

# **Partnership Agreement**

## **Northwest Ohio Model Investment Club**

This **AGREEMENT of PARTNERSHIP**, effective as of eleventh day of January, 2022 (Beginning Date), by and between the undersigned, to wit:

### **Northwest Ohio Model Investment Club**

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 Ohio.
2. **Name.** The name of the Partnership shall be **Northwest Ohio Model Investment Club**.
3. The partnership will operate under the approved (attached) **operating procedures**.
4. **Term.** The Partnership shall begin on Beginning Date and shall continue until December 31 of the same year and thereafter from year to year unless earlier terminated as hereinafter provided.
5. **Purpose.** The only purpose of the Partnership is to invest the assets of the Partnership solely in stocks, bonds, and other securities for the education and benefit of the Partners and according to the principles and practices of BetterInvesting ([www.betterinvesting.org](http://www.betterinvesting.org)).
6. **Meetings.** Periodic meetings shall be held as determined by the Partnership per the attached Operating Procedures
7. **Capital Contributions.** The Partners may make capital contributions to the Partnership in accordance with the Operating Procedures as the Partnership shall determine. However, no partner may own more than 2.0 times the percentage of the club that he/she represents to the number of members. For instance, in a club of 10 members, no member may own more than 20% ( $2 \times 1/10 = .20$  or 20%) of the capital accounts of all the partners.
8. **Value of the Partnership.** The current value of the assets of the Partnership, less the current value of the liabilities of the Partnership, (hereinafter referred to as the "value of the Partnership") shall be determined as of a regularly scheduled date and time ("valuation date") preceding the date of each periodic meeting determined by the Club in the attached Operating Procedures.
9. **Capital Accounts.** A capital account shall be maintained in the name of each Partner. Any increase or decrease in the value of the Partnership on any valuation date shall be credited or debited, respectively, to each Partner's capital account on that date. Any other method of valuing each Partner's capital account may be substituted for this method, provided the substituted method results in exactly the same valuation as previously provided herein. Each Partner's contribution to, or capital withdrawal from, the Partnership shall be credited, or debited, respectively, to that Partner's capital.  
**Sharing of Profits and Losses.** Net profits and losses of the Partnership shall be assigned to, and be borne by, the Partners, in proportion to the value of each of their capital accounts.
10. **Management.** Each Partner shall participate in the management and conduct of the affairs of the Partnership on a one person one vote basis. Proxies shall **not** be permitted.

11. **Books of Account.** Books of account of the transactions of the Partnership shall be kept and at all times be available and open to inspection and examination by any Partner.
12. **Annual Accounting.** Each calendar year, a full and complete account of the condition of the Partnership shall be made to the Partners. The **Fiscal Year** shall be the Calendar Year
13. **Bank Account.** The Partnership **may** select a bank for the purpose of opening a checking account or (if available) may utilize a brokerage checking account. Signature on checks follow the same requirements in 16. c below
14. **Brokerage Account.** None of the Partners of this Partnership shall be a broker. However, the Partnership may select a brokerage and enter into such agreements with the brokerage as required for the purchase or sale of securities.
  - a. 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.
  - b. 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.
  - c. The treasurer may sign checks with a value of \$250 or less. Checks larger than \$250 must be countersigned by a second person authorized for the account.
15. **No Compensation.** No Partner shall be compensated for services rendered to the Partnership, except reimbursement for approved reasonable and customary expenses.
16. **Additional Partners.**
  - (a) Additional Partners may be admitted according to the procedures upon the 2/3 consent of the attending quorum of the Partners, so long as the total number of Partners does not exceed fifteen (15).
  - (b) **Removal of a Partner.** Any Partner may be removed by agreement of the 2/3 of all the Partners. Written 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 in paragraphs 18 and 20. The vote action shall be treated as receipt of request for withdrawal.
17. **Termination of Partnership.** The Partnership may be terminated by agreement of the 2/3 of all the Partners. Written notice (including 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 2/3 majority vote of all Partners' capital accounts. Written notice 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 be made without undo delay to the Partners or their personal representatives in proportion to each Partner's capital account.

18. **Voluntary Withdrawal (Partial or Full) of a Partner.** Any Partner may withdraw a part or all of the value of his/her capital account in the Partnership and the Partnership shall thereafter continue as a taxable entity.

- a. The Partner withdrawing a part or all of the value of his/her capital account shall give notice of such intention in writing to the Secretary or President. 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. Valuation will be from the valuation statement of the meeting following receipt of withdrawal. Transfer of cash and/or securities shall be made by the second meeting following receipt of notice of withdrawal provided the withdrawing member establishes a local account for transfer of securities. Withdrawal may only take place after the first six months of Partnership operation. Only one partial withdrawal per year per member is allowed.

19. **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.

20. **Terms of Payment.** Any withdrawal within the first two years of membership in the club shall be subject to a 2.0% fee with a maximum fee of \$100. In the case of a partial withdrawal, payment shall be in cash.

- a. 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. Where securities are to be distributed, the remaining Partners select the securities.
- b. The Partnership shall transfer to the Partner (or other appropriate entity) withdrawing all of his/her interest in the Partnership, an amount equal to the value of the capital account being withdrawn, less any actual expenses to the Partnership related to the withdrawal. Payment may be made by transferring cash or securities or both. Securities shall be valued as of the date of that valuation statement (the "withdrawal valuation date"). Change in value of the securities, up or down, between the valuation date and the transfer date shall belong to the withdrawing partner. The Club's broker shall be advised that ownership of the securities has been transferred to the Partner as of the withdrawal valuation date.

21. **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. Assign, transfer, pledge, mortgage or sell all or part of his/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 her/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.

22. **Ownership Restrictions.** Membership in the club may **not** be held by any of the following entity types:

- a. Partnerships
  - b. Trusts
  - c. Foreign entities that would not be treated as a C corporations if they were a domestic entity  
Any disregarded entity described in IRS Regulations section 301.7701-2(c)(2)(i)
  - d. A nominee or other similar person that holds an interest on behalf of another person
  - e. An estate of an individual other than a deceased partner
23. **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 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 shall include with such 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.
24. **Recognition of Risks.** Every investment involves a certain element of risk. By signing this agreement, each partner states that he or she understands and accepts these risks, and understands that no returns are guaranteed. Partners further acknowledge that no statements or discussions made as part of the partnership's 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 two thirds of the membership. 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. **Additional Provisions.** This partnership agreement incorporates the Northwest Ohio Model Investment Club Operating Procedures, a copy of which is attached hereto, and which the partners acknowledge having received and understood.
27. This model club is a function of the Northwest Buckeye chapter of BetterInvesting and the chapter may revoke the "Model Club" status for sufficient cause at the sole discretion of the chapter board of directors and with reasonable notice.
28. The partners have caused this Agreement of Partnership to be executed on the dates indicated below, effective as of the date indicated above. The signatories have received current copies of the provisions of this agreement and the Operating Procedures. Their signature on one or separate copies of this page shall show their understanding and affirmation of them. This Agreement of Partnership shall be binding upon the respective heirs, executors, administrators and personal representatives of the Partners.

**The Partners have caused this Agreement of Partnership to be executed on the dates indicated below, effective as of the date indicated above.**

SIGN AND DATE HERE.

*[All Partners Sign Below.]*

---