



REVISION 8

## *Partnership Agreement for the Yankee Chapter Model Club*

(Revised Jan 4, 2020)

This AGREEMENT of PARTNERSHIP, effective as of January 1, 2008, by and between the undersigned, to wit:

NOW, THEREFORE IT IS AGREED:

1. **Formation.** The undersigned hereby form a General Partnership in accordance with and subject to the laws of the State of Connecticut.
2. **Name.** The name of the partnership shall be Yankee Chapter Model Club.
3. **Term.** The partnership shall begin on January 1, 2008, and shall continue until December 31 of the same year and thereafter from year to year unless earlier terminated as hereinafter provided.
4. **Purpose.** The two purposes of the partnership are:
  - A) To invest the assets of the partnership solely in publicly traded individual corporate stocks on U.S. Exchanges or bonds for the education and benefit of the partners (excluding REITS, ETFs, MLPs, Mutual Funds and DRIPs).
  - B) To provide a learning environment for new investors and give club members a chance to improve their investment skill. To provide an opportunity to illustrate the benefits of using the Stock Selection Guide and other BetterInvesting principles.
5. **Meetings.** Periodic meetings shall be held as determined by the partnership. A quorum of 50% of active partners must attend at a meeting in order to conduct any business.
6. **Membership.** Membership shall be comprised of Primary Partners.  
**Primary Partners** – Primary Partners shall be voted into the club by a 2/3 majority vote of the current members. Primary Partners shall be required to be personal members of Better Investing. An orientation period of three months will be required for each new candidate. On or after the third month, the candidate will present a Stock Selection Guide (SSG) study with the assistance of a mentor.

The initial date of a partner's active membership shall be set as the date of the meeting when the new member signs the Partnership Agreement and makes their initial contribution to the club.

The total number of members during a calendar year shall not require the filing of 100 or more K-1 forms for the next year.

Membership in the club is prohibited for the following entities:

-Partnerships

-Trusts

-Foreign entities

- A disregarded entity described in Regulations section 301.7701-2(c)(2)(i). (example: IRA's)

-A nominee or other similar person that holds an interest on behalf of another person.

-An estate of an individual other than a deceased partner

7. **Capital Contributions.** The partners shall make regular capital contributions to the partnership as specified in the Operating Procedure. However, no partner may own more than 2.0 times the percentage of the club that he/she represents. (E.g. for five members this is 40% of the capital account).
8. **Accounting.** The club will account for its finances and prepare required tax forms using the unit-based partnership accounting method. Members will receive units of ownership when they make contributions of capital to the partnership. The number of units they receive will be based on the Net Asset Value (NAV) of the partnership (see Paragraph 9) on the date the deposit is made into the partnership brokerage account. Books of account shall be available and open to inspection and examination by any partner.
9. **Value of the Partnership.** The Net Asset Value (NAV) of the partnership will be determined as necessary to conduct club business. NAV for any specific date will be considered accurate when all club transactions have been correctly entered in the accounting program and stock prices are current.
10. **Capital Accounts.** A tax basis capital account shall be maintained in the name of each partner. Each partner's contribution to and capital withdrawals from the partnership shall be credited, or debited, respectively, to that partner's capital account. Income realized by the club will be allocated to each member's capital account on the date it occurs based on member's percentage of ownership on that date. Expenses will be allocated as described in the following paragraph.
11. **Expenses.** Expenses of the partnership shall be allocated to the partners by their percentage of unit ownership in the partnership at the time the expense occurs. However, if the partnership decides by a majority vote at the partnership meeting where the decision to make the expense is made that an expense is deemed to benefit each partner in the same amount, an expense may be divided up and allocated to each partner in an equal amount irrespective of the percentage ownership at the time.
12. **Management.** Each partner shall participate in the management and conduct of the affairs of the partnership. Passive membership is not permitted. Decisions shall be made by a majority of the partners in attendance (each partner has one vote) except for acceptance of new partners requiring a 2/3 majority vote of all partners. A special request can be made to require a vote based upon proportional membership of all partners. The partnership will adopt Operating Procedures that shall govern specific conduct of affairs per this partnership agreement.
13. **Sharing of Profits and Losses.** Net profits and losses of the partnership shall inure to, and be borne by, the partners, in proportion to the value of each of their capital accounts.
14. **Annual Accounting.** At least annually, a full and complete account of the condition of the partnership shall be made to the partners. The treasurer report at periodic meeting meets this requirement.
15. **Bank Account.** The partnership may select a bank for the purpose of opening a bank account. Funds in the bank account shall be withdrawn by checks signed by any partner designated by the partnership.
16. **Broker Account.** None of the Partners of this Partnership shall be a broker. The partnership may select a broker and enter into such agreements with the broker as required for the purchase or sale of securities. Securities owned by the partnership shall be registered in the partnership name unless another name shall be designated by the partnership.

Any corporation or transfer agent called upon to transfer any securities to or from the name of the partnership shall be entitled to rely on instructions or assignments signed by any partner without inquiry as to the authority of the person(s) signing such instructions or assignments, or as to the

validity of any transfer to or from the name of the partnership.

At the time of a transfer of securities, the corporation or transfer agent is entitled to assume (1) that the partnership is still in existence and (2) that this Agreement is in full force and effect and has not been amended unless the corporation has received written notice to the contrary.

17. **No Compensation.** No partner shall be compensated for services rendered to the partnership, except reimbursement for expenses.
18. **Removal of a Partner.** Any partner may be removed by agreement of the partners whose capital accounts total a majority of the value of all partners' capital accounts. Conditions for consideration of removal may include but are not limited to, failure to meet the attendance requirements (specified in the Operating Procedures), failure to make required regular contributions (specified in the Operating Procedures), and unauthorized activity undertaken by a partner in the name of the partnership. Written or email notice of a meeting where removal of a partner is to be considered shall include a specific reference to this matter. The removal shall become effective upon payment of the value of the removed partner's capital account, which shall be in accordance with the provisions on full withdrawal of a partner noted below. The vote action shall be treated as receipt of request for withdrawal.
19. **Termination of Partnership.** The partnership may be terminated by agreement of the partners whose capital accounts total a majority in value of the capital accounts of all the partners. Written notice or email of a meeting where termination of the partnership is to be considered shall include a specific reference to this matter. The partnership shall terminate upon a majority vote of all partners' capital accounts. Written notice or email of the decision to terminate the partnership shall be given to all the partners. Payment shall then be made of all the liabilities of the partnership and a final distribution of the remaining assets either in cash or in kind, shall promptly be made, pending outstanding transactions and a final accounting, to the partners or their personal representatives in proportion to each partner's capital account.
20. **Voluntary Withdrawal (Partial or Full) of a Partner.** Any partner may withdraw a part or all of the value of their capital account in the partnership and the partnership shall continue as a taxable entity. The partner withdrawing a part or all of the value of his or her capital account shall give notice of such intention in writing or email to the partnership officers. Written notice shall be deemed to be received as of the first meeting of the partnership at which it is presented. If written notice is received between meetings it will be treated as received at the first following meeting.
21. **Death or Incapacity of a Partner.** In the event of the death or incapacity of a partner, receipt of notice shall be treated as a notice of full withdrawal. Payment shall be in accordance with the terms for payment of a full withdrawal. Payment shall only be made to the estate of the partner and delivered to the partners last known address.
22. **Terms of Payment.** In the case of a partial withdrawal, payment may be made in cash or securities of the partnership or a mix of each at the option of the remaining partners.. In the case of a full withdrawal, payment may be made in cash or securities or a mix of each at the option of the remaining partners. In either case, where securities are to be distributed, the remaining partners select the securities.

Where cash is transferred, the partnership shall transfer to the partner (or other appropriate entity) withdrawing a portion or all of their interest in the partnership, an amount equal to the value of the capital account withdrawal less the actual cost to the partnership of selling securities to obtain cash to meet the withdrawal. The amount being withdrawn shall be paid within 30 days after the valuation date used in determining the withdrawal amount.

If a member withdrawal includes a payment of securities, the member shall be required to have or open a new brokerage account at the same broker used by the club in order to facilitate the transfer of stock. If a withdrawing member chooses to receive the securities in some other method, they will be responsible for the execution, costs and changes in value associated with the processing of that request.

23. **Forbidden Acts.** No partner shall:

- (a) Have the right or authority to bind or obligate the partnership to any extent whatsoever with regard to any matter outside the scope of the partnership purpose.
- (b) Without the unanimous consent of all the other partners, assign, transfer, pledge, mortgage or sell all or part of his or her interest in the partnership to any other partner or other person whomsoever, or enter into any agreement as the result of which any person or persons not a partner shall become interested with him in the partnership.
- (c) Purchase an investment for the partnership where less than the full purchase price is paid for same.
- (d) Use the partnership name, credit or property for other than partnership purposes.
- (e) Do any act detrimental to the interests of the partnership or which would make it impossible to carry on the business or affairs of the partnership.

24. **Recognition of Risks.** Every investment involves a certain element of risk. By signing this agreement, each partner states that he or she understands that no returns are guaranteed. Partners further acknowledge that no statements or discussions made as part of the partnerships activities should be construed as individual investment advice.

25. **Amendment of Partnership Agreement.** This agreement of Partnership may be amended from time to time upon approval of all the partners whose capital accounts total at least 2/3 of the value of all the capital accounts. Written or email notice of the meeting where an amendment of the partnership agreement is to be considered shall include a specific reference and brief description of the matter to be discussed.

26. **US Code Sections 6221-6223 designation and election.** The Partnership's Treasurer/ Financial Partner shall be the designated Partnership Representative (PR) for purposes of 26 USC Section 6223 and shall be responsible for dealing with the IRS in the event of an audit. Unless otherwise directed by the Partners, the PR shall annually, in connection with filing the Partnership's IRS Form 1065 tax return, indicate the Partnership elects to be treated under 26 USC subsection 6221(b)(1)(a), that is, an election out of the audit rules of 26 USC Section 6221. The Treasurer/Financial Partner shall include with such an election any required information to make such election effective. In the event of an IRS audit, the PR will represent the Partnership but is not authorized to make any settlement agreement without the three-quarters majority consent of the current Partners. Partners shall consist only of individuals: no trust may be a Partner (see Section 6 for other exclusions).

27. **Additional Provisions.** This partnership agreement incorporates the Operating Procedures for the Yankee Chapter Model Club, a copy of which is attached hereto, and which the partners acknowledge having received and understood.

This Agreement of Partnership shall be binding upon the respective heirs, executors, administrators and personal representatives of the partners.

Our BetterInvesting Chapter may revoke the "Model Club" status from this investment club for sufficient cause at the sole discretion of the chapter board of directors and with reasonable notice.

