

# Hemp Co-op

## Disclosure Statement and Member Agreement

Thank you for considering joining Hemp Co-op, a Washington cooperative association (**Co-op**) as a member. By becoming a member, you are choosing to place yourself in a position to more fully engage with and guide the management of the Co-op as an owner. And, if we are financially successful, we hope that all of us will also have the opportunity to share that success.

The Co-op is member-owned and member-governed, and thus operates for the benefit of the us, the members.

This Disclosure Statement and Member Agreement (**Agreement**), along with our Bylaws and Articles of Incorporation (together, our **Organic Rules**), provide important details regarding the governance and operations of the Co-op. Our Bylaws in particular represent the foundational governance handbook for our Co-op, and generally cover three key areas:

- **Membership** – Given the centrality of our members to the Co-op, Articles Two and Four of our Bylaws provide a detailed discussion of how individuals enter, engage with, and end their time as members.
- **Financial Matters** – Article Three contains essential financial and tax-related provisions. Members contribute equitably and are in control of the capital of the Co-op. The intent of the Co-op is to create an economically just business, and the contents of Article Three are designed to help us achieve that goal.
- **Administration** – Sustained and active member engagement is essential to our success. The remainder of the Bylaws detail important administrative and legal mechanics to help us remain transparent and responsive to our members, while still empowering and protecting them as they participate, manage, and lead.

Please review our Organic Rules carefully before signing this Agreement. By signing below, you are agreeing to become a member, and accept the rights and obligations of becoming a member as detailed here and in our Organic Rules. If there's ever a conflict between something written here and what's contained in our Organic Rules, the Organic Rules should control.

This Agreement has two sections: (1) a Disclosure Statement highlighting important terms of membership. You should review the entire Organic Rules for full details of your rights and obligations as a member; and (2) the Membership Agreement, where you will formally agree to become a member.

## DISCLOSURE STATEMENT

The Co-op wishes to disclose the following things to members:

1. **Legal Organization.** Hemp Co-op is organized as a cooperative association under the Washington Cooperative Associations Act (RCW Chapter 23.86).
2. **Membership.**
  - a. **Right to Requesting Copy of Organic Rules.** A copy of the Co-op's Articles of Incorporation and its Bylaws will be furnished without charge to each member upon written request.
  - b. **Membership Requirements.** To become a member of the Co-op, a person must:
    - o Meet the qualifications set forth in Article Two of the Bylaws;
    - o Be approved for membership by the Board; and
    - o Pay a membership fee of \$[50] to the Co-op.
  - c. **Memberships are not transferrable, but they are redeemable.** Members of the Co-op may not give, sell, or transfer their memberships to any other person or legal entity. Memberships are personal to each member and they are non-transferrable. Memberships in the Co-op may be terminated pursuant to the terms of Article Two of the Bylaws. Where a membership is terminated, that former member shall have the payment rights described in Section 3.03 of the Bylaws.
  - d. **Membership Patronage Dividends.** Members may be eligible for patronage dividends, depending on their class of membership and how the Board decides to allocate patronage among the classes. Patronage is defined by the Board in its patronage policy.
  - e. **Member's Proprietary Interest.** A member's proprietary interest in the Co-op, represented by their individual capital account, is equal to the member's unredeemed membership share, plus written notices of allocation, minus distributions, minus allocated losses, plus/minus any other item that affects the balance in the member's individual capital account. See Article Three of the Bylaws.

## MEMBER AGREEMENT

By signing below, and as consideration for becoming a member of the Co-op, the undersigned agrees as follows:

1. **Manner of Receiving Notice and Documents.** In accordance with Section 12.05 of the Bylaws, I consent to receiving notices and documents from the Co-op via email, unless I specifically request in writing to receive notices by mail. I understand that I have the option to receive notice at any mailing address provided in writing to the Secretary.
2. **Fee for Membership Share.** I agree to pay \$[50] for my membership share to the Co-op in the following manner (check one):  
  
\_\_\_\_\_ in a lump sum upon signing this Agreement  
  
\_\_\_\_\_ other (must be approved by the Board):  
  
\_\_\_\_\_  
  
\_\_\_\_\_
3. **Termination of Membership.** I acknowledge that my membership will be terminated upon the voluntary or involuntary termination of my membership, or upon my death.
4. **Payment of Taxes.** I agree that for purposes of determining the amount of any distributions made to me by this Co-op, I shall treat the full amount of any distributions, with respect to my patronage, which are made in qualified written notices of allocation (as defined in 26 U.S.C. § 1388), which I receive, as income received in the year in which such written notices of allocation are received at their stated dollar amounts in the manner provided in 26 U.S.C. § 1385(a).
5. **Obligation to Update.** I agree and acknowledge that it is my responsibility to provide updated contact information to the Secretary of the Co-op whenever any of the below contact information changes.
6. **Acknowledgement of Risk.** I acknowledge that I have understood that my entire investment is at risk of loss if the Co-op is not financially successful. I understand that if the Co-op cannot achieve its business plan, I not only may not receive any patronage dividend, but that I may also lose my \$[50] membership fee as well, for example if the Co-op goes bankrupt.

Each party is signing this Agreement on the date stated opposite that party's signature.

Date \_\_\_\_\_

Phone Number: \_\_\_\_\_

## Hemp Co-op

Date

Title: \_\_\_\_\_