

## Investment Club Partnership Agreement

\_\_\_\_\_, herewith form a general partnership to be known as the \_\_\_\_\_ Investment Club.

The partnership shall commence on \_\_\_\_\_ and shall continue for a period of five years, and then thereafter year for year, unless earlier terminated by this agreement.

Each partner shall on or before \_\_\_\_\_ make an initial capital contribution of \$\_\_\_\_\_ ( \_\_\_\_\_ & \_\_\_/100 dollars).

Partners shall be entitled to make additional capital contributions of at least \$\_\_\_\_\_ ( \_\_\_\_\_ & \_\_\_/100 dollars) at any regular meeting of the partnership, provided, however, that the no partners capital contribution shall at any time exceed \_\_\_\_\_ percent of the total capital of the partnership. Profits and losses shall be allocated to each partner in the same proportion as their capital account bears to the total capital of the partnership.

Books of account shall be created and maintained of all transactions of the partnership. A yearly report shall be presented to members of the results of the operation of the partnership. The books shall be open to examination by partners at all reasonable times. Upon a vote of the partners, an accounting firm may be appointed to perform bookkeeping or other services. It shall not be necessary for the affairs of the partnership to be audited; however, upon the vote of the majority of the partners an audit may be commissioned.

The partners shall by vote designate an official depository for funds. Withdrawals shall be made by the signature of partners.

The partnership shall hold regular meetings at least quarterly. The time and place for the holding of meetings shall be determined by vote of the partners. At the first regular meeting of the partners, the partners by majority vote shall elect a presiding officer who shall act as the Chairman of meetings. Meetings shall be held following Robert's Rules of Order to the extent that the same are appropriate. Thereafter, each year, a new Chairman shall be elected. Partners may appoint any other partner, and only another partner, to act as their proxy at any meeting which proxy shall be required to be in writing. Voting shall be by percentage of capital. No quorum shall be required for regular business; however, the following business shall require a quorum of the members, determined by percentage of capital at the beginning of the meeting:

- (a) dissolution or other termination of the partnership;
- (b) changes in the partnership agreement

All business of the partnership shall be determined by a simple majority of the partners present, except for dissolution or changes in the partnership, which shall require a 2/3 majority.

Upon the vote of a majority of the partners, a special meeting may be held upon 10 days prior notice.

Each partner shall have the right to participate in the management of the partnership including the selection of investments. No partner shall have the right or authority to bind or to obligate the partnership, except in accordance with a vote of the members.

No business shall be conducted with any brokerage, bank or other institution in which any partner has a financial interest, or is employed, except an interest as a shareholder in a publicly traded company which does not exceed 5% of the outstanding shares of the company, unless after a

disclosure, the partners by majority vote assent thereto. All partners shall disclose such conflicts to the other partners.

The partnership interests herein may not be assigned or transferred without the approval of a majority of the partners. This approval shall not be unreasonably withheld.

New partners may be admitted upon a majority consent of the existing partners. The minimum initial capital contribution of a new partner shall be \$ \_\_\_\_\_ ( \_\_\_\_\_ & \_\_\_\_ /100 dollars). The amount necessary for such admission may be changed no more often than yearly upon motion and vote by the partners.

The total number of partners shall not exceed \_\_\_\_\_.

The partnership shall not purchase securities on margin.

The partnership may not purchase investments of the following types:

\_\_\_\_\_

The partners may designate a broker or brokers for trading of securities; however, the partnership may not grant discretionary trading authority to any brokerage.

A partner may withdraw by notice to the partnership. The partnership shall not be dissolved by such withdrawal unless the remaining partners determine not to continue the business of the partnership.

Upon withdrawal, a partner shall receive the value of their capital account as of the date of their withdrawal within 30 days, except that if the repayment of the capital account of any withdrawing partner shall require the liquidation of securities the repayment of the capital account may be postponed for no more than 14 additional days to allow a vote of the members to determine which securities to liquidate. Upon this withdrawal, the partner shall render a hold harmless agreement naming the Partnership and the individual partners for everyone's protection.

Upon the death, incapacity or legal disability of a partner, the same shall be deemed to be a withdrawal, and the disability of any partner, the capital account of the partner shall be repaid as is provided above.

#### 1. Notices.

Any notice required by this Agreement or given in connection with it, shall be in writing and shall be given to the appropriate party by personal delivery or a recognized over night delivery service such as FedEx.

See Exhibit 1 for the name and addresses for each partner.

#### 2. No Waiver.

The waiver or failure of either party to exercise in any respect any right provided in this agreement shall not be deemed a waiver of any other right or remedy to which the party may be entitled.

#### 3. Entirety of Agreement.

The terms and conditions set forth herein constitute the entire agreement between the parties and supersede any communications or previous agreements with respect to the subject matter of this Agreement. There are no written or oral understandings directly or indirectly related to this

Agreement that are not set forth herein. No change can be made to this Agreement other than in writing and signed by both parties.

4. Governing Law.

This Agreement shall be construed and enforced according to the laws of the State of \_\_\_\_\_ and any dispute under this Agreement must be brought in this venue and no other.

5. Headings in this Agreement

The headings in this Agreement are for convenience only, confirm no rights or obligations in either party, and do not alter any terms of this Agreement.

6. Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.

In Witness whereof, the parties have executed this Agreement as of the date first written above.

\_\_\_\_\_  
Each Partner

\_\_\_\_\_  
Each Partner

\_\_\_\_\_  
Each Partner

\_\_\_\_\_  
Each Partner

\_\_\_\_\_  
Each Partner

\_\_\_\_\_  
Each Partner

If there are more partners, have them sign below as well.

\_\_\_\_\_  
Date

Exhibit One: Names & Addresses of all partners for contact purposes

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## Review List

This review list is provided to inform you about this document in question and assist you in its preparation. Investment club results have been overstated in the media. The Beardstown ladies, for example, turn out to have had much lower results than the overall market. It was a great story but, like many great stories, not true.

With this warning in mind, be sure to have an agreement in place if you enter into an investment club. Be sure all parties are signatories to the agreement. When a partner withdraws from the partnership, consider always requiring a hold harmless agreement from them to the partnership and all of the other parties as part of that withdrawal. This approach has been incorporated in the above document.

1. Make multiple copies. Keep one in a safe deposit box or home safe. Give a copy to each member.