COMMUNITY AGREEMENT FOR REVENUE EARNINGS

(CARE Note)

A Revenue-Based Debt Instrument

INSTRUMENT TERMS

Date of Issuance: [DATE]
Principal Amount: $[AMOUNT]
Return Multiple: [___]x
Base Repayment Amount: $[AMOUNT] (Principal Amount × Return Multiple)
Patient Period: [___] months from Date of Issuance

Revenue Percentage:

Payment Years [___] to [___]: [__]%
Payment Years [___] to [___]: [__]%
Payment Years [___] and beyond: [__]%
Payment Years are measured from the first day following the end of the Patient Period.

Outside Maturity Date: [___] years from Date of Issuance

Nominal Interest Rate: Long-term Applicable Federal Rate (AFR) for loans paid quarterly as published by the IRS in the month of issuance: [fill in actual rate]. Notwithstanding any other provision in this Note, under no circumstances will the annual interest rate on this Note be less than the Nominal Interest Rate.

City and State of Investor: [CITY, STATE]

For value received, **[COMPANY NAME]**, a [ENTITY TYPE] (the **"Company"** or **"Borrower"**), hereby promises to pay to the order of **[INVESTOR NAME]** (**"Investor"** or **"Lender"**), in lawful money of the United States of America and in immediately available funds, the Repayment Amount as defined below, in the manner set forth below.

1. DEFINITIONS

"Base Repayment Amount" is defined above.

"Change of Control" means (i) the acquisition of more than fifty percent (50%) of the voting power of the Company, (ii) a merger or consolidation of the Company with or into another entity, (iii) the sale of all or substantially all of the assets of the Company, or (iv) a series of related transactions resulting in any of the foregoing.

“Date of Base Repayment” means the date on which the Investor has received cumulative payments equal to the Base Repayment Amount.

“Dissolution Event” means any voluntary or involuntary dissolution, liquidation, or winding up of the Company's business and affairs.

"Gross Revenues" means all of the Company's cash receipts, from all sales of goods and services in the ordinary course of business, including prepaid licenses, but excluding (i) sales, use, value-added, and other taxes collected on behalf of governmental authorities, (ii) customer refunds, returns, chargebacks, and credit adjustments, (iii) security deposits and other amounts received subject to a repayment obligation, and (iv) proceeds from the sale of capital assets or equity financings.

"Investors" means all purchasers of CARE Notes in the crowdfunding offering in which this Note is offered.

"Nominal Interest Rate" is defined above.

"Note" means this CARE Note and any other CARE Note issued by the Company in the crowdfunding offering. “**Notes**” means all of the CARE Notes issued in the crowdfunding offering.

"Outside Maturity Date" is defined above.

"Patient Period" means the period stated above during which no payment obligation exists under this Note but during which interest accrues at the Nominal Interest Rate. Accrual of interest does not affect the Base Repayment Amount

"Payment Period" means the period beginning on the first day following the end of the Patient Period and ending on the Outside Maturity Date or the date the Repayment Amount is paid in full, whichever occurs first.

"Payment Years" means the years of the Payment Period measured from the first day following the end of the Patient Period. Payment Year 1 begins on the first day of the Payment Period. Each subsequent Payment Year begins on the anniversary of that date.

"Pro-Rata Share" means a fraction, the numerator of which is the Principal Amount of this Note and the denominator of which is the total Principal Amounts of all Notes issued in this offering.

"Repayment Amount" means the greater of the Base Repayment Amount or the amount due pursuant to the requirement that the annual interest rate shall not be less than the Nominal Interest Rate.

When the Investor has received cumulative payments equal to the Repayment Amount, this Note is paid in full and terminated.

"Return Multiple" is defined above.

"Revenue Percentage" means the applicable percentage of Gross Revenues payable to the Investors during each Payment Year as set forth above.

2. BASIC TERMS

a. Nature of Instrument

This CARE Note is a debt instrument. The parties agree to treat this Note as debt for financial, tax, and all other applicable purposes as further set forth in Section 4.

b. Group of CARE Notes

This Note is issued as part of a group of Notes issued to a number of Investors in the offering. Each Note is identical except that not all Notes may have the same Nominal Interest Rate depending on the month in which a particular funding round closes.

c. When Paid in Full

This Note will be considered paid in full and will terminate when: (i) the Investor has received cumulative payments equal to the Repayment Amount; or (ii) the Company makes a balloon payment of all remaining unpaid amounts of the Repayment Amount on the Outside Maturity Date.

d. Nominal Interest Rate

The Nominal Interest Rate accrues on the outstanding principal balance beginning on the Date of Issuance. All payments made under this Note shall be applied first to accrued Nominal Interest and then to principal toward satisfaction of the Repayment Amount.

e. Usury

Notwithstanding any provision of this Note to the contrary, in no event shall the aggregate of all amounts paid or agreed to be paid by the Company that constitute interest under applicable law exceed the maximum rate of interest permitted under applicable state or federal usury laws. If any payment or collection of amounts under this Note would result in the payment of interest in excess of the maximum lawful rate, any such excess shall automatically be applied to reduce the outstanding principal balance (or, if the Principal Amount has been fully repaid, refunded to the Company), and the effective rate of interest shall be automatically reduced to the maximum rate permitted by applicable law.

f. Business Failure Risk

The Investor expressly acknowledges and accepts the risk that the Company’s business may slow, stall, or fail entirely, and that in such circumstances recovery may be minimal or zero. The Investor has no recourse against any principal, officer, member, manager, director, or guarantor of the Company in their personal capacity for any obligation of the Company under this Note.

3. PAYMENTS

a. Patient Period

No payment obligation exists under this Note during the Patient Period. However, interest accrues at the Nominal Interest Rate during the Patient Period.

b. Payment Commencement

Beginning on the first day following the end of the Patient Period, the Company shall begin making quarterly payments as described in this Section to the Investor until the Repayment Amount is paid in full. If the Patient Period ends on a date other than the last day of a calendar quarter, the first payment shall cover the partial period from the first day following the end of the Patient Period through the last day of that calendar quarter.

c. Revenue Percentage and Payment Years

The amount of each quarterly payment shall be the Investor's Pro-Rata Share of the product of the applicable Revenue Percentage and the Gross Revenues from the preceding calendar quarter. The Revenue Percentage applicable to each Payment Year is as set forth in the header of this Note.

d. Timing of Payment

The Company will make each quarterly payment within thirty (30) days after the end of each calendar quarter.

e. Pro Rata Payments

All payments will be made pro rata among all Investors based on their respective Pro-Rata Shares at the time of such payment.

f. Outside Maturity Balloon Payment

On the Outside Maturity Date, any remaining unpaid portion of the Repayment Amount shall become immediately due and payable in full as a balloon payment. The Company shall use commercially reasonable efforts to satisfy such balloon payment obligation; provided, however, that the Company may, upon written notice to all Investors at least sixty (60) days prior to the Outside Maturity Date, elect to extend the Outside Maturity Date by up to twelve (12) months (the "Extension Period"). During the Extension Period, the Company shall continue to make quarterly revenue-share payments in accordance with Section 3(c) and interest shall accrue on the remaining unpaid Repayment Amount at a floating rate per annum equal to the lesser of (i) Prime Rate plus 8.00% or (ii) the maximum allowable rate under applicable law. The "Prime Rate" means the prime rate of interest as published from time to time in the Wall Street Journal or any reasonable successor publication.

g. Prepayment

The Company may prepay all or any portion of the outstanding Repayment Amount at any time without penalty. All partial prepayments shall be made pro rata among all Investors and applied first to accrued Nominal Interest and then to principal.

h. Annual Tax Return

During the term of this Note, the Company shall provide to each Investor a copy of the Company's federal income tax return (including all schedules thereto) for each fiscal year within thirty (30) days after the filing of such return with the Internal Revenue Service (including any amended returns). The Company shall deliver such tax return by email to the address provided by the Investor on the signature page of this Note. The Company shall notify the Investor promptly if it files for any extension of the due date for such return. The Investor shall maintain the confidentiality of such tax returns, which obligation shall survive the termination of this Note.

4. CHARACTERIZATION OF INVESTMENT

The parties agree that they shall treat this Note as debt for financial, tax, and all other applicable purposes. This Note constitutes a legally binding debt obligation of the Company. The Investor is not entitled to any ownership interest, voting rights, dividend rights, or equity participation of any kind in the Company.

5. SHARING OF PAYMENTS

If the Investor shall obtain any payment from the Company in excess of its Pro-Rata Share, whether voluntary, involuntary, or through exercise of any right of setoff, the Investor shall remit the excess to the Company or any third party managing payments to the Investors to be shared ratably with the other Investors.

6. UNSECURED NOTE AND LIQUIDATION PRIORITY

This Note is unsecured. In a Change of Control or Dissolution Event, the Investor shall be treated as an unsecured general creditor, with right of payment:

a. Junior to payment of outstanding Senior Indebtedness (defined in Section 8);

b. Pari passu with other outstanding unsecured indebtedness of similar kind, including convertible promissory notes to the extent such notes have not been converted into capital stock of the Company;

c. Senior to payments for SAFEs and capital stock of the Company; and

d. Senior to CARE Notes issued by the Company in any subsequent offering after the Date of Issuance of this Note.

Upon a Change of Control occurring during the Patient Period, the entire unpaid Repayment Amount shall become immediately due and payable as a balloon payment upon closing of the Change of Control.

Upon a Change of Control occurring during the Payment Period, the acquiring entity shall elect within thirty (30) days of closing of the Change of Control either (i) assumption of this Note and all obligations hereunder on its original terms, or (ii) repayment of the entire unpaid Repayment Amount as a balloon payment. Failure to make an election within thirty (30) days of closing shall be deemed an election for the Company to repay the unpaid Repayment Amount immediately following the expiration of the 30-day period.

The Company shall provide written notice to all Investors within five (5) business days of public announcement of any Change of Control transaction.

7. PARITY WITH OTHER NOTES

The Company's repayment obligation under this Note shall be on parity with its obligation to repay all other CARE Notes issued in the same offering. Notes issued in subsequent offerings are junior to this Note pursuant to Section 6(d). In the event the Company has insufficient funds to repay all Notes of equal priority in full, payments shall be made to Investors on a pro rata basis. The preceding sentence shall not relieve the Company of its obligations to the Investor hereunder.

8. SUBORDINATION

"Senior Indebtedness" means the principal of, unpaid interest on, and amounts due in connection with indebtedness of the Company to banks, commercial finance institutions, or other lending institutions regularly engaged in the business of lending money, whether or not secured. The indebtedness evidenced by this Note is expressly subordinated to the prior payment in full of all Senior Indebtedness. In any insolvency proceeding, no amount shall be paid in respect of this Note until Senior Indebtedness is paid in full.

9. COMPANY REPRESENTATIONS

The Company represents and warrants that:

a. The Company is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation, and has the power and authority to own, lease, and operate its properties and carry on its business as now conducted.

b. The execution, delivery, and performance by the Company of this instrument is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company. This instrument constitutes a legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To the knowledge of the Company, it is not in violation of (i) its current charter documents, bylaws, operating agreement, or other governing documents; (ii) any material statute, rule, or regulation applicable to the Company; or (iii) any material indenture or contract to which the Company is a party or by which it is bound.

c. The performance and consummation of the transactions contemplated by this instrument do not and will not: (i) violate any material judgment, statute, rule, or regulation applicable to the Company; (ii) result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset, or revenue of the Company.

d. No consents or approvals are required in connection with the performance of this instrument, other than: (i) approvals by the Company's governing body; and (ii) any qualifications or filings under applicable securities laws.

10. INVESTOR REPRESENTATIONS

The Investor represents and warrants that:

a. The Investor has full legal capacity, power, and authority to execute and deliver this instrument and to perform its obligations hereunder. This instrument constitutes a valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

b. If the Investor has checked the box next to "Accredited Investor" on the signature page, the Investor represents that he, she, or it is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act. If the Investor has checked the box next to "Unaccredited Investor" on the signature page, the Investor represents that he, she, or it is complying with the rules and regulations of Regulation Crowdfunding, including the investment limits set forth in Section 4(a)(6) of the Securities Act. The Investor has been advised that this instrument and the underlying securities have not been registered under the Securities Act or applicable state securities laws and therefore cannot be resold unless registered or an exemption from registration is available. The Investor is purchasing this instrument for its own account for investment and not with a view to resale or distribution. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition, and is able to bear the economic risk of such investment for an indefinite period of time.

11. DEFAULT

Each of the following events shall be an "Event of Default" hereunder:

a. Payment Default. Other than with respect to a Permitted Deferral, the Company fails to make any quarterly payment due under Section 3 within thirty (30) days of the end of the applicable calendar quarter and such failure continues for fifteen (15) days after written notice from an Investor to the Company. A "Permitted Deferral" means a one-time deferral of a single quarterly payment, upon written notice to all Investors prior to the applicable payment date; provided that the deferred amount shall be added to the next quarterly payment due under this Note. No more than one Permitted Deferral may be exercised for the life of this Note.

b. Balloon Payment Default. The Company fails to make the balloon payment due on the Outside Maturity Date within thirty (30) days following such date, except as provided in Section 3(f).

c. Voluntary Insolvency. The Company files any petition or action for relief under any bankruptcy, reorganization, insolvency, or moratorium law, makes any assignment for the benefit of creditors, or takes any action in furtherance of any of the foregoing.

d. Involuntary Insolvency. An involuntary petition is filed against the Company under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, or assignee for the benefit of creditors is appointed to take possession, custody, or control of any property of the Company, unless such petition is dismissed or discharged within sixty (60) days.

Upon the occurrence of any Event of Default hereunder, holders of a majority in principal of the Notes then outstanding may, by written notice to the Company, declare all unpaid principal, accrued interest, and other amounts owing hereunder to be immediately due, payable, and collectible by the Investors pursuant to applicable law.

12. GENERAL PROVISIONS

a. Waiver

The Company waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all reasonable and documented costs of collection when incurred, including reasonable attorneys' fees, costs and other expenses.

b. Amendments

Any provision of this Note may be amended upon the written consent of the Company and holders of a majority in principal of the Notes issued in this offering; provided, however, that no amendment shall, without the consent of each affected Investor, (i) reduce the Principal Amount of, or extend the Outside Maturity Date of, such Investor's Note, (ii) reduce the Revenue Percentage or Return Multiple applicable to such Investor's Note, or (iii) modify the pro rata sharing provisions of this Note in a manner adverse to such Investor.

c. Notice

Any notice required or permitted by this Note will be deemed sufficient when delivered personally, by overnight courier, or by email to the relevant address listed on the signature page, or five (5) business days after being deposited in the U.S. mail as certified or registered mail with postage prepaid.

The Investor shall promptly notify the Company in writing of any change to the Investor's email address, mailing address, or other contact information. Such notification shall be delivered to the Company's email address listed on the signature page or by any other method permitted under this Section.

d. Governing Law

This Note shall be governed by, and construed and enforced in accordance with, the laws of the state in which the Company is formed, excluding conflict of laws principles. Any dispute arising out of or relating to this Note shall be brought exclusively in the state or federal courts located in such state, and each party irrevocably consents to the jurisdiction of such courts.

e. Successors and Assigns

This Note may be transferred by the Investor to any person or entity provided that (i) the transferee agrees in writing to be bound by the terms of this Note, (ii) such transfer complies with applicable securities laws, and (iii) the Investor, at its own expense, upon request by the Company, provides the Company with an opinion of counsel reasonably satisfactory to the Company stating that such transfer is exempt from the registration requirements of the Securities Act and applicable state securities laws.

g. Tax Withholding

The Investor authorizes the Company to make any withholding required by law and agrees to provide a Form W-9 or comparable form upon request.

h. Not Effective Until Accepted

This Note is not effective until the Company has accepted the Investor's subscription.

SIGNATURE PAGE

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

COMPANY (BORROWER):

[COMPANY NAME]

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________
Email: ____________________________

INVESTOR (LENDER):

[INVESTOR NAME]

By: ______________________________
Name: ____________________________
Date: _____________________________
State of Residence: __________________
Email: ____________________________

Please indicate investor status:

☐ Accredited Investor
☐ Unaccredited Investor (Regulation Crowdfunding)

CARE Note — Community Agreement for Revenue Earnings