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SPREADING WEALTH BY SHARING WISDOM



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**Investment Club
MEMBERSHIP AGREEMENT
[SAMPLE]**

(Name Investment Club)

NATALIEPACE.COM DISCLAIMER: *We provide this sample form as a guideline for your use in preparing your own agreement. You should consult with your own legal, tax and accounting advisors to be sure that you understand the legal and financial implications of this agreement and that it suits your objectives and complies with the laws of the state, province and/or country where you reside. More importantly, the members of your club should discuss the terms and clauses in this agreement, make sure they understand how the agreement works, and personalize the dues, name, goals, etc. to suit your particular club's needs. Each member should receive a signed copy of the agreement for his or her personal records. NataliePace.com. does not provide legal or accounting advice, and the comments and suggestions we may provide are not to be construed or relied on as legal or accounting advice.*

Goals and Guidelines

The goals of the _____ investment club are to:
(Name of Club)

- Educate ourselves about the stock market.
- Promote businesses we believe in and want to succeed
- Great food and great company!
- Buying/selling stocks, bonds, real estate, etc...

(These goals are guidelines. Club members should determine the goals of your group.)

1. These rules were agreed to by members of the _____
(Name of Club)

Investment club (hereinafter "Club"), an Investment Club in the State of _____, on _____, 20_____.
(State) (Today's date) (Year)

2. The club began informally in _____ of 20_____, and was legally
(Month) (Year)
formulated on _____, 20_____.
(Today's date) (Year)

3. A 2/3 majority (hereinafter "majority") shall rule for all decisions including termination of the Club.

4. The Members may vote to terminate the club at any time, with a 2/3 majority vote. Assets will be liquidated and disbursed by or before December 31st of the year the vote to terminate is carried.

5. The purpose of the club shall be to invest the assets of the Membership in stocks, bonds, real estate, ATM machines and securities for the education and benefit of the Members.

(If you want to invest in other things, like real estate or collectibles, change this clause to reflect that.)

6. Periodic meetings shall be held on a monthly basis or as modified by a 2/3 majority vote.

7. The Members shall make equal contributions to the club in the amount of \$_____ per month, payable by check or cash to the club. Members may change the monthly membership fee by majority vote.
8. The current value of assets and property of the Club, less the current value of the debts and liabilities of the Club shall be determined as of the statement date of the broker's monthly statement.
9. The Club will open a brokerage and/or banking account under the name of the club, with a registered Employer Identification Number. All members shall share any increase or decrease in the value of the investment club account equally, respectively.
10. Each Member shall participate in the management and conduct the affairs of the _____ Investment Club on an equal basis. All decisions shall
(Name of Club)
be made by a 2/3 majority of the members. A written or verbal proxy when assigned to a Member in attendance at a meeting shall be considered the vote cast by the absent Member for that meeting only. Any one member can only hold one proxy per meeting.
11. Net profits and losses of the Club shall insure to, and be borne by, the Members equally and individually.
12. Books of account or computer printouts of the transactions of the club shall be kept and be available and open to inspection and examination by any Member on the meeting day.
13. At the first business meeting of each calendar year, a full and complete account of the condition of the Club shall be made to the Members. This report will be given by the two non-officer members who are chosen to audit the records.
14. The Club will operate on a calendar year basis for tax and accounting purposes. Taxes will be filed on or before April 15th each year.
15. The Club will select a bank and/or a brokerage mutual funds account for the purpose of opening a Membership account. Funds deposited in said bank/brokerage account shall be withdrawn by checks or other mechanisms signed by the treasurer **or** the president.
16. The Club may select a broker and enter into such agreements with said broker as required for the purchase or sale of stocks, bonds and securities. The treasurer shall perform the ministerial functions of giving orders to the broker, covering the purchase or sales of stocks, bonds and securities for the accounts of the

_____ Investment Club, but only after said purchases or sales
(*Name of Club*)

have been approved by a 2/3 majority vote of the Members. The treasurer may also directly purchase or sell stocks, that have been approved by a majority of the club members, on-line.

17. No Member shall be compensated for services rendered to the club, except for reimbursement of authorized expenses that have been approved by a 2/3 majority vote.
18. Any Member withdrawing from the Club will receive one of the following treatments, within 60 days of withdrawal, based on the Club valuation as of the last valuation date.
 - A. In the event of death, or physical incapacity, or if a Member is unable to participate actively in the club for reasons to be approved by 2/3 majority vote of the Members, 100% of said Member's capital account as described in Sections 8 and 9 above, less expenses incurred to liquidate assets to satisfy said amount shall be made available for payment to the Member's estate.
 - i. The Club may purchase said capital account or sell to any person acceptable to a majority of the remaining Members.
 - ii. The Club may liquidate assets to satisfy said amount.
 - B. A Member may withdraw from the club by submitting a withdrawal request to the president. She may...
 - i. Sell her percentage as described in Sections 18Ai and 18Aii above, and receive ninety-five percent of the proceeds.
 - C. Should a Member be delinquent in her monthly contributions for a period of 61 days, she will automatically be terminated as a Member and will receive an amount equal to 85% of her capital account as described in Sections 8 and 9 above, less any delinquent contribution and fines as described in Section 19 below.
 - i. The club may purchase the member's percentage of the assets of the club or sell to any person acceptable to a majority of remaining Members.

ii. Club may liquidate assets to satisfy said amount and deduct the expenses from the proceeds of the delinquent Member.

D. Upon the death of a Member, her contribution shall cease, and 100% of her capital account, less reasonable and customary administrative expenses, will be made available to her estate.

18. Monthly or periodic contributions to the club are due on the day of each regularly scheduled meeting. Should a Member be delinquent in her contribution by more than two weeks, a delinquent fine of \$10 will be imposed on said Member. Should the delinquency exceed 31 days, an additional delinquent fine of \$15 will be imposed on said Member. Should the delinquency exceed 61 days, the said Member's membership shall be terminated as outlined in Section 17, paragraph C above. Fines shall be deposited in the Club's bank/brokerage account.

19. The president, vice-president, secretary and treasurer will be decided every twelve months or more frequently upon 2/3 majority vote. Officers may succeed themselves in the same office.

It shall be the duty of the **president** to preside at meetings, appoint committees, and oversee club activities.

The **vice-president** will keep a record of club activities, an archive of club reports, distribute materials and report on the previous meetings.

The **treasurer** will place buy and sell orders on instruction from the

_____ (Name of Club)

Investment Club, collect and disburse funds, maintain a set of books or computer program covering the club's financial operations, assets, and members' shares, and issue receipts to Members for their deposits. She shall prepare an annual statement of liquidating value and hire an accountant to prepare proper corporate tax forms, where needed.

The **secretary** will take accurate minutes at meetings, distribute the minutes to the members within fourteen days of the meeting, and bring the minutes to subsequent meetings for ratification.

20. Within 30 days prior to the annual accounting, an auditing committee comprised of two non-officer Members appointed by the president, will inspect the club records in conjunction with the treasurer.

21. The club may at any time amend these club rules, with the exception of this section

(Section 21), which will require a 2/3 majority vote.

- 22. At no time will the total debt of the club exceed an amount equal to 5% of the monthly contributions of the Membership. There will be no trading on margin.
- 23. Profit disbursement payments will be made annually. Such payments will be equal to the sum of the annual profits of stock sales, dividends, unless the club, by 2/3 member majority, decides to reinvest the profits and/or dividends.

24. No Member shall:

- A. Have the right or authority to bind or obligate the club to any extent whatsoever with regard to any matter except as specifically provided in this Agreement.
- B. Assign, transfer, pledge, mortgage or sell all or part of her interest in the club to any Member, except as stated in Section 18.
- C. Purchase an investment for the club for which less than the full purchase is paid.
- D. Use the club name, credit or property for other than Membership purposes.
- E. Do any act detrimental to the best interest of the club or which would make it impossible to carry on the business or affairs of the Membership.

These rules are hereby declared and shall be binding upon the respective heirs, executor, administrators and personal representatives of their parties.

The parties listed on the attached signature document set their hands and signatures on the year and day first above-written.

<u>Name</u>	<u>Signature</u>	<u>Date</u>
_____	_____	_____
_____	_____	_____

