

## **UNITED FRESH POTATO GROWERS OF COLORADO, INC. MEMBERSHIP AGREEMENT**

THIS AGREEMENT, executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by and between UNITED FRESH POTATO GROWERS OF COLORADO, INC., a Colorado agricultural cooperative to be formed, hereinafter called the "Cooperative," with its principal place of business at 101 Adams St., Monte Vista, Colorado 81144, and the undersigned member of the Cooperative hereinafter called the "Member," is made in consideration of the mutual promises contained herein and other good and valuable consideration the receipt and sufficiency of which is mutually acknowledged. The parties hereto agree as follows:

1. This Agreement is one of several similar agreements made by the Cooperative with potato growers who are mutually and individually obligated under the terms hereof (hereinafter collectively called the "Members"). The Cooperative shall be deemed to be acting in its own name for and on behalf of all of its Members in carrying out the provisions of such agreements or in any action or legal proceeding resulting therefrom.
2. The Member executing this Agreement if an individual or the person who executes this Agreement on behalf of the Member if a partnership, corporation, limited liability company or other entity or a trust represents and acknowledges that the Member is an agricultural producer actually engaged in the production of potatoes or a landlord which receives a portion of the potato crop as rent.
3. Member hereby agrees to become a Member of the Cooperative and to pay a membership fee of One Hundred Dollars (\$100.00) which is due and payable at the time this Agreement is submitted by the Member for approval and acceptance as provided below.
4. Further, Member agrees to pay an initial assessment for each acre of potatoes grown by Member in calendar year 2004 for the fresh market of Two Dollars (\$2.00) per acre, payable upon submission of this Agreement for approval and acceptance by the Cooperative. Member agrees to provide all of the information required on the signature page(s) and such other information as may be reasonably requested by the Cooperative with respect to its determination to approve this membership.
5. Member acknowledges further that the Cooperative may impose further assessments on its Members as necessary and appropriate with respect to its purposes and operations as provided in and limited by the Articles and/or Bylaws the timely payment of which will be a condition of continuing membership but any such assessment shall not exceed \$4.00 per acre in any one year unless approved or authorized by the membership.
6. It is the intention of the Cooperative and its Members that pricing, quality standards, acreage allotments, and other rules and regulations issued by the Cooperative from time to time be observed by the Members as they are published by the Cooperative and provided to Member. Member agrees to abide by and observe all of the foregoing during the initial and each subsequent renewal term of this Agreement. In the event Member does not observe such pricing, quality standards, acreage allotments, or rules and regulations, Member may be terminated from membership by a vote of a majority of the Board of Directors of the Cooperative and shall be entitled to no recourse other than the repayment of Member's \$100.00 membership fee.
7. Member acknowledges that the Members or the Board of Directors of the Cooperative may from time to time adopt penalties for violations of the Membership Agreement.

8. In the event net monetary benefits are realized by the Cooperative in any calendar year through any of its operations or activities, such benefits will be allocated to the Members in accordance with their patronage, or in absence of patronage, in accordance with their acres for which an assessment is paid pursuant to paragraph 4 above or any similar assessment or fee applicable to any following year in which such net monetary benefits are realized. Member hereby consents that the amounts of any distributions of such net monetary benefits which are by qualified written notices of allocation (as defined in 26 U.S.C. 1388) and per unit retain allocations which are received by the Member from the Cooperative, will be taken into account by the Member in reporting the Member's federal income tax at their stated dollar amounts in the manner provided in 26 U.S.C. 1385(a) in the taxable year in which the qualified written notices of allocation are received by the Member.

9. This Membership Agreement, together with the Cooperative's Articles of Incorporation, Bylaws, pricing or quality standards, acreage allotments, and rules, regulations and policies of the Cooperative, constitute the entire contract between the Cooperative and the Members. Member also agrees to abide by such additional rules, regulations and policies as may adopted by the Board of Directors from time to time which are not in conflict with the Articles of Incorporation and Bylaws.

10. Membership in the Cooperative and any and all interest of any nature related thereto or arising therefrom shall not be transferable except in accordance with applicable law and the Articles of Incorporation and Bylaws of the Cooperative.

11. This Membership Agreement is binding on the Member, his heirs, successors and assigns. In the event the Member utilizes an entity which he owns, controls or affiliates with to circumvent the provisions of this Agreement, the Cooperative shall be entitled to treat such act as an assignment. The penalties for such breach shall be assessed to Member, his heirs, successors or assigns.

12. The term of this Agreement shall commence on the date hereof and shall end on December 31, 2006, provided Member has not withdrawn this Agreement in writing prior to March 1, 2005. If withdrawn prior to March 1, 2005, all amounts paid as a membership fee and with respect to the initial assessment provided in section 4 shall be refunded without interest. Thereafter, this Agreement shall be automatically renewed for succeeding terms of two calendar years each, unless terminated as set forth herein or as provided in the Articles of Incorporation or Bylaws of the Cooperative or by written notice furnished by either party not later than six (6) months prior to the end of the original term or any renewal term.

13. This Agreement is subject to the formation of the Cooperative as a Colorado cooperative corporation before March 1, 2005. It is further contingent upon acceptance by the Cooperative.

IN WITNESS WHEREOF, this contract has been executed as of the day and year first above written notwithstanding the date or dates of execution.

Date: \_\_\_\_\_, 2005

\_\_\_\_\_  
(Member's Name)

Member Address:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Member of Authorized Representative

\_\_\_\_\_

\_\_\_\_\_  
Title of Authority of Authorized Representative

\_\_\_\_\_

Co-Owner Address (if applicable)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

County or counties where potatoes were grown by Member in 2004:

\_\_\_\_\_  
\_\_\_\_\_

APPROVED AND ACCEPTED:

Date: \_\_\_\_\_, 2005

\_\_\_\_\_  
State of Organization of Entity Member

\_\_\_\_\_  
Co-Owner's Signature (if applicable)

\_\_\_\_\_  
Member's Telephone Number

\_\_\_\_\_  
Member Social Security Number or Federal ID Number

Initial Member assesment

@ \$2.00 per acre = \$ \_\_\_\_\_

UNITED FRESH POTATO GROWERS  
OF COLORADO, INC

By \_\_\_\_\_  
(Signature)

Its \_\_\_\_\_