



Operating Procedures – Sample #1

Mutual Investment Club

Duties of Partners

Annually, at the first meeting in February, partners shall elect the following positions and assign duties as described below by a majority vote:

1. *President.* The President's duty is to preside over meetings, set meeting dates and locations, appoint committees and see that resolutions passed by the partnership are carried out.
2. *Vice-President.* The Vice-President takes the place of the President when the President is absent or incapacitated. The Vice-President shall assign companies to report on at Club meetings to each partner and shall be responsible for insuring that the Club's study program is properly carried out.
3. *Secretary.* The Secretary's duty is to keep a record of the actions authorized by the partners and notify partners of meetings and other activities.
4. *Treasurer.* The Treasurer's duty is to keep a record of the Club's receipts and disbursements and partners' interests in the Club. The Treasurer will give partners receipts for payments, place the buy and sell orders authorized by the partners with the Club's broker, and prepare the Club's monthly valuation statement. He/she will see that the needed tax information is compiled and file the necessary reports.

Guests

Partners may invite guests to any meeting of the Club as long as advance clearance is obtained from the host of the meeting. When consideration is given to adding partners to the Club under paragraph 16 of the Club's partnership agreement, anyone considered shall have been a guest for at least two prior meetings.

Meetings

The Club shall hold a meeting on the second Tuesday of each month at a place designated by the Club. Written notice of each meeting shall be given to each partner by the Secretary at least one week before the meeting. Special meetings may be called by the President upon similar notice to the other partners.

Procedure

The monthly valuation statement shall be effective as of a regularly scheduled date and time preceding each monthly meeting.

In maintaining the records of each partner's capital account in the Club, the unit value method will be used.

Additional deposits in the Club may be made by members in multiples of \$10.

The Vice-President shall contact investment counsel immediately preceding the monthly meeting and secure investment counsel's suggestions on new companies to consider, and any comments on stocks owned by the Club. He shall report this information at the meeting. The Vice-President shall appoint at least two partners at each meeting to prepare a report on the BetterInvesting Stock Selection Guide on a security for presentation to the partnership at the following meeting. The Vice-President shall remind each person assigned to prepare a BetterInvesting Stock Selection Guide of his assignment one week before the meeting.

Buy and/or sell action may be taken after a period of discussion by the members, and when voted by a simple majority of the members' interests.

End of motion.

Operating Procedures – Sample #2

Dollars and Sense Investment Club A General Partnership

1. **FEES:** The initial fee of each partner will be one hundred dollars (\$100) which goes to Petty Cash and Operating Revenues. The initial fee of \$100 per partner does stay with the Club in the event of a partner's withdrawal from the Club.
2. **NEW MEMBERS:** A new member may initially contribute money up to the average of the balances in the existing individual accounts. "Time-based earnings" is the accounting method. The Club shall not exceed fifteen (15) partners.
3. **DUES & CONTRIBUTIONS:** Partner investment dues of twenty dollars (\$20) minimum will be due at each monthly meeting. A partner may contribute additional deposits but cannot exceed limitation as set forth in Article 6, Capital Contributions, of the Partnership Agreement.
4. **ACCOUNTING METHOD:** Partners' shares are tracked as investment credit units. The amount is ten dollars (\$10) for one unit.
5. **VOTING:** Decisions shall be made by a majority of partners (each partner has one written vote) unless a request is made for a vote based on proportional ownership.
6. **OFFICERS:** The President, Vice-President, Secretary, and the Treasurer shall be elected annually during the regular November meeting. (The Treasurer may have an Assistant to the Treasurer—a volunteer or be appointed.) The newly elected officers shall assume the duties of their respective offices at the following January meeting of each year. Officer's terms will be for a one-year period. Officers may succeed themselves in the same office.
7. **DUTIES OF OFFICERS:** The duties of the officers are:
 - A. **PRESIDENT:** The duties of the President shall be to preside at meetings, set meeting dates and locations, appoint committees, and see that resolutions passed by the partnership are carried out.
 - B. **VICE-PRESIDENT:** The Vice-President shall assume the duties of the President when the President is absent or temporarily unable to carry out his/her duties. In addition, the Vice-President may assign companies to report on at Club meetings to partners and shall be responsible for insuring that the Club's study program is properly carried out.
 - C. **SECRETARY:** The Secretary shall maintain the partnership records, keep record of the actions authorized by the partners and notify partners of meetings and other activities.
 - D. **TREASURER:** The Treasurer's duty is to keep a record of the Club's receipts and disbursements and partners' interests in the Club. The Treasurer will give partners receipts for their payments, place the buy and sell orders authorized by the partners with the Club's broker (or BetterInvesting) and prepare the Club's monthly valuation statement. The Treasurer will receive all correspondence for the Club and will forward the materials to the proper partner. The Treasurer will

see that the needed tax information is compiled and file the necessary reports for Treasurer's term of office. Checks must be signed by two partners: Treasurer and another partner designated by the membership.

8. ANNUAL AUDIT: The Vice-President will appoint an audit committee consisting of two (2) or more of the general partners who are not signatories on the Partnership accounts. The audit will be completed within ninety (90) days of year-end.
9. DESIGNATED MEETING: Meetings will be held on the second Monday of each month at 7:00 PM. A majority of the general partners can change the meeting time.(NOTE: This information is provided only as an example to aid in understanding how a sample club can function. This club decided to modify the sample BetterInvesting Partnership Agreement to meet the needs of its members.)



OPERATING PROCEDURES – SAMPLE #3

TRIPLE E INVESTMENT CLUB

1. **FORMATION OF PARTNERSHIP**
Refer to Partnership Agreement.
2. **NAME OF PARTNERSHIP**
Refer to Partnership Agreement.
3. **TERM**
Refer to Partnership Agreement.
4. **PURPOSE**
To benefit partners, educationally and financially, by investing in securities, while employing fundamental principles and techniques of sound investment practices.
5. **MEETINGS (Regular, Special, Quorum)**
 - a. Regular meetings of the Partnership shall be held on the 3rd Tuesday of every month. Meetings may be cancelled or rescheduled by a majority vote of all partners present in a quorum at a given meeting.
 - b. Time of meeting shall be from 6:00 to 8:00 p.m.
 - c. In the month of February, the annual meeting shall be held in conjunction with the regular business meeting at which time new officers will be elected and a full and complete annual accounting of the financial condition of the Partnership shall be made to the partners.
 - d. Special meetings may be called at any time by the Presiding Partner. Also, any three (3) partners may request a special meeting through the Presiding Partner, in writing. In all cases, special meetings shall be limited to the stated purpose which must be communicated in advance to all partners.
 - e. A quorum of eight (8) partners shall be present at any regular or special meeting in order for Partnership business to be conducted, e.g., buy or sell orders. A simple majority is needed to approve any Partnership business not otherwise specified in the Operating Procedures herein.
 - f. A simple majority of the Partnership and shall be present at any regular, special, or annual meeting before the election of officers, amendments to the Partnership Agreement or Partnership Operating Procedures can commence. A simple majority of the partners present is needed to approve amendments to the Partnership Agreement, Operating Procedures, or elect officers.
 - g. Each partner shall have one vote in all matters regardless of his capital account balance. *
 - h. Any partner who fails to attend three (3) consecutive regular meetings and is not excused by the Presiding Partner from attending any such meetings, or six (6) meetings in any twelve- (12) month period, will be considered for termination.
6. **CONTRIBUTIONS**

- a. Assessments are made on a monthly basis and are due and payable on or before the date set for the monthly meeting. The same shall become delinquent five (5) days after the monthly meeting.
- b. The investment amount received from each partner shall be \$25 monthly and an annual administrative fee of \$25.
- c. Any partner who fails to make contributions to capital when they become due and payable, and who shall continue in default in the payment of such assessments for a period of sixty (60) days, shall, at the expiration of said sixty (60) days, be given notice by registered mail of this delinquency by the Presiding Partner; and if all delinquent payments be not paid within fifteen (15) days from date of mailing notice of delinquency, then said partner shall be automatically dropped from the Partnership rolls.

7. VALUATION

The closing stock exchange prices five (5) calendar days preceding each monthly meeting shall be used to determine the liquidating value of the club.

8. CAPITAL ACCOUNTS

Refer to Partnership Agreement.

9. MANAGEMENT

- a. Refer to Partnership Agreement.
- b. Voting to expel a partner from the Partnership shall be decided by simple majority vote of the partners present in a quorum required for such purpose.
- c. Voting to relieve a partner of her duties shall be decided by a simple majority vote of the partners present in a quorum required for such purpose.
- d. All voting to elect officers, to admit new partners, to expel partners or relieve officers of duties shall be conducted by secret ballot.
- e. For any other voting, a secret ballot may be called for by any one partner of the Partnership.

10. SHARING OF PROFITS AND LOSSES

Refer to Partnership Agreement

11. BOOK OF ACCOUNT

Shall be a complete set of accounts, consisting of assets, liabilities, individual Partnership accounts, appropriate revenue and expense accounts, using the double entry accounting system as prescribed in the BetterInvesting Investment Club Accounting Handbook.

12. ANNUAL ACCOUNTING

- a. The annual accounting shall take place in February at the annual meeting, for the preceding year.
- b. All financial transactions shall be reviewed by a Partnership Audit Committee semi-annually.

13. BANK ACCOUNT

All checks shall be signed by either the Financial, Presiding or Assistant Presiding Partner unless check amount exceeds \$500. Then two (2) signatures are required.

14. BROKER ACCOUNT

- a. All securities shall be purchased in the name of the Partnership.
- b. All securities shall be kept in the Partnership safe deposit box or with the broker.

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- c. The Presiding Partner and the Assistant Presiding Partner shall be the custodian of all securities.

15. NO COMPENSATION

Refer to Partnership Agreement.

16. ADDITIONAL PARTNERS

- a. Fourteen (14) partners formed the Partnership.
- b. A prospective partner must attend at least three (3) meetings as an observer. Membership must be requested in writing and may be submitted no earlier than at the third meeting that the candidate attends as an observer. At the end of the meeting at which a membership request is submitted, the prospective member will be excused from the meeting and the regular members will stay for an extra fifteen minutes in order to vote on the membership request.
- c. A unanimous vote of the membership present in a quorum shall be required for admittance of a new partner.
- d. All new partners are required to contribute a \$25 administration fee and a capital contribution as set by the Partnership.
- e. New members are required to attend the 10-hour BetterInvesting course on preparing SSGs during the first nine (9) months of membership.
- f. Prospective members must be sponsored/mentored by an existing member.
- g. Any member who wishes to invite a prospective new member to a meeting shall notify the club prior to the candidate's first attendance as an observer.

17. VOLUNTARY TERMINATION

Refer to Partnership Agreement.

18. WITHDRAWAL OF A PARTNER

Refer to Partnership Agreement.

19. DEATH OR INCAPACITY OF A PARTNER

Refer to Partnership Agreement.

20. PURCHASE PRICE

- a. Refer to Partnership Agreement.
- b. The Partnership shall have three (3) weeks in which to complete the buy out.

21. DUTIES OF PARTNERS

Presiding Partner

- a. Shall preside at all regular and special meetings of the Partnership and oversee all Partnership activities.
- b. Shall ensure that all resolutions passed by the Partnership are carried out.
- c. Shall appoint members to the Audit Committee.
- d. Shall coordinate the research activities of the Partnership of which all partners are part.
- e. Shall sign some checks issued against the Partnership checking account.

Assistant Presiding Partner

- f. Shall take the place of the Presiding Partner when the Presiding Partner is absent or incapacitated.
- g. Shall coordinate the portfolio management function of the Partnership for which all partners are responsible.
- h. Shall keep a file of all stock selection reports made by the partners.
- i. Shall coordinate the education program of the Partnership.
- j. Shall sign some checks issued against the Partnership checking account.

Recording Partner

- k. Shall keep minutes of all regular and special Partnership meetings.
- l. Shall notify partners of regular and special meetings.
- m. Shall keep a record of attendance for regular and special Partnership meetings.
- n. Shall prepare agenda for regular and special Partnership meetings as directed by the Presiding Partner.

Financial Partner

- o. Shall maintain a complete set of books.
- p. Shall prepare and present a monthly statement of liquidating value at regular and special Partnership meetings.
- q. Shall prepare the Partnership Tax/Information Return and notify all partners of their tax liability on the appropriate IRS forms.
- r. Shall receive and deposit all receipts into the Partnership checking account and make most disbursements from the Partnership checking account.
- s. Shall sign/countersign some checks issued against the Partnership checking account.
- t. Shall prepare and present monthly bank reconciliation at regular and special Partnership meetings.
- u. Shall act as Agent, placing all buy and sell orders authorized by the partners at regular or special Partnership meetings.

Partner

- v. Shall pay monthly assessments in a timely manner.
- w. Shall attend Partnership meetings on a regular basis.
- x. Shall, from time to time, serve on the Partnership Audit Committee.
- y. Shall participate in the stock selection and portfolio maintenance functions of the Partnership.
- z. Shall participate in the Partnership education and research activities.

In Witness whereof, the partners have set their hand, the year and date stated below:

(Signatures of partners)

* BetterInvesting has observed that after a club has been in existence for several years, certain members may build a significantly larger holding than others in the club. At this point the club may consider including an addition to the general partnership agreement stating that members with a determined higher percentage ownership in the club may have more votes than a person with substantially lower percentage ownership in the club.

** Most brokers require securities to be deposited with them.

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