

**Weaver Street Market Inc.**  
**OFFERING MEMORANDUM**  
February 18, 2019

**Co-op Owner Loans (Non-Voting)**

**THESE CO-OP OWNER LOANS ARE OFFERED ONLY TO BONA-FIDE RESIDENTS OF THE STATE OF NORTH CAROLINA WHO ARE MEMBER-OWNERS OF WEAVER STREET MARKET INC. ANY OTHER USE IS UNAUTHORIZED.**

Weaver Street Market Co-op Owner Loans	
Total Offering	\$2,000,000
Discounts and commissions	\$0
Proceeds to Weaver Street Market	\$2,000,000
Term/Maturity	Five Years*
Interest Rate	5%
Minimum Investment Required	\$20,000*
Status	Unsecured debt

\* Weaver Street Market, in its sole discretion, may vary the term or minimum investment on a case-by-case basis.

**Neither the Co-op Owner Loans nor the adequacy of this offering memorandum have been approved, disapproved, or passed on by the Securities and Exchange Commission, any state securities commission or any other regulatory body. Any representation to the contrary is a criminal offense.**

These Co-op Owner Loans are being offered under an exemption from federal registration pursuant to Section 230.147 of the Securities Act of 1933, as amended, on the ground that the offering is being made only to residents of North Carolina. These Co-op Owner Loans are being offered under an exemption from North Carolina registration pursuant to Section 78A-16(14) of the North Carolina Securities Act on the ground that the offering is being made by a Cooperative Corporation existing under Subchapter IV of Chapter 54 of the General Statutes of North Carolina. Neither the Securities and Exchange Commission nor any state agency has made an independent determination that the Co-op Owner Loans are exempt from registration.

**The Co-op Owner Loans are subject to certain risks, which are discussed beginning on page 5.**

The Co-op Owner Loans are not and will not be insured or guaranteed by the Federal Deposit Insurance Company ("FDIC"), the Securities Investment Protection Corporation ("SIPC"), or any other federal or state agency.

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### DESCRIPTION OF CO-OP OWNER LOANS

The bylaws of Weaver Street Market authorize the issuance of interest bearing loans to member-owners of the cooperative. Pursuant to this Offering Memorandum, Weaver Street Market is issuing up to \$2,000,000 of Co-op Owner Loans. The offering is by direct solicitation by the General Manager and such employees designated by him.

No person shall be eligible to make a Co-op Owner Loan unless such person is currently a Consumer or Worker Owner shareholder in Weaver Street Market and intends to remain a shareholder, and is a bona fide resident of the State of North Carolina and intends to remain a resident.

The Co-op Owner Loans shall be non-assessable, shall not be transferable or assigned to any person or entity other than Weaver Street Market, and may not be pledged or hypothecated.

The minimum loan amount is \$20,000, the maximum loan amount is \$100,000, and the loan term is five years. (Weaver Street Market, in its sole discretion, may vary the loan term or minimum loan amount on a case-by-case basis.) The Co-op Owner Loans bear interest at the rate of 5% per annum, accrued interest being paid annually, on the anniversary date of the note. However, there can be no assurance that any interest shall be paid and any such interest is subject to, and subordinate to, claims of secured creditors, bankruptcy court rulings, or sufficient cash flows. Interest is taxable income to the recipient. The principal balance of the Co-op Owner Loans is due and payable in full to the holder at the end of the loan term along with the final interest payment. In the event that Weaver Street Market is liquidated, the Co-op Owner Loans will have a liquidation preference over the preferred stock, common stock and non-stock allocated equity. The co-op owner loans are not secured by land, building, or equipment and in the event of default, the status of the holder will be unsecured. Holders of the Co-op Owner Loans have no voting rights in Weaver Street Market. The Co-op Owner Loans may be extended at the end of the term upon mutual agreement of Weaver Street Market and the lender.

### USE OF PROCEEDS

The net proceeds from the offering will be utilized to open a new Weaver Street Market store in downtown Raleigh and to make improvements to the existing stores.

### ABOUT WEAVER STREET MARKET

Weaver Street Market's first retail store opened in Carrboro in 1988 in order to sell the highest quality food and to create a vibrant community gathering place. At the time of its opening it was the only natural food store in Carrboro and Chapel Hill. From first year sales of \$3 million,

Weaver Street Market's annual sales have climbed to \$40 million, making it the largest food cooperative in the Southeast.

Weaver Street Market opened a second store in Southern Village in Chapel Hill in 2002, and a third store in downtown Hillsborough in 2008. Like the Carrboro store, these stores provide quality foods and serve as vibrant community centers. Weaver Street Market owns the portion of the building that the store occupies in both of these locations.

In 2008, Weaver Street Market opened a "Food House" production facility to supply baked goods and prepared foods to its retail stores. The Food House leases 20,000 sq.-ft. of space in the Hillsborough Business Center, approximately one mile from the Hillsborough store location. The Food House is also the location of Weaver Street Market's administrative departments including finance, IT, human resources, merchandising and marketing.

### **Raleigh Expansion**

Weaver Street Market will open a fourth store in downtown Raleigh in spring 2019. The 12,600-square-foot store will be located at The Dillon, a mixed-use development in the Warehouse District. The store will have a large indoor and outdoor dining mezzanine, a tasting kitchen, and new prepared foods offerings. Once this store is established, Weaver Street Market plans to open additional stores in Wake County.

### **Worker and Consumer Ownership**

A distinguishing feature of Weaver Street Market is its worker and consumer ownership structure, which is unique among US food cooperatives. Weaver Street Market has 20,000 consumer owners and 210 worker owners. Consumer ownership shares cost \$75 and worker owner shares cost \$500. Consumer Owners receive a patronage dividend based on profits and purchases, and Worker Owners receive a patronage dividend based on profits and hours worked.

### **Local Food**

Weaver Street Market partners with 200 local and co-operative food producers. Approximately 50% of sales are from local and co-op producers.

### **Community Connection**

Weaver Street Market is recognized for the strength of its connection with the community. Each store is located in a downtown center and has played a central role in activating its downtown. Weaver Street Market actively cultivates its community connection through outdoor music events at its stores. It also partners with other organizations to sponsor community events such as the Piedmont Farm Tour and holiday parades.

Weaver Street Market partners with local non-profits to end food insecurity. Through its round-up program, it has contributed over \$1 million to these organizations over the last three years, with 100% of the money going towards fresh, healthy foods for the food insecure.

## **WEAVER STREET MARKET LEADERSHIP**

### **Board of Directors and Officers**

A board of seven directors governs Weaver Street Market. Consumer owners elect two of the directors; worker-owners elect two of the directors; the General Manager is automatically a director; and the board appoints two directors. The directors serve two-year terms. The board elects a Chair, Secretary, and Treasurer annually. The directors are compensated annually with \$1,200 in gift cards to be spent at its stores.

**Chair – Jon McDonald** is an elected worker-owner representative on the Board. He is the manager of the bread bakery at the Food House.

**Secretary – Dave Bright**, who joined the co-op in 1996 as a consumer owner, served as an elected Director from 2009 to 2011 and since 2012 has served as an appointed Director. Dave works as a facilities manager for Novo Nordisk.

**Treasurer - Alice Ammerman** is an elected consumer-owner representative who has served on the board since 2018. She is a professor at the Gillings School of Global Public Health at UNC Chapel Hill and the director of the Center for Health Promotion and Disease Prevention

**Linda Stier** is an appointed director who has been on the Board for 25 years. She is a governance consultant to cooperatives and non-profit organizations

**Glenda Claire** is an elected consumer-owner representative whose board term started in January 2019. She is an Associate Minister at Union Baptist Church in Durham and host of the We All Got ISSUES radio show.

**Charles Traitor** - is an elected worker worker-owner representative who has been on the Board for three years. He works in the produce department in Carrboro.

**Ruffin Slater** (general manager) has been on the board of directors since Weaver Street Market opened in 1988.

### **General Manager**

To fulfill its responsibility to the member-owners and to help Weaver Street Market realize its mission, Weaver Street Market's board of directors hires a General Manager. The General Manager acts as Weaver Street Market's agent, conducting the actual affairs of the business.

**Ruffin Slater** is co-founder of Weaver Street Market and has been its general manager since it opened in June 1988. He previously served as general manager of the Durham Food Co-op. He also serves on the board of the National Co-operative Grocers Development Co-op. He owns one worker share purchased on the same terms as other worker owners.

### **ABOUT COOPERATIVE ECONOMICS**

A cooperative is a form of corporation whose purpose is to provide goods and services to its member-owners and often others in the community. A cooperative competes in the open market place and in some ways resembles other businesses. However, a primary difference is that the goal of a cooperative is to serve its users and its community rather than provide a return to equity investors. One of the internationally recognized cooperative economic principles is a limited return on equity.

The member-owners of a cooperative provide its equity foundation by investing in membership shares. Each member can purchase only one membership share and therefore can have only one vote. These shares are not freely traded, and can only be sold back to the cooperative if the member-owner chooses to leave the co-op. Usually, the membership shares receive a return based on patronage of the cooperative. Weaver Street Market has two classes of members -- consumer owners and worker owners. Consumer owners receive a patronage dividend based on profits and purchases, and worker owners receive a patronage dividend based on profits and hours worked.

For large projects such as opening or remodeling a store, additional capital is required. In order to obtain such additional capital, Weaver Street Market has solicited owner Co-op Owner Loans as a mechanism for community residents to support Weaver Street Market's growth. These Co-op Owner Loans carry no voting or governance rights and the financial return is limited.

## **RISK FACTORS**

The Co-op Owner Loans contemplated hereby involve a substantial degree of risk, should be regarded as speculative, and therefore are suitable only for persons of adequate means who have no need for liquidity in their investment and can bear the economic risk of losing their entire investment. This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Weaver Street Market's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this Offering Memorandum. In addition to the other information in this Memorandum, the following factors should be considered carefully in evaluating Weaver Street Market and its business before making a loan offered hereby.

### **Limited Liquidity**

The Co-op Owner Loans are illiquid, and there is no ready market for these Co-op Owner Loans and none is expected to develop in the future. In addition, Weaver Street Market's Bylaws restrict the transferability of the Co-op Owner Loans. Therefore, there can be no assurance that the Co-op Owner Loans will be repaid or that interest will be paid. Investors should be aware that they might be required to bear the financial risks of making a Co-op Owner Loans for an indefinite period of time. See "Description of Offering" on page 4.

### **Weaver Street Market Mission**

Weaver Street Market's mission is "a vibrant, sustainable food marketplace—defined by shared economics, shared community, and shared knowledge; driven by widespread and diverse participation; for owners and potential owners." The cooperative's business focus is to provide a benefit for the community, not to make a profit for its shareholders, and many business decisions may be at odds with maximizing profitability. An internationally recognized cooperative economic principle is a limited return on equity. See "About Cooperative Economics" on page 4.

### **No Minimum Investment**

Weaver Street Market is offering the Co-op Owner Loans with no minimum amount required to be raised before Weaver Street Market has access to and can use the funds. Upon acceptance of a subscription, Weaver Street Market will deposit the funds into its account, and will be able to utilize these funds immediately. Weaver Street Market may not be able to raise sufficient funds to complete this offering. The failure of Weaver Street Market to raise the total offering shall not entitle any holder of the Co-op Owner Loan to a return of the amount loaned except according to the terms of the Co-op Owner Loan.

### **Upcoming Expansion**

Weaver Street Market plans to open a new store in downtown Raleigh in spring 2019 and additional stores in the future. The higher costs in opening a new store led to a loss in the 2018 fiscal year and a loss is anticipated in fiscal year 2019. A return to profitability will require successful attainment of projected sales, of which there can be no assurance. If the new store does not attain sufficient profitability, it will have a materially adverse effect on Weaver Street Market's overall profitability

### **Bank Loan Covenants**

Weaver Street Market's bank loans have certain covenants and restrictions, including restrictions on additional borrowing that could make it difficult to borrow additional money in the future should the need arise.

### **Management Resources**

The opening of an additional store may strain the management resources of Weaver Street Market.

### **Competition**

Competition in the Triangle is increasing and could pose a significant threat to Weaver Street Market's success. In addition to long-time competitors such as Harris Teeter, Food Lion, Lowe's Foods, Kroger, Whole Foods Market, Trader Joe's, there are new competitors including Wegmans, Sprouts, Lidl, and Aldi. There is also a growing number of fast casual restaurants that are offering healthful options that compete with Weaver Street Market. Most of these competitors have significantly larger financial and marketing resources than Weaver Street Market. The existence of strong competition may adversely affect Weaver Street Market's future sales growth and profitability.

### **Business Disruption**

Weaver Street Market is subject to interruption of its business due to power outages, severe weather, and other potential disruptions. Suppliers of additional inventory may also be affected by interruption of the transportation system, which may have a materially adverse effect on normal sales levels and profitability. These disruptions could have an adverse effect on Weaver Street Market's future sales and profitability.

### **Local Labor Market**

Unemployment in the Triangle is low and the pool of candidates for any position may be limited in number and in qualifications. While Weaver Street Market seeks a stable workforce, there may be periods of high turnover. This, in addition to growth and expansion, may result in significant training costs affecting profitability.

### **Wages and Benefits**

Weaver Street Market pays its employees a "living wage" and provides benefits that are better than most grocers. This creates a higher payroll and may decrease profitability in the future.

### **Dependence on Senior Management**

Weaver Street Market currently operates under the management of several experienced managers. The loss of the services of senior managers in the future could have a material adverse effect on Weaver Street Market's business and financial condition.

### **Dependence on Board of Directors**

A Board of Directors sets overall policy, appoints the General Manager, and monitors the operations of Weaver Street Market. The elective structure of the Board means that there is no guarantee of long-term continuity of leadership, or that competent directors will be elected to replace retiring directors.

### **Governmental Regulation and Food Safety**

The sale of the products offered by Weaver Street Market are subject to the regulation of one or more federal agencies, including the Food and Drug Administration, the Federal Consumer

Product Safety Commission, the Department of Agriculture, and Environmental Protection Agency, as well as state and local agencies. Weaver Street Market cannot predict the nature of future laws, regulations, interpretations, or applications, nor can it determine what effect either additional governmental regulations or administrative orders would have on Weaver Street Market's business in the future. Furthermore, since consumers who frequent Weaver Street Market are interested in health, nutrition, and food safety, the sale of contaminated food products, or the perception of such sale, could have a material adverse effect on Weaver Street Market's business and financial condition.

### **Litigation**

Weaver Street Market could potentially be the subject of various lawsuits arising in the ordinary course of business. In addition, Weaver Street Market faces the inherent risk of exposure to product liability claims in the event that the use of the product it sells results in injury. In the event of such lawsuits, legal and settlement expenses could materially and adversely affect Weaver Street Market's business and financial condition.

### **HISTORICAL FINANCIAL STATEMENTS**

The following independently audited financial statements describe Weaver Street Market's financial condition for the last five fiscal years through June 2018.

<b>INCOME STATEMENT</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Sales Revenue</b>					
Sales	33,042,616	35,312,131	37,723,273	38,714,182	39,854,974
Cost of Goods Sold	19,377,505	20,688,045	22,177,819	22,757,227	23,967,719
Gross Profit	13,665,111	14,624,086	15,545,454	15,956,955	15,887,255
<b>Operating Expenses</b>					
Personnel Expense	8,429,347	9,335,929	10,101,167	10,421,011	10,849,311
Operating Expense	4,169,006	4,211,042	4,620,001	4,774,716	5,140,836
Total Operating Expenses	12,598,353	13,546,971	14,721,168	15,195,727	15,990,147
<b>Other income and expense</b>					
Interest expense	472,331	443,792	246,623	241,717	262,993
Other expenses	248,862	3,576	466,773	282	
Other income	203,203	70,273	1,630,824	113,421	144,441
Total Other Income and Expense	517,990	377,095	(917,428)	128,578	118,552
Income before income taxes	548,768	700,020	1,741,714	632,650	(221,444)
Income taxes	(24,480)	80,653	240,154	1,818	147,210
<b>NET INCOME</b>	<b>573,248</b>	<b>619,367</b>	<b>1,501,560</b>	<b>630,832</b>	<b>(368,654)</b>

<b>BALANCE SHEET</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Assets</b>					
Cash	1,961,058	2,389,507	2,904,077	3,883,440	3,302,535
Inventory	1,294,924	1,337,382	1,291,472	1,469,084	1,355,274
Prepaid Expense	219,213	106,408	122,713	91,512	87,245
Accounts Receivable	284,618	399,236	407,155	245,628	239,666
<b>Total Current Assets</b>	<b>3,759,813</b>	<b>4,232,533</b>	<b>4,725,417</b>	<b>5,689,664</b>	<b>4,984,720</b>
Fixed assets	9,300,626	9,109,495	9,946,955	9,481,660	9,168,780
Other Assets	616,820	600,830	386,914	416,871	425,795
<b>Total Long term Assets</b>	<b>9,917,446</b>	<b>9,710,325</b>	<b>10,333,869</b>	<b>9,898,531</b>	<b>9,594,575</b>
<b>Total Assets</b>	<b>13,677,259</b>	<b>13,942,858</b>	<b>15,059,286</b>	<b>15,588,195</b>	<b>14,579,295</b>
<b>Liabilities &amp; Equity</b>					
Accounts Payable	945,360	889,730	984,627	1,107,109	1,058,083
Current Portion of LTD	476,903	522,000	809,449	1,100,583	765,764
Other Current Liabilities	1,167,536	1,198,083	1,174,536	1,233,664	1,162,225
<b>Total Current Liabilities</b>	<b>2,589,799</b>	<b>2,609,813</b>	<b>2,968,612</b>	<b>3,441,356</b>	<b>2,986,072</b>
Loans and Mortgages	6,182,398	5,881,112	5,488,361	5,183,042	4,670,449
Current Portion LTD	(476,903)	(522,000)	(809,449)	(1,100,583)	(765,764)
Deferred Tax Liability	100,000	143,000	179,000	315,000	455,000
<b>Long Term Liabilities</b>	<b>5,805,495</b>	<b>5,502,112</b>	<b>4,857,912</b>	<b>4,397,459</b>	<b>4,359,685</b>
<b>Total Liabilities</b>	<b>8,395,294</b>	<b>8,111,925</b>	<b>7,826,524</b>	<b>7,838,815</b>	<b>7,345,757</b>
<b>Equity</b>					
Worker Owner Shares	78,432	87,155	88,957	88,663	89,158
Retained Dividends	770,074	962,244	1,138,526	1,244,013	1,103,879
<b>Worker Owner Equity</b>	<b>848,506</b>	<b>1,049,399</b>	<b>1,227,483</b>	<b>1,332,676</b>	<b>1,193,037</b>
Consumer Owner Shares	1,625,057	1,712,943	1,810,490	1,900,914	1,976,195
Preferred Shares	51,780	51,680	51,580	51,380	51,280
Retained Dividends	535,539	704,616	860,888	1,012,294	1,012,294
<b>Consumer Equity</b>	<b>2,212,376</b>	<b>2,469,239</b>	<b>2,722,958</b>	<b>2,964,588</b>	<b>3,039,769</b>
Owner Loans	1,662,750	1,622,750	1,552,850	1,513,100	1,430,100
Retained Earnings	558,333	689,545	1,729,471	1,939,016	1,570,632
<b>Total Equity</b>	<b>5,281,965</b>	<b>5,830,933</b>	<b>7,232,762</b>	<b>7,749,380</b>	<b>7,233,538</b>
<b>Total Liabilities &amp; Equity</b>	<b>13,677,259</b>	<b>13,942,858</b>	<b>15,059,286</b>	<b>15,588,195</b>	<b>14,579,295</b>



## PROJECTED FINANCIAL RESULTS

The following pages set forth management's expectations for Weaver Street Market's financial results for the next three years.

THESE PROJECTIONS CONTAIN FORWARD-LOOKING ASSUMPTIONS THAT INVOLVE RISKS AND UNCERTAINTIES. WEAVER STREET MARKET'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN "RISK FACTORS". MOREOVER, WEAVER STREET MARKET MAY PURSUE OTHER EXPANSION PROJECTS IN THE FUTURE THAT ARE NOT INCLUDED IN THESE PROJECTIONS, WHICH WOULD ALSO AFFECT THESE RESULTS.

<b>INCOME STATEMENT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b><i>Sales Revenue</i></b>			
Sales	44,670,549	57,917,448	69,938,604
Cost of Goods Sold	27,268,156	35,999,236	43,519,394
Gross Profit	17,402,393	21,918,212	26,419,210
<b><i>Operating Expenses</i></b>			
Personnel Expense	10,686,987	12,111,466	14,419,198
Operating Expense	5,272,764	8,217,636	9,696,844
Total Operating Expenses	15,959,752	20,329,102	24,116,042
<b><i>Other income and expense</i></b>			
Interest expense	333,512	465,146	513,049
Other expenses	100,000	100,000	100,000
Other income	(100,000)	(100,000)	(100,000)
Total Other Income and Expense	533,512	665,146	713,049
Income before income taxes	(909,130)	923,965	1,590,119
Income taxes	(50,000)	101,636	174,913
<b>NET INCOME</b>	<b>(859,130)</b>	<b>822,328</b>	<b>1,415,206</b>

<b>BALANCE SHEET</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>			
Cash	2,820,852	3,924,844	2,396,811
Inventory	1,700,000	1,700,000	2,050,000
Prepaid Expense	200,000	200,000	200,000
Accounts Receivable	250,000	250,000	250,000
<b>Total Current Assets</b>	<b>4,970,852</b>	<b>6,074,844</b>	<b>4,896,811</b>
Fixed assets	13,647,204	14,773,408	18,055,145
Other Assets	600,000	600,000	600,000
<b>Total Long term Assets</b>	<b>14,247,204</b>	<b>15,373,408</b>	<b>18,655,145</b>
<b>Total Assets</b>	<b>19,218,056</b>	<b>21,448,252</b>	<b>23,551,956</b>
<b>Liabilities &amp; Equity</b>			
Accounts Payable	1,500,000	1,230,000	1,460,000
Current Portion of LTD	765,764	670,113	696,440
Other Current Liabilities	1,350,000	1,447,698	1,547,698
<b>Total Current Liabilities</b>	<b>3,615,764</b>	<b>3,347,811</b>	<b>3,704,138</b>
Loans and Mortgages	7,554,678	6,740,429	6,070,317
Current Portion LTD	(765,764)	(670,113)	(696,440)
Deferred Tax Liability	455,000	400,000	400,000
<b>Long Term Liabilities</b>	<b>7,243,914</b>	<b>6,470,317</b>	<b>5,773,877</b>
<b>Total Liabilities</b>	<b>10,859,678</b>	<b>9,818,127</b>	<b>9,478,015</b>
<b>Equity</b>			
Worker Owner Shares	98,489	108,489	118,489
Retained Dividends	1,043,041	967,188	1,100,791
Worker Owner Equity	1,141,530	1,075,677	1,219,280
Consumer Owner Shares	2,266,000	2,552,000	2,838,000
Preferred Shares	53,000	53,000	53,000
Retained Dividends	1,012,294	1,071,213	1,301,535
Consumer Equity	3,331,294	3,676,213	4,192,535
Owner Loans	3,222,020	3,823,100	5,294,080
Retained Earnings	663,534	3,055,135	3,368,046
<b>Total Equity</b>	<b>8,358,378</b>	<b>11,630,125</b>	<b>14,073,941</b>
<b>Total Liabilities &amp; Equity</b>	<b>19,218,056</b>	<b>21,448,252</b>	<b>23,551,956</b>

## CO-OP OWNER LOAN AGREEMENT

I agree to lend Weaver Street Market, Inc., a North Carolina Cooperative Corporation (“the Corporation”) the sum of \_\_\_\_\_ for a term of five (5) years at an interest rate of 5%.

I make the following representations and warranties with the express intention that they be relied upon by the Corporation in determining my suitability to lend money to the Corporation:

1. I understand that the Co-op Owner Loan is being offered to me in reliance on the exemption from registration on the ground that the offering is being made only to residents of North Carolina. I am a citizen of the United States, at least 18 years of age, and a bona fide resident and domiciliary (not a temporary or transient resident) of the State of North Carolina and I have no intention of becoming a resident of any other state.
2. Offers and sales of these Co-op Owner Loans were made under an exemption from registration and have not been registered under the Securities Act of 1933. For a period of six months from the date of the sale by the issuer of these securities, any resale of these securities (or the underlying securities in the case of convertible securities) shall be made only to person’s resident within the state of North Carolina.
3. I am a member-owner of Weaver Street Market and I have no intention of ceasing to be a member-owner.
4. Offers and sales of these Co-op Owner Loans were made under an exemption from registration and have not been registered with the State of North Carolina. The loan is being sold to me in reliance on the exemption from registration that the offering is made by a Corporation organized under Subchapter IV of Chapter 54 of the General Statutes of North Carolina.
5. I further understand that the provisions set forth in the Corporation’s By-laws restrict the transfer or resale of my Co-op Owner Loans. I will make no sale or transfer of such Co-op Owner Loans which is in violation of the Act, any State Securities Act or the Corporation’s By-laws and recognize that my Promissory Note(s) will bear the following legend:

"The Co-op Owner Loans represented by this promissory note have not been registered under the Securities Act of 1933, as amended, or the North Carolina Securities Act and may be transferred only upon compliance with the provisions in the Corporation's By-laws, and may not under any circumstances be transferred without an effective registration statement for such securities under the Securities Act of 1933 or an opinion of counsel satisfactory to the Corporation that the registration is not required under such act."
6. I recognize that loaning money to the Weaver Street Market involves a high degree of risk, and I have taken full cognizance of and understand all of the risk factors related to the loan.
7. I have adequate means for providing for my current needs and possible personal contingencies and have no need in the foreseeable future for liquidity in my loan to the Corporation. My financial responsibility, measured by my net worth and after tax income, is such that my loan to the Corporation is not material when compared to my total financial capacity.

8. Considering all relevant factors in my financial and personal circumstances, I am able to bear the economic risk if my loan to the Corporation should ultimately prove to be worthless. My loan to the Corporation will not exceed 10% of my personal net worth.
9. I and my offeree Representatives, if any, together have sufficient knowledge and experience in financial, business, and tax matters to be capable of evaluating the merits and risks of a loan to the Corporation and to make an informed investment decision with respect thereto.
10. In making my decision to make this loan, I have relied upon past discussions and independent investigations made by me. I have been provided with all materials and information requested by me and there has been direct communication between representatives of the Corporation and me. I have been given the opportunity to make any further inquiries I may desire concerning the operations of the Corporation.
11. I am making these Co-op Owner Loans for my own account and for investment purposes only and have no intention, agreement or arrangement for the distribution, transfer assignment resale or subdivision thereof. By such representation, I mean that I intend to hold the promissory note for my own account and not for the interest or benefit of any others. The loan represents for me a long-term investment, the primary benefit of which is intended to be the interest derived therefrom.
12. I am aware that no federal or state agency has made any finding or determination as to the fairness for investment, nor any recommendation or endorsement of this investment.
13. I recognize that the Internal Revenue Code and the regulations promulgated thereunder may be amended or changed at any time in such a manner as to deprive the Corporation and its shareholders of tax benefits which they otherwise would be entitled to receive.
14. I acknowledge that I have received, read, am familiar with, and understand the Offering Memorandum furnished in connection with this offering prior to the execution of this Loan Agreement. I further understand that the provisions of this Agreement are in addition to those terms, covenants, and conditions as shall be set forth in the Memorandum and the Corporation's Articles of Incorporation and By-laws.

Lenders Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Lenders Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail address: \_\_\_\_\_ WSM Owner # \_\_\_\_\_

Lender's Social Security # to be used for tax reporting: \_\_\_\_\_

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*(This section to be completed by Weaver Street Market)*

The foregoing Loan Agreement is accepted by Weaver Street Market, Inc.

BY: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

**PROMISSORY NOTE**

DATE: \_\_\_\_\_

Borrower: Weaver Street Market, Inc.

ORANGE COUNTY

Lender(s): \_\_\_\_\_

NORTH CAROLINA

Amount: \_\_\_\_\_

FOR VALUE RECEIVED, Borrower promises to pay to the order of Lender the principal sum of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. Borrower further promises to pay to the order of Lender interest on the principal from the date of this Note, until paid, at the rate of five percent (5%) per annum, simple interest, such payments of interest to be made annually on the anniversary of this loan. If not paid sooner, the entire principal balance of this note, plus any accrued unpaid interest, shall be due and payable on or before five years from the date hereof.

This note may be prepaid in full or in part at any time, without penalty. Partial payments shall be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to unpaid principal.

In the event the Borrower shall fail to make payment on this promissory note in accordance with the terms set forth above (default), and the default is not cured within five (5) business days after written notice to Borrower, then in such event the Note holder, may without further notice, declare the remainder of the principal sum, together with all interest accrued thereon, due and payable.

If suit is brought to collect this Note, the Note holder may employ an attorney to enforce the Note holder's rights and remedies, and shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorney's fees, which shall not exceed fifteen percent (15%) of the outstanding balance owing on the Note.

The Borrower waives protest, presentment, notice of dishonor and notice of acceleration of maturity. The parties of this Note hereby agree to continue and remain bound for the payment of this note and all interest thereon, notwithstanding any extensions of time granted to the Borrower, and notwithstanding any failure or omission to protest this note for non-payment, and hereby waive any and all notices of any kind whatsoever. This note is to be governed and construed in accordance with the laws of the State of North Carolina.

The Co-op Owner Loans represented by this promissory note have not been registered under the Securities Act of 1933, as amended, or the North Carolina Securities Act and may be transferred only upon compliance with the provisions in the Corporation's By-laws, and may not under any circumstances be transferred without an effective registration statement for such securities under the Securities Act of 1933 or an opinion of counsel satisfactory to the Corporation that the registration is not required under such act.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF ANY MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN TESTIMONY WHEREOF, the Borrower has caused this instrument to be executed in its corporate by its General Manager all by order of its Board of Directors first duly given, the day and year first above written.

BORROWER: Weaver Street Market, Inc.

BY: \_\_\_\_\_  
General Manager