

Limited Liability Company Agreement (Section I)

Agreement of NDDIC Limited Liability Company

(North Dallas Diversified Investment Club LLC)

This agreement of LLC, made as of 01/1/, 2008, by and between members that signed the NDDIC Limited Liability Company Operating Agreement (Regulations)

Witnesseth:

1. **FORMATION OF LLC:** The undersigned hereby form a LLC, in, and in accordance with the laws of the State of Texas
2. **NAME OF LLC:** The name of LLC shall be NDDIC Limited Liability Company (as hereinafter referred to as 'LLC').
3. **TERM:** LLC shall begin on 01/01/ 2008 and continue until December 31, 2011, and thereafter from year to year unless earlier terminated as hereinafter provided.
4. **PURPOSE:** The purpose of LLC is to invest the assets of LLC solely in stocks, bonds, real estate, small businesses and securities, for the education and benefit of LLC members.
5. **MEETINGS:** Periodic meetings shall be held as determined by LLC members.
6. **CONTRIBUTIONS:** Each partner shall make monthly investment contribution of \$75 and \$10 for administrative expenses bounded by Section III, paragraph 6 of this agreement.
7. **VALUATION:** The current value of the assets and property of LLC, less the current value of the debts and liabilities (hereinafter referred to as "value of LLC") shall be determined as of a date not earlier than 10 business days preceding the date of each periodic meeting. The aforementioned date of valuation shall hereinafter be referred to as "valuation date".
8. **CAPITAL ACCOUNTS:** There shall be maintained in the name of each LLC member, a capital account. Any increase or decrease in the value of LLC on any evaluation date shall be credited or debited, respectively, to each LLC member's capital account in proportion to the value of each LLC member's capital account on said date. Any other method of valuating each LLC member's capital account may be substituted for this method provided that said substituted method results in exactly the same valuation as previously provided herein. Each LLC member's contribution to, or withdrawals from, LLC shall be credited, or debited, respectively, to that LLC member's account.
9. **MANAGEMENT:** Each LLC member shall participate in the management and conduct of the affairs of LLC in proportion to his capital account. Except as otherwise provided herein, all decisions shall be made by LLC members whose capital accounts total a majority in amount of the capital accounts of all LLC members. **Each partner shall have one vote**, except otherwise provided in Section III, described under heading Proxy Voting.
10. **SHARING PROFITS AND LOSSES:** Net profits and losses of LLC shall inure to, and be borne by, LLC members in proportion to the valuation adjusted credit balances in their capital accounts or in proportion to valuation unit balances.
11. **BOOKS OF ACCOUNT:** Books of account of the transactions of LLC shall be kept by the Accountant/Treasurer oversee by the President, and at all times be available and open for inspection and examination by any LLC member.
12. **ANNUAL ACCOUNTING:** Each calendar year, a full and complete account of the condition of LLC shall be made to LLC members.
13. **BANK ACCOUNT:** LLC shall select a financial institution for the purpose of opening a LLC checking account. Funds deposited in said account shall be withdrawn by checks signed by President designated by LLC.
14. **BROKER ACCOUNT:** None of LLC members of this LLC shall be a broker; however LLC may select a broker and enter into such agreements with the broker as required, for the purchase or sale of stocks, bonds, and securities. Stocks, bonds, and securities owned by LLC shall be registered in LLC name. Any corporation or Transfer Agent called upon to transfer any stocks, bonds, and securities to or from the name of LLC shall be entitled to rely on instructions or assignment signed or purporting to be signed by any LLC member 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 LLC. At the time of transfer, the corporation or transfer agent is entitled to assume (1) that LLC is still in existence and (2) that this agreement is in full force and effect and has not been amended unless the corporation or agent has received written notice to the contrary.
15. **NO COMPENSATION:** No LLC member shall be compensated for services rendered to LLC, - except reimbursement for expenses.

Section II

16. ADDITIONAL PARTNERS: Additional partners may be admitted at any time, upon the approval by a two thirds majority vote of this LLC, so long as the number of the partners does not exceed fifteen (15). Additional partners will each make an initial capital contribution of \$500.00 to the LLC at said partner's first meeting to LLC Partners (Treasurer/President). Additional payment will be made to the LLC to equal the capital account (contributions) of previously existing members in following manner:

1 Ninety days if capital account is less than \$5,000.

2 One hundred fifty days if the capital account is greater than \$5,000 but less than \$10,000.

3 Six months if the capital account is greater than \$10,000

Any new partner will be bound by all terms and provisions herein in the same manner as other partners.

17. WITHDRAWAL: Any partner withdrawing from the LLC shall give notice in writing to the recording secretary. His/Her notice shall be deemed to be received as of the first meeting of LLC at which it is presented. If notice is received between meetings it will be treated as received at the first following meeting. In making payment the valuation statement prepared for the first meeting following the meeting at which notice is received will be used to determine the value of LLC member's account. A withdrawing partner will receive one of the following treatments, within 45 days of withdrawal submission.

A. BY DEATH OR INCAPACITY: In the event of death or physical incapacity due to accident or illness, or if a partner is unable to participate actively in the LLC for reasons to be approved by two-thirds vote of all partners, one hundred percent (100%) of said partner's interest in the LLC, less expenses incurred to liquidate assets to satisfy said account shall be made available for payment to the partner's estate.

1. LLC may purchase said partner's interest in the LLC or sell to any person that is acceptable to two thirds of the remaining partners.

2. LLC may liquidate assets to satisfy said amount. The said partner's interest in the LLC will be liquidated and paid out in one payment based on the valuation date.

B. BY VOLUNTARY WITHDRAWAL: A partner may withdraw from the LLC by submitting a withdrawal request to the Board. The partner may...

1. Sell their interest in the LLC to the LLC, or to any person that is acceptable to two thirds of the remaining partners.

2. Liquidate their interest in the LLC, incurring all expenses of this liquidation and receive 99% of the proceeds. The said partner's interest in the LLC will be incrementally liquidated and paid out in three payments. The first liquidation and payment shall be at 50% of the final proceeds based on the valuation date. The second liquidation and payment shall be at 25% of the final proceeds 15 days after the first payment date based on the valuation date. The third and final liquidation and payment shall be the remaining 25% of the final proceeds, 15 days after the second payment date based on the valuation date.

C. AUTOMATIC WITHDRAWAL: Should a partner be delinquent in their monthly contributions for a period of 61 days, they will be automatically terminated as a partner and will receive an amount equal to 85% of their interest in the LLC less the amount of any delinquent contribution and fines described in Section III of this agreement.

1. LLC may purchase said partner's interest in the LLC or sell to any person that is acceptable to two thirds of the remaining partners.

2. LLC may liquidate assets to satisfy said amount and deduct the expenses from proceeds to the delinquent partner. The proceeds after deductions will be incrementally liquidated and paid out in three payments. The first liquidation and payment shall be at 50% of the final proceeds based on the valuation date. The second liquidation and payment shall be at 25% of the final proceeds 30 days after the first payment date based on the valuation date. The third and final liquidation and payment shall be the remaining 25% of the final proceeds, 30 days after the second payment date based on the valuation date.

18. DELINQUENT CONTRIBUTION: Monthly contributions to the LLC are due on each regular monthly meeting. Should a partner be delinquent in their contribution of more than three days, a delinquent fine of \$5.00 will be imposed on said partner. Should the delinquency exceed 31 days an additional delinquent fine of \$15.00 will be imposed on said partner? Should the delinquency exceed 61 days, the said partner's membership shall be terminated as outlined in Section II, Paragraph C of this agreement. Fines shall be deposited in LLC's bank account for LLC use other than investing in securities. Postmarks will be recognized as date of payment if contribution or said payment is mailed.

19. OFFICERS: Nominations for the offices of the President, the Vice President, the Treasurer, the Accountant and the Secretary will be received annually during the regular January meeting and elected annually during the regular (monthly) meeting. The newly elected officers shall assume the duties of their respective offices immediately following the Election Day. Officers may succeed themselves in the same office. Officers who do not or cannot perform the duties of their office may be replaced at any time upon the approval by a two-thirds majority vote of this LLC.

It shall be the duty of the President to preside at meetings; appoint committees, and oversee LLC activities.

It shall be the duty of the Vice President to 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 will be responsible for the educational program of the LLC, appoint partners to present reviews and maintain a file of their reports.

It shall be the duty of the Accountant to keep a record of LLC activities and businesses, work with Treasurer to maintain a set of books covering LLC's finances.

It shall be the duty of the Secretary to keep record of LLC meetings and report on previous meetings.

It shall be the duty of the Treasurer/ President to place buy and sell orders on instruction from the LLC, collect and disburse funds, maintain a set of books covering LLC's financial operations, assets, and partner's shares and issue receipts to partners for their cash deposits. The Treasurer/Accountant/President shall prepare an annual statement of liquidating value and prepare proper tax forms and provide tax forms to the partners in timely fashion.

20. AUDITING: Within sixty (60) days prior to the annual accounting, an auditing committee comprised of two (2) officer partners, appointed by the President, shall inspect the LLC records in conjunction with the Treasurer/Accountant.

21. AMENDMENTS: The LLC may, at any time, amend this LLC agreement by a two-thirds majority vote of the partners, with the exception of this section (Section 21), which will require a unanimous vote.

22. VOLUNTARY TERMINATION: LLC may be dissolved by agreement of LLC members whose capital accounts total a majority in amount of the capital accounts of all LLC members. Notice of said decision to dissolve LLC shall be given to all LLC members. LLC shall thereupon be terminated by the payment of all debts and liabilities of LLC and the distribution of the remaining assets either in cash or in kind to LLC members or their personal representatives in proportion to their capital valuation accounts. Distribution of assets to Partners shall be accomplished not later than sixty (180) days following the date of the agreement to LLC.

23. FORBIDDEN ACTS: No LLC member shall:

- (a) Have the right or authority to bind or obligate LLC to any extent whatsoever with regard to any matter outside LLC business.
- (b) Without the unanimous consent of all the other LLC members assign, transfer, pledge, mortgage, or sell all or part of his interest in LLC to any other LLC member or other person whomsoever, or enter into any agreement as the result of which any person or persons not a LLC member shall become interested with him in LLC.
- (c) Purchase an investment for LLC where less than full purchase price is paid for same.
- (d) Use LLC name, credit or property for other than LLC purposes.
- (e) Do any act detrimental to the interest of LLC or which would make it impossible to carry on the business or affairs of LLC.

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

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

LLC MEMBERS:

LLC INVESTMENT GOALS & POLICY

Section III

INVESTMENT GOAL:

100% appreciation within 5 years

(This translates to a 14.9% per year compounded rate of return, dividends included.)

BASIC PRINCIPLES:

- #1 Invest regularly, regardless of market.
- #2 Re-invest all earnings when possible
- #3 Invest in growth and income companies
- #4 Diversify to reduce risk
- #5 Prepare analysis and compare alternatives before investing

PURCHASE/NO PURCHASE TESTS:

- #1 NAIC stock selection guide analysis projects minimum of 15%/yr compounded annual return, including dividends.
- #2 Value Line projects a minimum total return (annualized) of 15% over the next 3-5 years.
- #3 Value Line rates stock no worse than "3" for safety.
- #4 Value Line rates stock no worse than "4" for timeliness.
- #5 No new investment (new stock or addition to an existing holding) will be made which makes that stock exceed 15% of the entire LLC's portfolio value, nor which makes any "industry group" exceed 20% of the entire LLC's portfolio value.
- #6 Administrative cost not to exceed over 16% of the monthly contributions. A money market will be maintained with for covering any administrative cost and transaction related costs. Any excess balance in this account shall be utilized for further stocks and securities purchase.

OTHER POLICIES

Late payment penalty:

Monthly contributions (\$85.00 minimum) should be made at the time of each monthly meeting. If a partner is absent for any reason he/she should arrange to deliver his/her check so as to arrive in the treasurers hands no later than the third mail day following the meeting. In the event the contribution is not received by the third day following the meeting, the delinquent partner will be assessed a \$5.00 penalty. The penalty will be put into a petty cash fund to be used for incidental LLC expenses (i.e. postage, supplies and printing costs) and will not be credited to the fined partners

Proxy voting:

Voting by proxy is permitted within the following guidelines:

- 1) Proxies can be verbal, they can be in writing, signed and dated by the absent member, and can apply only to one LLC meeting.
- 2) No single member shall vote more than 30% of the total LLC's capital account, including his own shares plus proxies, nor more than 49% of the total shares voted regarding any specific issue.

LLC Agreement of NDDIC Limited Liability Company

(LLC)

January 1, 2008 Amendment to LLC By-Laws

Section I, Paragraph 6

CONTRIBUTIONS: Each partner shall make monthly investment contribution of \$75 and \$10 for administrative expenses bounded by Section III, paragraph 6 of this agreement. Monthly investment contributions increases will be voted upon on a yearly basis. Voting requirements are 100% participation with majority member votes for passage. Proxies will be accepted as to complete 100% participation requirements. Increases not to exceed \$25.00 (excluding administrative fees) annually with a lifetime cap of \$150.00 per month. Should vote pass with majority vote, new monthly dues will be in affect in August following the vote to increase.

Section II, Paragraph 16

ADDITIONAL PARTNERS: Additional partners may be admitted at any time, upon the approval by a two thirds majority vote of this LLC, so long as the number of the partners does not exceed fifteen (15). Additional partners will each make an initial capital contribution of \$500.00 to the LLC at said partner's first meeting to LLC Partners (Treasurer/President). Additional payment will be made to the LLC to equal the current value of account (equivalent) to existing members in following manner:

1 Ninety days if total account value is less than \$5,000.

2 One hundred fifty days if total account value is greater than \$5,000 but less than \$10,000.

3 Six months if total account value is greater than \$10,000

Any new partner will be bound by all terms and provisions herein in the same manner as other partners.

Section II, Paragraph 23-c

23. FORBIDDEN ACTS: No LLC member shall:

(c) Purchase an investment for LLC where less than full purchase price is paid for it.