



Membership and Marketing Agreement

Class B Shareholder

Parties:

Alpaca Fiber Cooperative of North America, Inc., a Colorado Corporation (hereinafter AFCNA)

--AND--

Member Name: _____

Farm Name: _____

Address: _____

Phone: _____

E-mail Address: _____

Tax Reporting #: _____

Effective Date: _____

Current Number of Alpacas: _____

How Did You Hear About AFCNA? _____

Recitals:

A. AFCNA is an agricultural cooperative organized under the laws of the State of Colorado.

B. Member of the AFCNA is a producer of alpaca fiber.

C. Member has purchased one share of common Class B non-voting stock from AFCNA for the sum of One Dollar, U.S. (\$1.00) as specified in Member's membership application, the receipt of which is acknowledged, as an equity investment in AFCNA. This entitles Member to all the benefits of Class B membership in AFCNA as long as Member complies with the Bylaws of AFCNA, and the provisions of this Agreement, as they exist now or are later amended. Member hereby acknowledges receipt of a copy of the current AFCNA Bylaws. Specific notice is given by AFCNA to Section 12.1 of the Bylaws that

Alpaca Fiber Cooperative of North America, Inc.
17494 State Hwy 58 N, Decatur, TN 37322
877-859-0172

have been adopted by AFCNA and contains important income tax requirements and implications for Member.

Agreement

1a. Acceptance and Delivery of Alpaca Fiber; Reporting. AFCNA agrees to accept, subject to the provisions contained in paragraph 4, all or a portion of Member's annual clip of alpaca fiber, as directed by AFCNA, while this Agreement is in effect. AFCNA shall give Member at least sixty (60) days written/email notice of the date Member's fiber must be delivered to AFCNA, but in no event shall delivery be required earlier than March 1st of any year. Member hereby represents to AFCNA that as of the effective date of this Agreement, Member is the owner of Huacaya alpacas and/or Suri alpacas located in North America that will be shorn by Member and/or Member's employees, agents or representatives.

1b. Alternate Sale of Alpaca Fiber. In the event that AFCNA fails to call for delivery of all or any portion of Member's fiber clip by April 1st, Member shall be entitled to sell, transfer or otherwise dispose of the uncalled for clip in whole or part as Member sees fit, without obligation to AFCNA.

2. Delivery; Collection Points. Unless otherwise agreed to in writing, Members shall deliver their fiber to collection points located in the United States as may be designated by AFCNA. Member shall deliver all such alpaca fiber at Member's expense. Such alpaca fiber shall be at the risk of Member until delivery and acceptance by AFCNA. AFCNA will ensure that there is a broad range of collections sites within the USA.

3a. Inspection and Grading. Member agrees to prepare and clearly label all alpaca fiber to be delivered to AFCNA according to the guidelines established by AFCNA from time to time. Member's efforts are intended to reduce AFCNA's costs to all members.

3b. Acceptance of Grading Results; Rejection of Fiber. Prior to acceptance by AFCNA, all alpaca fiber shall be inspected, and at the discretion of AFCNA representatives, graded and re-weighed according to the guidelines established by AFCNA from time to time. AFCNA may reject or discount any or all of Member's alpaca fiber for any reason involving the quality of the fiber. AFCNA will reject or destroy any fiber that is infested with insects. Member agrees to accept the fiber weight and grade declared by AFCNA.

4. Production Practices. Member agrees to follow the guidelines as defined in the Annual Clip Call. Member agrees that the primary goal of AFCNA, and therefore Member, is to market and sell the highest quality alpaca fleece, fiber, or product found in North America.

5. Fiber Pooling. AFCNA shall market Member's alpaca fiber as raw fleece, partially or completely processed fiber, or as a finished product as determined by AFCNA. Separate pools may be established according to quality differentials as determined by AFCNA. Payment will be an average, pool-specific price over all fiber and products in a particular pool sold by AFCNA. AFCNA does not guarantee any sales of product at any particular price. AFCNA represents that it will act in the best interest of the membership in attempting to market and sell the membership's collective product at the highest price attainable.

6. Member Capital Account. AFCNA shall establish a capital account for each Member for the purpose of recording the income paid and expenses attributable to each Member. AFCNA hereby agrees to account to Member annually for all expenditures made, reserves held, capital credits allowed, and payments made.

7. Monetary Payment to Member. Member shall accept, as payment for Member's alpaca fiber investment, his or her portion of the Net Margin after deduction for reasonable reserves pursuant to AFCNA Bylaws. The Net Margin (Net Profit) of the AFCNA is defined as the net proceeds from the sale of the fleece, processed fiber or product, after deduction for services rendered and paid for by AFCNA. (See Article 10 of the AFCNA Bylaws) This payment or allocation to Member may be made in two ways:

1. Cash paid directly to Member and/or
2. As a credit to Member made through:
 - a) retained product allocations or,
 - b) net margin allocations.

8. Loans and Security. Member specifically grants the Cooperative the power to borrow money on the security of the alpaca fiber delivered to the Cooperative, the products derived therefrom, or cash or accounts arising from the sale thereof. The Cooperative may give a lien, either legal or equitable, on the fiber or products as the absolute owner and/or marketing agent thereof.

9. Deductions. Member hereby acknowledges and agrees that AFCNA may incur charges, and hereby authorizes AFCNA to incur charges, for shipping, handling, cleaning, processing, manufacturing, marketing and other activities reasonably necessary for AFCNA to carry out its stated purpose, and that all such charges will be reflected in service fees, or in the ultimate payment or credit allocated to Member for Member's alpaca fiber. Member further acknowledges that a certain percentage of all alpaca fiber will be lost, and the removal of dirt and moisture will reduce fiber weight, in the course of cleaning, processing and manufacturing the fiber. These factors shall be reflected in the ultimate payment or credit allocated to Member. Member hereby agrees to accept the loss calculated and declared by AFCNA.

10a. Termination and Renewal. The initial term of this Agreement shall extend through January 31st of the year following the year in which this Agreement is executed. Thereafter, this Agreement shall remain in effect for one year periods beginning February 1 and terminating January 31st. Either party may terminate this Agreement for the following year effective after the initial term by notifying the other party in writing between January 1 and January 31 of any year. It is mutually agreed that failure to so terminate in any year shall constitute conclusive evidence that the parties have automatically renewed this Agreement for another year.

10b. Termination Redemptions. Upon termination, Member shall return Member's share of common Class B stock to AFCNA.

11. Arbitration. Member and AFCNA agree to submit any dispute arising out of this Agreement to arbitration, the fees and costs of which to be borne by the non-prevailing party. The decision of the arbitrator shall be final and binding.

12. Forfeiture of Membership. Violation of this Agreement in any material respect by Member, or violation of the terms and conditions of the Bylaws of AFCNA, shall be grounds for the AFCNA Board of Directors to terminate Member's membership in AFCNA.

14. Amendments. AFCNA reserves the right to make changes at any time in the terms and conditions of this Agreement in its sole discretion upon electronic or printed regular mail notice of such changes to Member at Member's email or postal address on the list of members maintained by AFCNA. Member is solely responsible for having current e-mail and/or address in AFCNA records.

15. Assignment. This Agreement may be assigned by AFCNA in its sole discretion.

16. Entire Agreement. It is agreed that this Agreement constitutes the entire agreement between the AFCNA and Member, and that there are no oral or other conditions, promises, covenants, representations, or inducements in addition to, or at variance with, any terms of this Agreement.

17. Governing Law and Venue. With respect to Members who are citizens of the United States, the laws of the State of Colorado shall govern this Agreement, and venue for enforcement of this agreement shall be in Denver, Colorado. With respect to Members who are residents of Canada, the laws in force in the Province of Alberta shall govern the agreement and venue for enforcement of this Agreement shall be in Calgary, Alberta.

IN WITNESS WHEREOF, these parties have executed this Agreement as of the day, month and year first above written:

MEMBER SIGNED: _____

AFCNA SIGNED BY: _____

Note: Print and mail this form, along with your check in the amount of \$1 to:

Alpaca Fiber Cooperative of North America, Inc.
17494 State Hwy 58 N.
Decatur TN 37322