loan. Funds contributed by the LaM Fund A Interests, which are held exclusively by La Montanita, will be used first to cover losses if a Producer Loan default occurs. However, if Producer Loan defaults exceed the A Interest funds, the Investor Funds from the Group Investors, including the Investor, could be lost with respect to Producer Loans that default. Each one of the Group Investors will lose, if Nusenda applies the collateral to a defaulted loan in a Loan Category, the amount of the default multiplied by the proportion that the Investor’s B Interests in the related Collateral Category bear to the total B Interests in the related Collateral Category.

10. Dilution. The participation percentage of Investor’s Interests will be diluted to the extent the LaM Fund issues additional Group Interests or similar interests in the future. The current offering is limited to \$200,000; however, the LaM Fund could make additional offers and sales in future offerings.

11. Warranties and Representations of Investor. In order to acquire an Interest, the Investor is required to fully and truthfully make the following warranties and representations:

A. The Investor is a resident of the State of New Mexico. **The Investor must attach a copy of a driver’s license or similar identification showing residence for each Investor (both, in the case of joint owners) and, at the LaM Fund’s request, another document showing residency, such as voter registration, residential utility bill, etc.**

B. The Investor is aware that no United States federal or state agency has made any finding or determination as to the fairness for public investment, nor any recommendation or endorsement, of the LaM Fund Interest, and the LaM Fund Interest will not be registered under the Securities Act of 1933 (the "1933 Act"), or the securities laws of any state.

C. The Investor understands that in order to ensure that the offer and sale of the LaM Fund Interest to the Investor is exempt from registration under the 1933 Act by reason of Section 3(a)(11) and Rule 147 under it, or the provisions of the securities laws of any state, the LaM Fund is required to have reasonable grounds to believe, and must actually believe, after making reasonable inquiry and before making any issuance, that, and **the Investor represents and warrants** that:

- The Investor is a resident of New Mexico at the time of the offer and sale to the Investor. An individual is deemed to be a resident of New Mexico if the Investor has the Investor’s principal residence in New Mexico. An entity is deemed to be a resident if it has its principal office in New Mexico. An entity that is organized for the specific purpose of acquiring part of the offering is deemed to be a resident of New Mexico only if all of its beneficial owners are residents of New Mexico;

- The Investor is acquiring the LaM Fund Interest for the Investor's own account for investment only and not with a view to, or for sale in connection with, the distribution or transfer of the Interest.
- Investor, either alone or with Investor's purchaser representative, is able to evaluate the risks involved in any investment in the LaM Fund Interest;
- The Investor has sufficient knowledge and experience in financial and business matters in general, and investments in particular, to be capable of evaluating the merits and risks of an investment by the Investor in the LaM Fund Interest;
- The Investor has been furnished, has read, and understands the La Montanita Fund Memorandum and any other information about LaM Fund as Investor has requested ("Information");
- The Investor has no questions concerning the LaM Fund Interest or the business of La Montanita which have not been answered and has obtained all the information concerning these matters which the Investor desires.
- Investor's financial condition is such that the Investor has adequate means of providing for Investor's current and possible personal contingencies and Investor is under no present or contemplated need to liquidate any portion of the LaM Fund Interest to satisfy any existing or contemplated undertaking, need or indebtedness;
- The Investor understands and agrees that the Interests may not be transferred except as specifically provided in the LaM Fund Operating Agreement and this Agreement, that a stop transfer order will be placed on the Interest ownership records of the LaM Fund, and that even if the LaM Fund were to permit a transfer, federal law prohibits any transfer during the offering and for a period of nine months after the last sale by the LaM Fund in the offering to anyone other than a New Mexico resident;
- The Investor is able to bear the economic risk of any investment in the LaM Fund Interest, including the possible complete loss of the investment and possible inability to sell or transfer the LaM Fund Interest for an indefinite period of time; and
- Investor understands the LaM Fund will make, or will advise the transfer agent of the LaM Fund Interest to make, stop transfer notations on its records relating to the LaM Fund Interest, and that any certificate representing the LaM Fund Interest, when issued, will have the following or a similar legend imprinted or typed on its face:

"The securities represented by this certificate have not been registered under the Securities Act of 1933 or any state securities laws. No transfer or other disposition of the securities can be made except in compliance with the restrictions contained in the La Montanita Fund Investor Agreement between the LaM Fund and the person(s) whose name(s) appear(s) on this certificate as registered holder, a copy of which

is on file at the office of LaM Fund. In addition, no sale or transfer may be made during the offering in which these securities were purchased and for nine months after the last sale of any securities in that offering, except to residents of New Mexico."

D. The Investor's and The Investor's spouse's full names(s), dates(s) of birth, primary residence and tax identification number(s), are:

Investor's Name

Investor's Date of Birth

Investor's Spouse's Name

Investor's Spouse's Date of Birth

Investor's Tax Identification or

Social Security Number

Investor's Spouse's Tax Identification

or Social Security Number

Investor's Residence Address

Spouse's Residence Address

If there is no name set forth for a Spouse, it means that the Investor is not currently married, or no person has any community property interest in the assets the Investor is using to make this investment.

E. The Investor's occupation is _____;

Or the Investor is retired and the Investor's occupation was _____;

F. The Investor's business address, if any is:

G. The Investor will, before any proposed sale, pledge, gift or other transfer, for value or otherwise, of any or all of the LaM Fund Interest or any interest or interests in it (a "Transfer"), give written notice to the LaM Fund expressing the Investor's desire to effect the Transfer and describing the Transfer in detail, accompanied by an opinion, satisfactory in all respects to LaM Fund's counsel, of the Investor's securities counsel, also satisfactory in all respects to LaM Fund's counsel, to the effect that the proposed Transfer may be conducted without violation of Section 5 of the 1933 Act or applicable state securities laws or pursuant to an exemption from registration under the 1933 Act or those state securities laws, the availability of which is to be established to the satisfaction of the LaM Fund.

H. If the Investor is an entity, Investor meets the definition of "accredited investor" under paragraph 501 of Regulation D of the Securities Act: Yes No

I. If the Investor is a natural person, the Investor is checking the box or boxes which describe Investor:

: _____: The undersigned is a director or executive officer of or holds an equivalent position in the LaM Fund.

: _____: The undersigned is a natural person whose individual net worth as of the date hereof (including the net worth of the undersigned's spouse if the undersigned is married, but excluding the value of the Investor's primary residence, calculated by subtracting from the estimated fair market value of the property the amount of debt secured by the property, up to the estimated fair market value of the property) exceeds \$1,000,000.

: _____: The undersigned is a natural person who had an individual income that exceeded \$200,000 or joint income with his or her spouse in excess of \$300,000 in each of the two most recent years and who reasonably expects that in the current year his or her or their income will reach the same level. For purposes of this document, the term "income" means adjusted gross income reported or to be reported on a federal income tax return, increased by (i) any deductions for long-term capital gains (under Section 1202 of the Internal Revenue Code (the "Code")), (ii) any deductions for depletion (pursuant to Section 601 *et seq.* of the Code), (iii) any exclusions of interest (pursuant to Section 103 of the Code) and (iv) any losses of a partnership allocated to the undersigned as an individual limited partner (as reported in Schedule E of Form 1040).

: ____: None of the boxes above accurately describes the undersigned.

J. The Investor is aware that Investor will not be able to dispose readily of the LaM Fund Interest in view of the fact that the LaM Fund Interest will not be registered under the 1933 Act; the LaM Fund has not agreed to make publicly available such information as is required to enable the Investor to make routine sales of the LaM Fund Interest, even if permitted under this Agreement. The Investor understands that, in the absence of any available exemption, the Investor may have to hold the LaM Fund Interest indefinitely unless and until the LaM Fund Interests are subsequently registered under the 1933 Act and applicable state securities laws.

12. Notices. All notices, requests, demand and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) personally delivered, (b) when delivered electronically, with electronic confirmation, before or during normal business hours (and if after business hours, the day following) to the e-mail address below or as otherwise provided and approved by a party for notice purposes, (c) upon facsimile confirmation of receipt if sent by facsimile transmission before or during normal business hours (and if after business hours, the day following), (d) five days after duly deposited in the United States certified mail, return receipt request, properly stamped and addressed, and (e) the day after delivered prepaid to a reputable, overnight express delivery service, in each case to the parties as provided below:

LaM Fund:

La Montanita Fund, LaM Fund
901 Menaul Blvd NE
Albuquerque, NM 87107
Attention: Robin Seydel
Email: robins@lamontanitacoop.coop
Facsimile: 505-217-0677

Investor:

As shown on the signature page to this agreement.

13. Miscellaneous. This Agreement is construed under the laws of the State of New Mexico without application of the principles of conflicts of laws. It may not be modified or amended except in writing executed by the LaM Fund and the Investor. It binds and inures to the benefit of the parties and their permitted assigns, representatives, heirs, and successors, but may not be assigned except in accordance with its terms. All disputes under this Agreement must be arbitrated under the rules of the American Arbitration Association in Albuquerque, New Mexico; the decision of the arbitrator(s) will be final and binding on the parties and may be enforced in any court having jurisdiction over the matter or the parties. This Agreement may be executed in counterpart, and a facsimile or email signature will be construed to have the same force and

effect as an original. If any provision or part of a provision of this Agreement is deemed invalid or unenforceable, the remainder of the Agreement or provision will not be affected and will continue to be enforceable.

Investor(s) name (please Print) _____

Investor Address _____

Investor La Montanita Food Cooperative member Number _____

Investor E-mail _____

Investor Facsimile _____

Investor Telephone _____

Amount of Interests at \$250/interests acquired _____,

for a total of \$ _____ invested with LaM Fund,

and applied for a term and in the amounts as follows:

B-1 Interests

1 year ending 12/31/2016: Number of Interests _____ Total \$ _____

B-2 Interests

1-year ending 6/29/ 2017 Number of Interests _____ Total \$ _____

(all successive roll over periods will be 1 year)

B-1 Interests

3 years ending 12/31/2018 Number of Interests _____ Total \$ _____

B-2 Interests

3 years ending 6/29/2019 Number of Interests _____ Total \$ _____

I designate all successive roll over periods to be: [] 1 year [] 3 years [check one]

B-1 Interests

5 years ending 12/31/2020: Number of Interests _____ Total \$ _____

B-2 Interests

5 years ending 6/29/2021 Number of Interests _____ Total \$ _____

I designate all successive roll over periods to be: 1 year 3 years 5 years [check one]

LaM Fund can use my name in publicizing this program: _____ Yes, _____ No

_____ Investor

_____ Date

_____ Representative of LaM Fund

_____ Date

NOTE: This document is signed and kept by both the LaM Fund and the Investor to clearly outline the purpose, obligations and restrictions entailed in participating in the LaM Fund.