

## Model Investment Club Houston Chapter-NAIC PARTNERSHIP AGREEMENT

THE STATE OF TEXAS     )  
                                      )  
COUNTY OF HARRIS     )     KNOWN ALL BY THESE PRESENT:

This agreement of partnership, effective as of January 21<sup>st</sup>, 2012, by and between the undersigned parties:

Now, therefore, it is agreed:

1. **Formation of Partnership:** The undersigned hereby form a General Partnership, in and in accordance with the laws of the State of Texas.
2. **Name of Partnership:** The name of the Partnership shall be the Model Investment Club Houston Chapter - NAIC (CLUB).
3. **Term:** The CLUB shall begin on January 21<sup>st</sup>, 2012, and continue until terminated as hereinafter provided.
4. **Purpose:** The only purpose of the CLUB is to invest the assets of the CLUB in stocks for the education and benefit of the Partners. The Partnership shall serve as a model club for the Houston Chapter of the National Association of Investors Corporation (NAIC). Therefore, no less than two Directors of the Houston Chapter must be partners of the CLUB at all times. If less than two Directors are in the CLUB then the CLUB is subject to termination.
5. **Meetings:** Periodic meetings shall be held as determined by the partnership.
6. **Management:** Each partner shall participate in the management and conduct of the affairs of the partnership. Except as otherwise provided by the Partnership Agreement or By-Laws, all decisions shall be made by a majority of "eligible" Partners (each partner has one vote) without regard to his/her capital account. See Section 2 of the Partnership By-Laws for definitions of an "eligible" partner.
7. **Capital Contributions:** The Partners may make capital contributions to the partnership on the date of each periodic meeting in such amounts as the partnership shall determine. However, if the partnership has more than 10 partners, no Partner's capital account (as hereinafter defined) shall exceed ten percent (10%) of the capital accounts of all Partners.
8. **Valuation:** The current value of the assets and property of the Partnership, less the current value of the debts and liabilities of the Partnership, (hereinafter referred to as

“value of the Partnership”) shall be determined at the end of each month (“valuation date”) preceding the date of each periodic meeting determined by the CLUB.

9. **Capital Accounts:** There shall be maintained in the name of each Partner, a capital account. Each Partner’s capital contribution to, or capital withdrawal from, the Partnership, shall be credited, or debited, respectively to that Partner’s capital account. 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 in proportion to the value of each Partner’s capital account on said date.
10. **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.
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 all Partners to be used in determining his/her tax liability.
13. **Bank Account:** The Partnership shall select an institution for the purpose of opening a Partnership bank account. Funds deposited in said Partnership bank account shall be withdrawn by checks signed by any partner designated by the partnership in its By-Laws.
14. **Broker Account**
  - a. The Partnership shall 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’s name unless another name shall be designated by the Partnership.
  - b. None of the Partners in this Partnership shall serve as a broker or dealer for the Partnership.
  - c. 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 assignment signed, or purporting to be signed by any Partner, without inquiry as to the authority of the persons signing or purporting to sign such instructions or assignments or as to the validity of any transfer to or from the name of the Partnership.
  - d. At the time of transfer, the corporation or Transfer Agent is entitled to assume
    - i. that the Partnership is still in existence, and
    - ii. that this agreement is in full force and effect, and has not been amended unless the corporation has received written notice to the contrary.

15. **No Compensation:** No Partner shall be compensated for services rendered to the Partnership, except reimbursement for approved and authorized expenses.
16. **Additional Partners:** Provided the total number of Partners does not exceed twenty-five (25) and the currently eligible voting Partners unanimously approve, additional partners may be admitted after meeting their specific qualifications:
- a. **Directors/Associate Directors:** All current Directors and Associate Directors of the Houston Chapter are immediately qualified, provided that the total number of Directors/Associate Directors does not exceed ten (10). See Section 17b concerning the term limitation of Directors/Associate Directors.
  - b. **All Others** (“AO Partners”). AO Partners are those Partners that are not Directors or Associate Directors of the Houston Chapter.
    - i. After the May 2012 meeting, no more than three (3) AO Partners can be added each calendar quarter,
    - ii. To qualify, an AO Partner must:
      - 1. attend 3 consecutive meetings, unless unanimously waived by eligible partners.
      - 2. be a member of BetterInvesting (NAIC).
17. **Removal of a Partner:**
- a. **General:** Any partner may be removed by a majority of vote of all eligible 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 Sections 19 & 21 (Voluntary Withdrawal & Terms of Payment).
  - b. **Directors/Associate Directors:**
    - i. If a Partner ceases to be a Director or Associate Director, then the same rules that apply to AO Partners will immediately apply to that former Director or Associate Director. However, if the Partnership has a waiting list, then the Director or Associate Director will be removed and no vote is required.
    - ii. If an AO Partner becomes a Director or Associate Director, and the Partnership already has 10 Directors and a waiting list, then one of the 10 Directors must step down, provided they have participated for a total of 24 months.
  - c. **All Others:** AO Partners are limited to a 24 month term. However, if after 24 months, an AO Partner becomes a Director or Associate Director, the Partner can stay in the Partnership, and will be subject to the “Directors/Associate Directors” rules as stipulated in the Partnership and By-Law Agreements.

**Note: A Partner can only be reclassified between a Director/Assistant Director and an AO Partner one time.**

- 18. Termination of the Partnership:** The partnership may be terminated by unanimous agreement of the Partners. The Partnership shall thereupon be terminated by the payment of all the debts and liabilities of the Partnership and the distribution of the remaining assets either in cash or in kind to the Partners or their personal representatives in proportion to their capital valuation accounts.
- 19. Withdrawal of a Partner:** Any Partner may withdraw his/her interest in the Partnership by giving notice in writing to the Recording Partner. This notice shall be deemed to be officially received at the next regularly scheduled meeting. Any Partner withdrawing his/her interest shall no longer be a member of the Partnership.
- If notice is received between meetings, it shall be treated as received at the next regularly scheduled meeting. In making payment, the valuation statement prepared for the first meeting following the meeting at which notice is received, shall be used to determine the value of the Partner's account. The Partnership shall pay the withdrawing Partner the value of his/her interest in the Partnership as shown by the valuation statement in accordance with Section 21 of the Partnership Agreement.
- 20. 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.
- 21. Terms of Payment for a Withdrawal:** In the case of a withdrawal, payment may be made in cash or securities, or a mix of each, at the option of the remaining eligible Partners.
- Where cash is transferred, the Partnership shall transfer to the Partner withdrawing, an amount equal to the value of the capital account being withdrawn less the actual cost to the Partnership in obtaining the cash such as but not limited to the cost of selling securities and institutional charges for wire transfer or check. The amount being withdrawn shall be paid within ten (10) business days after the valuation date used in determining the withdrawal amount (See Section 19).
- Where securities are to be distributed, the remaining eligible Partners shall select securities, by majority vote, to transfer equal to the value of the capital account or a portion of the capital account being withdrawn minus any broker's fees. Securities shall be transferred as of the date of the Partnership's valuation statement prepared to determine the value of the Partner's capital account in the Partnership (See Section 19). The Partnership's broker shall be advised that ownership of the securities should be transferred to the Partner as of the valuation date used for the withdrawal.
- 22. Modification:** This Partnership Agreement may be modified with a two-thirds (2/3) majority vote of all of the eligible Partners plus approval of the Houston Chapter of BetterInvesting/NAIC. Written notice of the meeting, where an amendment of the Partnership Agreement is to be considered, shall include a specific reference to this matter.

**23. Performance:** All Partners acknowledge the risks of investment, and further acknowledge that no discussions or statements made as part of the CLUB's activities should be construed as individual investment advice. No representations or guarantees have been made regarding investment performance of the Partnership, or of any individual stocks that have been or may be studied and/or purchased by the Partnership

**24. Forbidden Acts. No Partner Shall:**

1. 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 business.
2. Without the unanimous consent of all the other Partners, 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 him/her in the Partnership.
3. Use the Partnership's name, credit or property for other than Partnership purposes.
4. 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.
5. Purchase an investment for the Partnership where less than the full purchase price is paid for same.
6. Pledge the assets of the Partnership as security or collateral for any loan.

The Partners have the right to terminate any Partner for a violation of these forbidden acts.

**27. By-Laws:** The Partners shall establish By-Laws to facilitate the operation of the Partnership.

This Partnership Agreement is hereby declared and shall be binding upon the respective heirs, executor, administrators and personal representatives of the parties.

IN WITNESS WHEREOF, the parties have set their hands and seals the year and day first above written.

Partners:

Partner's Name (Printed)	Signature	Date
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