

# *Partnership Agreement of the Fairfax Wannabes Investment Club*

**PREAMBLE:** The Fairfax Wannabes Investment Club is a partnership formed to invest in stocks and to improve the investment skills of each partner. To meet Fairfax Wannabes' objectives each partner is expected to:

Expend approximately 6-8 hours per month on Fairfax Wannabes related investment activities exclusive of meeting attendance. (e.g. analyzing new stocks for purchase, tracking the performance of stocks in the club's portfolio, preparing buy/sell recommendations, etc.)

Become proficient in the use of the National Association of Investment Corporation (NAIC) Stock Selection Guide (SSG) within 9 months of becoming a partner. The Fairfax Wannabes is a chartered NAIC investment club and the partners use NAIC's SSGs to discuss the investment potential of individual stocks and to make buy/sell recommendations. Partners cannot participate in most Fairfax Wannabes activities if they are unfamiliar and unable to use this tool. Partners may become proficient by studying SSG manuals or by attending NAIC sponsored SSG training. Mentors are available, on request, if a new partner has problems in mastering SSG techniques.

Volunteer for Fairfax Wannabes leadership positions: senior partner, junior partner, financial partner and recording partner; after their first year of membership. Leadership positions require the expenditure of several hours per month above the 6-8 hours spent on investment activities.

These expectations are placed in the preamble of the Fairfax Wannabes Partnership Agreement so each partner knows what to expect from the partnership and what the partnership expects of him or her.

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This agreement of partnership, made as of November 17, 1995 and amended as of November 8, 1996, May 8, 1998, December 8, 2000, and July 2002 by and between the undersigned partners:

**1. FORMATION OF PARTNERSHIP:** The undersigned hereby form a General Partnership in, and in accordance with, the laws of the State of Virginia.

**2. NAME OF PARTNERSHIP:** The name of the partnership shall be Fairfax Wannabes Investment Club.

**3. TERM:** The partnership shall begin on November 17, 1995 and shall continue until terminated by agreement of two thirds of all partners at which time payment shall 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 accomplished not later than ninety (90) days following the date of the agreement to dissolve the Partnership.

**4. PURPOSE:** The purpose of the partnership shall be to invest the assets of the partnership solely in stocks, bonds, and securities for the education and benefit of the partners.

**5. MEETINGS:** Periodic meetings at approximately monthly intervals shall be held as determined by the partnership.

**6. CAPITAL CONTRIBUTIONS:** The partners will make contributions to the partnership on the date of each periodic meeting in such amounts as the partnership shall determine, provided however, that no partner's capital account (as hereinafter defined) shall exceed twenty percent (20%) of the total value of the partnership.

**7. VALUE OF PARTNERSHIP:** The current value of the assets of the partnership, less the current value of liabilities of the partnership (hereinafter referred to as "value of the partnership") shall be determined as of a regularly scheduled date and time (hereinafter referred to as "valuation date") preceding the date of each periodic meeting determined by the partnership.

**8. 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 based on the valuation unit determined as of the valuation statement date. Each partner's capital contribution to, or capital withdrawal from, the partnership, shall be credited, or debited, respectively, to that partner's capital account.

**9. VOTING RIGHTS:** Each partner, regardless of the value of his/her capital account, shall have one vote on all matters pertaining to the partnership.

**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 credit balances in their capital account.

**11. BOOKS OF ACCOUNT:** Books of account of the transactions of the partnership shall be kept and be available and open to inspection and examination by any partner on the meeting day.

**12. ANNUAL ACCOUNTING:** In February of each calendar year, a full and complete account of the condition of the partnership shall be made to the partners.

**13. ANNUAL AUDIT:** On or before March 31 of each year, the partnership's books of account shall be audited.

**14. CHECKING ACCOUNT:** The partnership will select a financial institution for the purpose of opening a partnership checking account. Funds deposited in said account shall be withdrawn by checks signed by the Financial Partner.

**15. BROKER ACCOUNT:** None of the partners of this partnership shall be a broker for the partnership. However, the partnership may 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 held in the partnership name. A designated partner or Financial Partner shall perform the administrative function of giving orders to the broker to cover the purchase or sale of stocks, bonds, and securities for the accounts of the partnership but only after said sales or purchases have been approved by a two thirds majority vote of the partners present at a regularly scheduled meeting.

**16. COMPENSATION:** No partner shall be compensated for services rendered to the partnership, except for reimbursement of authorized expenses.

**17. ADDITIONAL PARTNERS:** Additional partners may be admitted at any time, with the consent of two thirds of all partners, so long as the number of partners does not exceed twenty (20). By the next valuation date after being admitted to the partnership, the new partner shall purchase a capital account in an amount as determined by the partnership.

**18. REMOVAL OF A PARTNER:** Any partner may be removed by agreement of two thirds of all partners. The vote action shall be treated as receipt of request for withdrawal.

**19. WITHDRAWAL FROM PARTNERSHIP:** Only full withdrawals of a partner's account will be allowed. Notwithstanding, partial withdrawals may be allowed in the case of a personal or medical emergency with the consent of two thirds of all partners. A partner withdrawing the value of his/her capital account shall give notice of such intention in writing to the Recording Partner. 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. There are two kinds of withdrawals from the partnership - voluntary and involuntary. Assets are distributed to the withdrawing partner differently depending on the type of withdrawal. Death, incapacity of a partner certified by a physician and relocation of a partner outside of the Washington metropolitan area is considered involuntary withdrawals. All other withdrawals are considered voluntary, unless two-thirds of the remaining partners vote to designate the action as involuntary. Payment terms for voluntary withdrawal are the same as for involuntary withdrawals, except that 95% instead of 100% of the capital account will be the starting point for voluntary withdrawal.

**20. DEATH OR INCAPACITY OF A PARTNER:** In the event of the death or enduring incapacity of a partner, receipt of such notice shall be treated as a notice of withdrawal.

**21. TERMS OF PAYMENT:** In making payment to a partner, the valuation statement prepared for the first meeting following the meeting at which notice is received will be used to determine the value of the withdrawing partner's account. Payment may be made in cash or securities, or a mix of each, at the discretion of the remaining partners. When

cash is transferred, the partnership shall transfer to the withdrawing partner the amount due less the cost to the partnership of selling securities to obtain cash for the withdrawal. When securities are transferred to satisfy the withdrawal, the partnership shall select the securities to be transferred. All costs to transfer the securities shall be borne by the withdrawing partner. In either case, payment shall be made within sixty (60) days after the valuation date used in determining the withdrawal amount.

**22. INACTIVE PARTNER:** A partner may request to become inactive if he/she for reasons of health, business or other extenuating circumstances is unable to participate in Wannabe affairs as required by operating procedures. The request shall be made in writing to the Recording Partner. Approval for inactive partnership status requires the consent of the majority of partners. An inactive partner may not buy additional partnership equity shares; nor may he/she sell shares already held; nor will he/she have a vote in any Wannabe affairs. Shares owned by an inactive partner shall be treated the same as shares of active partners and shall participate in gains and losses of all Wannabe stocks. Inactive partners may attend Wannabe meetings. Anytime an inactive partner wishes to return to active partnership status and participate in Wannabe affairs as required by the Operating Procedures, he/she shall notify the Recording Partner and active status will be restored. Inactive partnership status terminates automatically one year after being granted unless an extension is approved by two-thirds of all partners.

**23. 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 business.
- B. Assign, transfer, pledge, mortgage or sell all or part of his/her interest in the partnership to any other person without two thirds approval of all partners.
- C. Purchase an investment for the partnership where less than the full purchase price is paid for it.
- D. Use the partnership name, credit or property for other than partnership purposes.
- E. Do any act detrimental to the best interest of the partnership which would make it impossible to carry on the business or affairs of the partnership.

**24. AMENDMENT OF THE PARTNERSHIP AGREEMENT:** This partnership agreement can be amended at any time by agreement of two thirds of all partners.

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

The partners have caused this Agreement of Partnership to be executed on the dates indicated below, effective as of the date(s) indicated above.