ADDENDUM TO THE PARTNERSHIP AGREEMENT

OF

THE PASSIVE CLUB

Addendum #18 – Member expenses

This is an addendum to the Partnership Agreement of The Passive Club and all prior addendums. It is effective March 20, 2019.

Updates to the Partnership Agreement as follows: text to be removed is struck out, text to be added is red:

3. **Term**. The partnership shall commence as of the date above and shall continue until it is dissolved~~, as described in section 18.~~ as hereinafter provided.

6. **Capital Contributions**. Each partner ~~must~~, when making ~~make~~ a capital contribution to the partnership, must make it prior to the date of ~~every~~ a periodic meeting, to be recorded as received at that meeting. The minimum contribution amount is $25 per account, except for a partner’s initial meeting when the minimum contribution is $100; there is no maximum amount. Contributions are expected every month but are not mandatory. There is no penalty for not making a monthly contribution. There is no restriction on what percentage any individual partner may own of the club’s assets.

**(addendum #10, replaces #6)** During the leave no capital deposits are allowed. ~~and no monthly penalty shall be incurred~~.

8. **Capital Accounts**. A tax basis capital account shall

10. **Management**. Each partner ~~shall~~ is expected to actively participate

The partnership shall adapt Operating Procedures that shall govern the specific conduct of the affairs of the partnership in accordance with this agreement. These Operating Procedures may be amended from time to time by vote at a monthly meeting.

The partnership shall elect officers annually. Officer positions, responsibilities, and the date of the annual election shall be specified in the Operating Procedures.

13. **Bank Account**. The partnership shall select a bank for the purpose of opening a bank account. Funds in the bank account shall be withdrawn by ACH to the broker account or by checks signed by any ~~two of the partners~~ partner(s) designated by the partnership in the club Operating Procedures.

16. **Additional Partners**. Additional partners may be admitted at any time, upon the super-majority consent of the partners, so long as the number of partners does not exceed ~~twenty five (25)~~ seventy-five (75). Prospective partners must attend one meeting prior to requesting admission as a partner. Once approved, they immediately become active partners. A partner may only be an individual human being, so may NOT be
 - partnership
 - trust
 - nominee or other similar person that holds an interest on behalf of another person

~~16A.~~ **~~Transfers to a Trust~~**~~. A partner may, after giving written notice to the other partners, transfer his interest in the partnership to a revocable living trust of which he is the grantor and sole trustee.~~

16~~B~~A. **Removal of a Partner**

16~~C~~B. **Custodial Partner**. Custodial partnerships for ~~a~~ minor children are allowed. ~~The requirements of section 16 must be met~~ The Custodian must become a partner if the Custodian is not already a partner. It is not a requirement that a Custodial Partner also be a regular partner of their own account.

~~16D.~~ **~~Living Trust~~**~~. (added December 15, 2011) A partner may, after giving written notice to the other partners, transfer his interest in the partnership to a revocable living trust. Since it is the person who is a partner in the club and not the trust, any withdrawal by said partner shall be handled according to section 19 of the Partnership Agreement, with the payment being issued to the trust.~~

17. **Termination of Partnership**. ~~Written notice of the decision to terminate the partnership shall be given to all the partners.~~ If a decision to terminate is reached, written or email notice of the decision shall be sent to all partners.

18A. **Automatic Withdrawal**. Any partner who ~~is absent for three (3) consecutive meetings, or five (5) of any 12 consecutive meetings, or has late fees assessed for any two (2) of 12 consecutive meetings, without consent from the super-majority of the partners, shall automatically be removed.~~ has not materially participated in the partnership for six consecutive months shall be automatically considered having requested a full withdrawal. The meeting causing ~~any of these conditions~~ this to be true shall be treated as receipt of request for full withdrawal.

~~18C.~~ **~~Full Withdrawal - Exemption from Article 6 (Capital Contributions).~~** ~~Once a partner has given notice of full withdrawal, s/he is exempted from making the monthly minimum investment and no late fee shall be assessed. This exemption also applies to partners being automatically withdrawn for attendance purposes. Partners being automatically withdrawn due to a second late fee will have the late fee processed as normal.~~

~~18D.~~ **~~Partial Withdrawal - Exemption from Article 6 (Capital Contributions).~~** ~~When a partner makes a partial withdrawal, s/he is exempted from having to make the minimum monthly investment in the month in which the withdrawal occurs and no late fee shall be assessed.~~

19. **Death or Incapacity of a Partner**. The partnership shall pay the estate of the partner~~, or designated beneficiary,~~ in accordance with section 20 of this agreement.

20. **Terms of Payment**. The distribution shall occur ~~within three (3) business days~~ as soon as practicable after this meeting.

## 20A. Penalties There are no penalties for withdrawing from the partnership above and beyond the real costs encountered in performing the withdrawal, plus the cost of postage for a first-class letter so their final year-end statement can be mailed to them

21. **Forbidden Acts** (b) Assign, transfer, pledge, mortgage or sell all or part of his interest in the partnership to any other person or persons ~~not a partner~~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~~, without the unanimous consent of all the other partners.~~

24. **Recognition of Risks.** Every investment involves a certain element of risk. By signing this agreement, each partner states that s/he understands and accepts these risks, and understands that no returns are guaranteed. Partners further acknowledge that no statements or discussion made as part of the partnership’s activities should be construed as individual investment advice.

**25. Additional Provisions.** This partnership agreement incorporates The Passive Club Operating Procedures 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.

Based upon a majority vote of club members endorsed by undersigned club officers this addendum has been adopted. Each club member has read the original Partnership Agreement and any subsequent addendums, and the Operating Procedures and any subsequent addendums, and hereby agrees to be bound by their terms.

President Date

Vice President Date