

**MINNESOTA SOYBEAN PROCESSORS  
UNIT TRANSFER AGREEMENT AND APPLICATION FORM**

**CLASS A PREFERRED UNITS**

**(November 2013)**

**A. General Instructions.**

1. This Unit Transfer Agreement and Application Form (the "TAA Form") has important legal consequences and constitutes a legally binding agreement to sell and purchase preferred units of Minnesota Soybean Processors between the parties hereto. You should consult with an attorney. By signing this TAA Form, the parties hereto are making important representations and warranties to each other and to Minnesota Soybean Processors. Please read and review this TAA Form carefully.
2. The individual or entity transferring the preferred units of Minnesota Soybean Processors ("Seller") and the individual or entity acquiring the preferred units ("Buyer") must complete all respective information required in this TAA Form, and date and sign this TAA Form at page 12. If Seller or Buyer is a joint owner, then all joint owners must sign this TAA Form.
3. Seller must execute the reverse side of the certificate(s) representing Seller's preferred units in Minnesota Soybean Processors that will be transferred.
4. If Buyer is not an existing member of Minnesota Soybean Processors, then Buyer must read, review, complete fully, and date and sign the following documents:
  - a. Application for Non-Transferable Membership and purchase of one (1) common unit; and
  - b. Uniform Marketing and Delivery Agreement.

As stated in the membership application, Buyer must submit a \$250 membership fee along with the completed and signed membership application and Uniform Marketing and Delivery Agreement, for the purchase of the one (1) common unit.

Also, Buyer shall have received a copy of Minnesota Soybean Processors' Articles of Organization and Bylaws prior to completing this TAA Form and the foregoing agreements.

5. The parties should deliver each of the original executed documents referenced in Items 1, 3 and 4 of these Instructions to:

Minnesota Soybean Processors  
121 Zeh Avenue  
P.O. Box 100  
Brewster, MN 56119-0100

6. In addition to the foregoing documents, Seller must submit a \$100 application fee along with the documents. If all required documents are properly completed and submitted and the transfer is NOT approved, this application fee will be returned to Seller.
7. **Important Deadline Notice.** The deadline for transfer requests to be considered at a monthly board meeting of the company is the 1<sup>st</sup> day of that month. MnSP must receive the fully-completed and fully-executed TAA Form and all accompanying documents and instruments and fees by the 1<sup>st</sup> day of the month, if you wish for your transfer request to be considered at that month's board meeting. Transfer requests received after the 1<sup>st</sup> day of a month, or incomplete requests which are not completed until after the 1<sup>st</sup> day of a month, will not be processed or considered until the board meeting of the following month.
8. Minnesota Soybean Processors is sometimes referred to in this TAA Form as "MnSP," the "cooperative" or the "company."

B. **Transfer Agreement; Effective Date of Transfer.** Subject to the terms and conditions set forth herein, Seller hereby agrees to sell, assign, transfer and convey to Buyer, and Buyer hereby agrees to buy, the number of preferred units of Minnesota Soybean Processors set forth in Section G. of this TAA Form standing in the name of Seller on the books and records of Minnesota Soybean Processors, for the purchase price set forth in Section G. of this TAA Form. The parties agree that the effective date of the transfer shall be the day of the month on which the Board of Directors of Minnesota Soybean Processors approves the transfer.

C. **Approval by Board of Directors; General Conditions.** Seller and Buyer understand that the preferred units may not be transferred without the approval of the Board of Directors of Minnesota Soybean Processors, and then only if the conditions set forth in Section 10 (as applicable) of the MnSP Bylaws are met. All transfers must be transferred in accordance with the Unit Transfer Policy adopted by the Board of Directors from time to time. No preferred units may be transferred unless any and all indebtedness of the Seller to Minnesota Soybean Processors is first paid.

D. **Additional Terms of Transfer; Transfer to Include "Bundled" Economic Rights.**

1. Seller agrees and represents and warrants to Buyer that:
  - a. Seller has full power and authority to execute and deliver this TAA Form and to perform its obligations hereunder;
  - b. Seller has good and marketable title to the preferred units being transferred hereunder;
  - c. Neither the execution and delivery of this TAA Form nor the consummation of the transactions contemplated hereby conflicts with, will result in a breach of, or constitutes a default under (upon the giving of notice or lapse of time or both) any agreement, contract, lease, license, instrument or other arrangement to which Seller is a party or by which Seller is bound or to which the preferred units are subject; and
  - d. The preferred units being transferred hereunder shall be transferred and delivered to Buyer free and clear of all liens, charges, security interests, and encumbrances.

2. Buyer agrees and represents and warrants to Seller that:
  - a. Buyer has full power and authority to execute and deliver this TAA Form and to perform its obligations hereunder; and
  - b. Neither the execution and delivery of this TAA Form nor the consummation of the transactions contemplated hereby conflicts with, will result in a breach of, or constitutes a default under (upon the giving of notice or lapse of time or both) any agreement, contract, lease, license, instrument or other arrangement to which Buyer is a party or by which Seller is bound or to which the preferred units are subject;
3. Buyer shall pay and deliver the purchase price to Seller by wire transfer or in other immediately available funds or as otherwise agreed to by the parties at the closing of the purchase and sale transaction at the date and location and in the manner agreed to by the parties. Following the closing, Seller and Buyer each must notify MnSP in writing that the transaction has closed. MnSP will then promptly send out new unit certificates to the appropriate parties and adjust its books and records.
4. Seller and Buyer agree that:
  - a. All delivery obligations with respect to the transferred preferred units prior to the effective date of the transfer are the responsibility of Seller;
  - b. All delivery obligations with respect to the transferred preferred units on and after the effective date of the transfer are the responsibility of Buyer;
  - c. In order to facilitate these agreements, Seller hereby represents and warrants to Buyer that it

has / has not (please circle one)

delivered the committed bushels on the units to be transferred hereunder to MnSP for the year of transfer.

If Seller has made partial delivery of the committed bushels on the units or intends to deliver all or any portion of the committed bushels on the units prior to the effective date of the transfer, Seller represents and warrants to Buyer that the following number of committed bushels will have been delivered against the units on or before the effective date of transfer

\_\_\_\_\_ (Seller to complete)

; and

- d. The Board of Directors of Minnesota Soybean Processors has the right, power and authority to review and modify the cooperative's grain procurement policies.

5. Seller and Buyer each understands and agrees that:

- a. The effective date of the transfer shall be the day of the month on which the transfer is approved by the Board of Directors;

- b. Any taxable income, loss, each item thereof, and all other taxable items attributable to the transferred units for the fiscal year in which the units are transferred shall be divided and allocated between the Seller and the Buyer as of the effective date of the transfer, using the convention permitted by law and adopted from time to time by the Board of Directors;
- c. Seller and Buyer shall report as taxable income the taxable income attributable to the transferred units divided and allocated as of the effective date of transfer in accordance with b. above; and
- d. Any distributions declared and paid to unit holders of record on or after the effective date of the transfer shall be paid to Buyer.

E. **Seller Information.** Please print your individual or entity name and address. Joint owners should provide their respective names.

1. Seller's Printed Name: \_\_\_\_\_  
2. Title, if applicable: \_\_\_\_\_  
3. Seller's Address:  
    Street \_\_\_\_\_  
  
    City, State, Zip Code \_\_\_\_\_

F. **Buyer Information.** Please print your individual or entity name and address. Joint owners should provide their respective names.

1. Buyer's Printed Name: \_\_\_\_\_  
2. Title, if applicable: \_\_\_\_\_  
3. Buyer's Address:  
    Street \_\_\_\_\_  
  
    City, State, Zip Code \_\_\_\_\_

G. **Transfer Information.**

1. Identify the number(s) of the preferred unit certificate(s) affected:  
\_\_\_\_\_

2. Original dates of the preferred unit certificates affected:  
\_\_\_\_\_

3. Number of Preferred Units Transferred: \_\_\_\_\_

4. Purchase Price Per Unit: \_\_\_\_\_

5. Total Purchase Price: \_\_\_\_\_

(NOTE: If the transfer is made without consideration, type or print "N/A" in the space above for numbers 4 and 5)

H. **Type of Transfer.** Seller and Buyer should check the appropriate box (or boxes) to indicate the type of transfer.

- Involuntary transfer to an administrator or trustee by operation of law (death of a joint tenant, intestacy, divorce, bankruptcy, conservatorship).
- Lifetime gift
  - To a related party without consideration  
Indicate relationship: \_\_\_\_\_
  - To others
- Lifetime transfer to a trust
  - For the benefit of a related party without consideration  
Indicate relationship: \_\_\_\_\_
  - For the benefit of others without consideration
- Transfer pursuant to a Will or trust of a deceased member.
  - Transfer is to a related party without consideration.  
Indicate relationship: \_\_\_\_\_
  - Transfer is not to a related party of the deceased member, but is without consideration.
- Transfer for value.

**Attention!** If the transfer is to a trust, please provide copies of the following pages of the trust instrument: title page, signature page, and the page that identifies the Trustee(s).

**Attention!** If the transfer is requested due to a member's death, please provide a certified copy of the death certificate, letters of appointment of executor or administrator, and designation of attorney form.

I. **Additional Buyer Information.** The Buyer, named above, certifies the following under penalties of perjury:

1. **Form of Ownership:** Check the appropriate box (one only) to indicate form of ownership. If the Buyer is a Custodian, Corporation, Partnership or Trust, please provide the additional information requested.
  - Individual
  - Joint Tenants with Right of Survivorship (both signatures must appear on page 12)
  - Corporation or Partnership (Corporate Resolutions or Partnership Agreement must be enclosed)

Trust (Signature and title pages of Trust Agreement and all amendments must be enclosed)

Trustee's Name: \_\_\_\_\_  
Trust Date: \_\_\_\_\_

Other: Provide detailed information below:

\_\_\_\_\_

\_\_\_\_\_

2. **Buyer's Taxpayer Information.** Check the appropriate box if you are a non-resident alien, a U.S. Citizen residing outside the United States or subject to back-up withholding. Trusts should provide their taxpayer identification number. Custodians should provide the minor's Social Security Number. All individual Buyers should provide their Social Security Number. Other entities should provide their taxpayer identification number. Buyers who are concerned about listing their Social Security Number(s) on this form may provide it to Minnesota Soybean Processors in the membership application form only.

Check box if you are a non-resident alien  
 Check box if you are a U.S. Citizen residing outside of the United States  
 Check this box if you are subject to backup withholding

Buyer's Social Security Number: \_\_\_\_\_

Joint Buyer's Social Security Number: \_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

J. **Representations and Warranties.** Seller and Buyer, named above, in order that Minnesota Soybean Processors may rely thereupon, each hereby represent and warrant to Minnesota Soybean Processors that the information set forth herein is true and correct and complete in all material respects, including but not limited to the information regarding the purchase price of the preferred units set forth in Section G hereof, and whether the transfer and the Buyer constitute a related party transfer and a related party, respectively, set forth in Section H hereof. In addition, Seller and Buyer each hereby represent and warrant to Minnesota Soybean Processors as follows:

1. **Seller's Representations and Warranties.** By signing this Unit Transfer Agreement and Application Form, Seller represents and warrants to Minnesota Soybean Processors that he, she or it:

- a. Has received all financial and other information about Minnesota Soybean Processors that he, she or it deems necessary or appropriate to form a decision regarding the sale and transfer of preferred units hereunder;
- b. Has had an opportunity to obtain, and has received, any additional information about Minnesota Soybean Processors, and has had an opportunity to ask such questions of, and receive answers from, Minnesota Soybean Processors or an authorized agent or representative of Minnesota Soybean Processors, to the extent Seller deems necessary or appropriate to form a decision regarding the sale and transfer of preferred units hereunder;
- c. As a result, has sufficient knowledge and information about the business, management, financial affairs and future prospects of Minnesota Soybean

Processors he, she or it deems necessary or appropriate to make a decision regarding the sale and transfer of preferred units hereunder;

- d. Has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the purchase and transfer of preferred units hereunder or has obtained, to the extent he, she or it deems necessary, his, her, or its own professional advice with respect to the decision to purchase and transfer preferred units hereunder;
- e. Understands the effect of the bundling provisions and timing of cash patronage dividend provisions of this TAA Form;
- f. Understands and agrees that Minnesota Soybean Processors has made and makes no representation or warranty to Buyer regarding the fairness or adequacy of the purchase price of the preferred units to be transferred hereunder, and that the negotiation and agreement to transfer the preferred units has been made solely by Seller without the assistance or involvement of Minnesota Soybean Processors; and
- g. Agrees to indemnify and hold Minnesota Soybean Processors harmless for any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from the transfer of preferred units from Seller to Buyer.

2. **Buyer's Representations and Warranties.** By signing this Unit Transfer Agreement and Application Form, Buyer represents and warrants to Minnesota Soybean Processors that he, she or it:

- a. Has received all financial and other information about Minnesota Soybean Processors that he, she or it deems necessary or appropriate to form a decision regarding the purchase and transfer of preferred units hereunder;
- b. Has had an opportunity to obtain, and has received, any additional information about Minnesota Soybean Processors, and has had an opportunity to ask such questions of, and receive answers from, Minnesota Soybean Processors or an authorized agent or representative of Minnesota Soybean Processors, to the extent Buyer deems necessary or appropriate to form a decision regarding the purchase and transfer of preferred units hereunder;
- c. As a result, has sufficient knowledge and information about the business, management, financial affairs and future prospects of Minnesota Soybean Processors he, she or it deems necessary or appropriate to make a decision regarding the purchase and transfer of preferred units hereunder;
- d. Has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the sale and transfer of preferred units hereunder or has obtained, to the extent he, she or it deems necessary, his, her, or its own professional advice with respect to the decision to purchase and transfer preferred units hereunder;
- e. Understands the effect of the bundling provisions and timing of cash patronage dividend provisions of this TAA Form;

- f. Understands and agrees that Minnesota Soybean Processors makes no representation or warranty to Buyer regarding the fairness or adequacy of the purchase price of the preferred units to be transferred hereunder, and that the negotiation and agreement to transfer the preferred units has been made solely by Buyer without the assistance or involvement of Minnesota Soybean Processors;
- g. Understands that an investment in the preferred units of Minnesota Soybean Processors involves risks, and that the profitability of Minnesota Soybean Processors can go up or down or that Minnesota Soybean Processors may lose money for a variety of reasons, most of which are outside of the control of Minnesota Soybean Processors, including but not limited to the following reasons:
  - 1) Increases in soybean or natural gas prices could significantly harm Minnesota Soybean Processors' business because there is little correlation between these production costs and the price of bio-diesel; fluctuations in soybean prices;
  - 2) The supply of bio-diesel has been increasing rapidly, which may cause bio-diesel prices to decline significantly if demand does not keep pace; and
  - 3) Federal and state regulations and incentives that support the price of bio-diesel may change, making it more difficult to earn, or preventing us from earning a profit or paying our debts;
- h. Understands and agrees that, as a result of owning the preferred units, he, she or it will be involved in the risk of production agriculture due to its soybean delivery obligations under the Uniform Marketing and Delivery Agreement;
- i. Understands and agrees that he, she or it may not receive market price for soybeans delivered by or on behalf of Buyer under the Uniform Marketing and Delivery Agreement, but instead will be paid for soybeans delivered in accordance with the Uniform Marketing and Delivery Agreement;
- j. Understands and agrees that the grain procurement policies of Minnesota Soybean Processors are subject to review and change by the Board of Directors without the consent of Buyer;
- k. Intends to acquire the preferred units for his/her/its own account without a view to public distribution or resale and that he/she/it has no contract, undertaking, agreement or agreement to sell or otherwise transfer or dispose of any preferred units or any portion thereof to any other person;
- l. Understands that there is no public market for the preferred units, that the preferred units will not trade on an exchange or automatic quotation system, that

no such market is expected to develop in the future and that there are significant restrictions on the transferability of the preferred units;

- m. Has received a copy of the Articles and Bylaws of Minnesota Soybean Processors, and understands that the Buyer and the preferred units will be bound by the provisions of the Articles and Bylaws which contain, among other things, provisions that provide for cooperative operations and provisions that restrict the transfer of preferred units;
- n. Understands that he, she or it will have substantial soybean delivery obligations under the Uniform Marketing and Delivery Agreement and that entering into and abiding by the Uniform Marketing and Delivery Agreement is a requirement of membership in Minnesota Soybean Processors;
- o. Understands that the preferred units are subject to substantial restrictions on transfer under state and federal securities laws along with restrictions in the Articles and Bylaws of Minnesota Soybean Processors and agrees that if the preferred units or any part thereof are sold or distributed in the future, Buyer shall sell or distribute them pursuant to the terms of the Articles and Bylaws, and the requirements of the Securities Act of 1933, as amended, and applicable state securities laws;
- p. Agrees to indemnify and hold Minnesota Soybean Processors harmless for any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from the transfer of preferred units from Seller to Buyer;
- q. Understands that Minnesota Soybean Processors will place restrictive legends on any certificate representing the preferred units purchased hereunder containing substantially the following language as the same may be amended by the Board of Directors in their sole discretion:

THE TRANSFERABILITY OF THE PREFERRED UNITS  
REPRESENTED BY THIS CERTIFICATE IS RESTRICTED.  
SUCH PREFERRED UNITS MAY NOT BE SOLD, ASSIGNED,  
OR TRANSFERRED, NOR WILL ANY ASSIGNEE, VENDEE,  
BUYER, OR ENDORSEE THEREOF BE RECOGNIZED AS  
HAVING ACQUIRED ANY SUCH PREFERRED UNITS FOR  
ANY PURPOSES, UNLESS AND TO THE EXTENT SUCH  
SALE, TRANSFER, HYPOTHECATION, OR ASSIGNMENT IS  
PERMITTED BY, AND IS COMPLETED IN STRICT  
ACCORDANCE WITH, APPLICABLE STATE AND FEDERAL  
LAW AND THE TERMS AND CONDITIONS SET FORTH IN  
THE ARTICLES AND BYLAWS OF MINNESOTA SOYBEAN  
PROCESSORS.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE  
MAY NOT BE SOLD, OFFERED FOR SALE, OR  
TRANSFERRED IN THE ABSENCE OF EITHER AN EFFECTIVE  
REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS  
AMENDED, AND UNDER APPLICABLE STATE SECURITIES

LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER APPLICABLE STATE SECURITIES LAWS.

[the remainder of this page is left blank intentionally]

**IN WITNESS WHEREOF**, the undersigned Seller and Buyer have caused this Unit Transfer Agreement and Application to be executed effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_. The parties agree that this Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

**Signature of Seller/Joint Sellers:**

The undersigned Seller(s) hereby certifies (certify) that the representations and warranties in this Unit Transfer Agreement and Application Form are true and correct. The undersigned Seller(s) does (do) hereby irrevocably constitute and appoint the officers of Minnesota Soybean Processors as attorney-in-fact to transfer the said preferred units as the case may be on the books of said company, with full power of substitution in the premises.

**Date:** \_\_\_\_\_

**Individuals:**

---

Name of Individual Seller (Please Print)

---

Signature of Individual Seller

---

Name of Joint Individual Seller (Please Print)

---

Signature of Joint Individual Seller

**Signature of Buyer/Joint Buyers**

The undersigned Buyer (s) hereby certifies (certify) that the representations and warranties in this Unit Transfer Agreement and Application Form are true and correct.

**Date:** \_\_\_\_\_

**Individuals:**

---

Name of Individual Buyer (Please Print)

---

Signature of Individual Buyer

---

Name of Joint Individual Buyer (Please Print)

---

Signature of Joint Individual Buyer

**Entities:**

---

Name of Entity (Please Print)

---

Print Name and Title of Officer

---

Signature of Officer

**Entities:**

---

Name of Entity (Please Print)

---

Print Name and Title of Officer

---

Signature of Officer

**APPROVAL OF TRANSFER BY MINNESOTA SOYBEAN PROCESSORS**

Pursuant to the Bylaws of Minnesota Soybean Processors, the transfer of the preferred units to Buyer as described in this Unit Transfer Agreement and Application Form is hereby approved, with said transfer to be effective on \_\_\_\_\_.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**MINNESOTA SOYBEAN PROCESSORS**

By: \_\_\_\_\_

Its: \_\_\_\_\_