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THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAS NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS. THIS IS AN UNSECURED LOAN THAT IS SUBORDINATED TO OTHER LENDERS. THIS NOTE MAY NOT BE ASSIGNED OR TRANSFERRED BY LENDER.

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## PROMISSORY NOTE

☐ Loan Amount: \_\_\_\_\_ ☐ Loan term \_\_\_\_\_

*[Lender may select 3, 4, 5, or 6 years from Loan Date]*

For value received, Bluenose Gopher Public House, a Minnesota cooperative corporation ("Borrower") promises to pay \_\_\_\_\_ ("Lender"), a current owner of the Borrower (Member No. \_\_\_\_\_), whose address is: Street: \_\_\_\_\_ City: \_\_\_\_\_ ST: \_\_\_\_\_ ZIP \_\_\_\_\_, or his or her permitted successors or assigns, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) together with simple interest thereon at the rate of Three Percent (3%) per annum.

Interest from the date of the loan shall be calculated monthly, and shall be paid to the lender in a lump sum on upon maturity of this Note on the date set forth above, together with the principal. There shall be no penalty for prepayment or early payment of this Note by the Borrower. All payments shall be made to the address of the Lender set forth above. It is the responsibility of the Lender to inform the Borrower of any change in address.

1. **Definitions.** The following terms have the following meanings wherever they are used in this Promissory Note:

- (a) "Borrower" means Bluenose Gopher Brewery, a Minnesota Cooperative Association.
- (b) "Lender" means the Lender named in the first paragraph and each subsequent holder or holders of this Promissory Note, and their respective heirs, personal representatives, successors and assigns.
- (c) "Loan" means all amounts advanced hereunder plus all interest, charges and fees due to Lender hereunder.
- (d) "Maturity Date" means the date described in the maturity date field in this note.
- (e) "Stated Rate" means 3.00% per annum.

2. **Payments.** Principal and interest at the Stated Rate shall be paid in consecutive monthly installments on the 1st day of each month beginning with the month immediately the loan date. No payments shall be required until the maturity date, at which point the full balance is due (as evidenced in the Affixed Amortization Schedule).

3. **Application of Payments.** All payments and prepayments shall be applied first to any costs of collection, second to accrued interest on this Promissory Note, and third to principal.
4. **Prepayment.** This Promissory Note may be prepaid in full or in part at any time without premium or penalty. Prepayments shall apply to Borrower's indebtedness last incurred.
5. **Loan Documents; Security.** This Promissory Note is given to evidence the Loan. It is an unsecured loan.
6. **Defaults.** If Borrower fails to pay any sum to Lender as and when the same becomes due, or breaches any provision contained herein or in any Loan Document, then Lender shall have, besides any and all other rights, remedies, and recourse available to Lender, the right and option to declare the unpaid principal balance and accrued interest on this Promissory Note immediately due and payable without notice, demand or presentment for payment to Borrower or others, and to invoke all rights, remedies, and recourse relating thereto. The remedies of Lender may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion arises. No act of omission or commission of Lender, including any failure to exercise any right, remedy or recourse, shall be deemed a waiver or release of same, such waiver or releases to be effective only as set forth in a written document executed by Lender and then only to the extent specifically recited. A waiver or release for one event or occurrence shall not be construed as continuing as a bar to, or as a waiver or release of, any subsequent right, remedy, or recourse as to any subsequent event or occurrence.
7. **Lender's Costs.** If Lender engages outside legal counsel for advice to Lender regarding Lender's rights and remedies under, or enforcement of, this Promissory Note, Borrower shall pay all legal expenses incurred by Lender, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges will constitute additional indebtedness of Borrower to Lender, payable upon demand, accruing interest at the time of such expenditure by Lender at the rate provided herein.
8. **Interest Limitation.** All agreements between Borrower and Lender are limited so that in no contingency or event (whether by acceleration of maturity of the indebtedness evidenced by this Promissory Note or otherwise) shall the amount paid or agreed to be paid to Lender for the Loan exceed the maximum permissible under applicable law. If, from any circumstances, fulfillment of any provisions of this Promissory Note or the other Loan Documents shall cause the interest to be paid to exceed the maximum permitted under applicable law, then the obligation to be fulfilled shall automatically be reduced to an amount that complies with applicable law. If, from any circumstances, Lender should ever receive as interest an amount that would exceed the highest lawful rate of interest, such amount over such lawful rate shall apply to the reduction of the principal balance of this Promissory Note and not to the payment of interest.
9. **Waivers.** Borrower waives presentment for payment, protest, notice of nonpayment, and notice of dishonor. Lender may at his or her discretion waive any of the terms and conditions of this Note, including the final maturity date of the Note without the Borrower 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.

10. **Governing Law, Jurisdiction, and Venue.** This Promissory Note shall be governed by, interpreted, and enforced under the laws of Minnesota, without giving effect to its conflict of laws provisions. Any litigation between the Parties shall be conducted exclusively in the state and federal courts in Yellow Medicine County, Minnesota, and any arbitration or similar proceeding shall be conducted exclusively at a location within such county and state. Each Party consents to the jurisdiction and venue of the courts described above.

11. **Other Loans.** Lender understands that this is an unsecured loan and that there are other loans made to the Borrower that have a security interest in the assets of the Borrower and that are superior to the Note of the Lender. Lender understands that there are also unsecured creditors and other lenders to the Borrower that have interests which may be superior or equal to that of the Lender.

**Lender #1**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Email: \_\_\_\_\_ Phone: \_\_\_\_\_  
Dated: \_\_\_\_\_

**Lender #2 (If Joint)**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Email: \_\_\_\_\_ Phone: \_\_\_\_\_  
Dated: \_\_\_\_\_

**Bluenose Gopher Public House Cooperative**

By \_\_\_\_\_  
Its \_\_\_\_\_  
Dated: \_\_\_\_\_

Loan Date:  
*Date when fully executed by both parties.* \_\_\_\_\_

Maturity Date: \_\_\_\_\_