# REAL ESTATE JOINT VENTURE AGREEMENT

This JOINT VENTURE AGREEMENT made this , 20 , between:

, a (hereinafter "PARTY A") and , a (hereinafter "PARTY B") (hereinafter collectively referred to as "Party" or one of the "Parties").

WHEREAS PARTY A agrees to provide capital for acquisition, repair, and rehab or certain real estate:

WHEREAS, the Parties to the Agreement desire to form a Joint Venture (“the Joint Venture”) wherein PARTY A will provide specific amounts of equity capital to be used by, PARTY B to pay for the acquisition of real property located at

hereinafter called the "PROPERTY”; and

WHEREAS PARTY B has provided PARTY A with an estimated budget for construction/rehab of the "PROPERTY”; and

WHEREAS PARTY B agrees to provide services to the Joint Venture, including all activities related to the acquisition, repair, improvement and resale of the PROPERTY commencing immediately upon close of purchase escrow; and

WHEREAS, it is the intent of the Parties to this Joint Venture (the “Joint Venture Partners”) that the repairs, improvements and resale of the PROPERTY will be completed within months of the acquisition of the PROPERTY, or as soon thereafter as possible; and, that the Joint Venture Partners will share in the profits of sale of the PROPERTY, as more particularly set forth in the Agreement; and

WHEREAS PARTY B has provided PARTY A with a fully executed Residential Purchase Agreement in addition to Comparatives for the sale (a thorough comparative market analysis showing the sold prices as well as “days on market” for properties that were renovated and sold after repairs were completed) to the satisfaction of PARTY A; and

WHEREAS, it is the intent of the Parties that the Agreement will set forth the general operational guidelines for the Joint Venture to fund, acquire, repair, improve and resell the PROPERTY.

# AGREEMENTS

NOW THEREFORE, in consideration of the mutual promises and representations set forth herein, the Parties, intending to be legally bound, agree as follows:

1. Name and business. The Parties do hereby form a Joint Venture to be known as " " to market, build upon, alter, repair, rent, lease, and otherwise deal with real property, particularly, and only, the lands and premises known as

.

1. SOLE AGREEMENT: That as between the Parties hereto this Agreement shall be the sole and only agreement governing the ownership, operations and payment from the PROPERTY, canceling, revoking, rescinding and terminating any and all other deeds, conveyances, contracts or agreements between the Parties hereto, or any combination thereof, affecting the PROPERTY.
2. OWNERSHIP OF PROPERTY: That as between the Parties hereto it is understood and agreed that the ownership of the PROPERTY as presently constituted is as set forth in Exhibit A, attached hereto, subject only to the terms and conditions of this Agreement specifically referred to herein. In addition, it is understood, agreed and warranted amongst the Parties hereto that except for agreements, deeds and other documents specifically mentioned herein that none of the Parties hereto, individually, in combination or collectively, have conveyed or encumbered the PROPERTY.
3. REFINANCING: PARTY B shall not have the right to pledge or otherwise hypothecate the titles to any persons, or the whole of, the PROPERTY for any purpose with the written consent of PARTY A. In the event PARTY A consents to the refinancing, the Parties agree any refinancing of the PROPERTY shall be solely for the purpose of development of the PROPERTY, and no more than a total of ( %) of the then current market value of such property shall be so hypothecated or encumbered.
4. TERM: This Agreement shall commence when fully signed by the Parties hereto and shall continue in effect for months unless terminated pursuant to the provisions of this [Paragraph 5](#_bookmark0) or by mutual written agreement of the Parties.
   1. This Agreement may be terminated and the transactions contemplated hereby abandoned by a Party sending written notice to other Party upon the occurrence of one or more of the following events:
      1. Upon the sale of the PROPERTY and distribution of profits pursuant to Paragraph 9 hereunder.
      2. A Party commits a material breach of any of its obligations under Paragraph 6 or 7 of this Agreement, which, if remediable, is not remedied within thirty

(30) business days from the giving of written notice requiring said breach to be remedied;

* + 1. if the other party, its creditor(s), or any third party shall file for the other party’s liquidation, bankruptcy, reorganization, or dissolution, or if the other party is unable to pay any debts as they become due, or if the creditor(s) of the other party have taken over its management.
  1. Termination of this JV Agreement shall be without prejudice to the accrued rights and liabilities of the Parties at the date of termination, unless waived in writing by mutual agreement of the Parties.
  2. If this Agreement is terminated and the transactions contemplated hereby are abandoned, this Agreement shall become null and void, except for the other provisions of this Agreement which, by their nature, are intended to survive

1. OBLIGATIONS OF PARTY A: PARTY A agrees to the following:
   1. Upon execution and delivery of this Agreement by the Parties, PARTY A agrees to contribute into escrow with , the following amounts as selected and initialed by the Parties:
      1. within days of execution and delivery of this Agreement by the Parties, ($ ) for acquisition of title to the PROPERTY;

Initials

* + 1. within days of PARTY B, obtaining title to the PROPERTY,

($ ) for the rehab, repair, development including and carrying costs, i.e. taxes, insurance, utilities etc., of the

PROPERTY;

Initials

* + 1. if the PROPERTY is encumbered by a mortgage or first deed of trust by an unrelated PARTY acceptable to PARTY A then within days of PARTY B, obtaining title to the PROPERTY, ($ ) to cover months of principal payments due under said financing.

Initials

If at any time or times hereafter, the Parties hereto should determine that future capital is required by this Joint Venture and that the capital of the Joint Venture should be increased, PARTY A may, but shall not be required, contribute additional amounts for the carrying or development costs of the PROPERTY. Any additional contributions shall be detailed on the attached Exhibit B and signed by the Parties and made part of the total amounts contributed by PARTY A under this Paragraph 6.

1. OBLIGATIONS OF PARTY B: PARTY B agrees to the following:
   1. If initialed by both Parties, execute and deliver to PARTY A, as beneficiary, a Second Lien Deed of Trust covering the Property (the “Deed of Trust”) subordinate only to a First Lien Deed of Trust with ;

Initials

* 1. Provide the Joint Venture with the finalized budget for construction/rehab of the property;
  2. Select a contractor, and secure for the Joint Venture a detailed breakdown of the construction materials and labor costs as well as a fee payment schedule for review and authorization by the Parties;
  3. Secure any and all necessary permits to complete the work contemplated by this Joint Venture;
  4. If acting as the contractor, maintain all required licenses and bonds in good standing during the Joint Venture term;
  5. Update the Joint Venture weekly as to construction status and communicate directly with the contractor to maintain scope of work, budget, and timeline.
  6. Keep the PROPERTY free of any materialmen, contractor, or other work related liens;
  7. Fire and hire contractor’s as required to avoid any unnecessary delays or cost overruns with the project; and
  8. Repair and rehabilitate Property immediately upon close of purchase escrow
  9. Deliver recorded documents on behalf of the Parties for the stated purpose in this agreement; and
  10. Be responsible selling the Property as provided in Paragraph 9.

1. PROFIT, LOSSES AND RETURN OF CAPITAL: The net profits and return of capital of the Joint Venture shall be divided between the Parties upon sale of the PROPERTY as follows:
   1. First, the costs of sale paid out of escrow;
   2. Second, to the primary lien holder, in the amount then owing thereon, which is not to exceed ;
   3. Third to the secondary lien holder, provided said lien holder is not PARTY A, in the amount then owing thereon, which is not to exceed

;

* 1. Third, to PARTY A in the amount then owing thereon, as shown in Paragraph 6;
  2. Fourth, to PARTY A in the amount of any contributions shown on Exhibit B;
  3. Fifth, to PARTY B for actual rehabilitation costs incurred by PARTY B, and not reimbursed, (supported by receipts or invoices) on the PROPERTY; and
  4. Sixth, % to PARTY A and % to PARTY B.

If the PROPERTY is developed into units, the aforementioned costs are to be paid pro rata on the sale of each unit. Any net losses to the Joint Venture shall be borne by each party pro rata according to the aforesaid formula for profits.

1. MANAGEMENT OF JOINT VENTURE: Subject to any specific provisions of the Agreement, PARTY B shall be solely responsible for the management of the Joint Venture business and shall have all the rights and powers generally conferred by law or necessary, advisable or consistent in connections with those rights and powers, or in connection with accomplishing the purposes of the Venture as set forth in this agreement. PARTY B shall also have the following specific rights and powers:
   1. Expenditures – To expend the capital and revenues of the Joint Venture in furtherance of the Joint Venture business.
   2. Acquisitions/Dispositions – To acquire, hold, develop, construct improvements, lease, operate, manage and resell the Property.
   3. Agreements – To enter into and carry out agreements of any kind and to any and all other acts and things necessary, proper and convenient to carry out the Joint Venture business. To prepare, execute, acknowledge, record, file and/or deliver any and all reports, instruments or documents and to take all actions, required or deemed necessary, reasonable or desirable by PARTY B to effectuate any of the foregoing, to comply with requirements of applicable law or to comply with the provisions of this Agreement.
   4. Insurance – To acquire and enter into any contract of insurance of any type which PARTY B deems necessary for the protection of the Joint Venture.
   5. Expenses – To pay Joint Venture expenses and to make additional decisions relative to Joint Venture accounting, including accumulation of costs and receipts of rehabilitation, Joint Venture reserves and proceeds from the sale of the Property.
   6. Employment of Personnel - To employ persons in the operation and management of the Joint Venture business or assets, including but not limited to building contractors, engineers, appraisers, insurance brokers, real estate brokers, loan brokers, Real estate Listing Agents on those terms and for that compensation as PARTY B determines. PARTY B and various affiliates of PARTY B may be employed on behalf of the Joint Venture, for any of the aforementioned services, so long as the compensation paid to the person or persons is not more than the fair market value of his or her services.
   7. To the extent either Party or its affiliates serve as the listing agents for the resale of PROPERTY, the maximum commissions to be derived from the resale of PROPERTY shall be (3) three percent each as the Seller’s Agent and Buyer’s Agent respectively. To the extent an independent agent is to be retained, the written approval of the PARTIES shall be retained first.
2. LIMITATION OF MANAGEMENT: Notwithstanding any other provision of this Agreement to the contrary, PARTY B shall not have the authority, without the approval of PARTY A, to:
   1. Sell, assign or refinance all or substantially all of the Joint Venture’s property.
   2. Do any act which would materially alter or make it impossible to carry on the ordinary business of the Joint Venture.
   3. Admit any person as a Venturer, except as provided in this Agreement.
   4. Execute or deliver any assignment for the benefit of the creditors of the Joint Venture.
   5. Expend or obligate the Joint Venture to expend $ in excess of the repair budget attached hereto as Exhibit C, without the written consent of Party A, which shall not be unreasonably withheld after Party B’s disclosure of progress on

repairs made to then date by way of forwarding of photographs reflecting and evidencing the extent and status of repairs.

* 1. Borrow, or obligate the Joint Venture to borrow any amount of money.
  2. Borrow money from the Joint Venture, either directly or indirectly.
  3. Commingle any funds of the Joint Venture with Party B’s own funds or any other funds.
  4. Confess a judgment against the Joint Venture.
  5. Admit any person as a substitute Venturer of the Joint Venture.

1. SALE OF PROPERTY: The PROPERTY will be offered for sale on the MLS and through

, within seven (7) calendar days of completion of construction/remodel for an amount agreed to in writing by the Parties. If the Parties cannot agree on a sales price, the Parties will employ the services of a mutually agreeable real estate appraiser for this purpose. The expense of any such appraisal shall be equally borne by the Parties individually.

1. AUTHORITY & LIMITATIONS OF PARTY B REGARDING SALE: In furtherance of the acknowledged mutual goal of minimizing risk and accomplishing a prompt and early resale of the Property following completion of repairs, PARTY B’s authority and discretion to make decisions with regard to resale of the PROPERTY and what price and terms to accept shall be subject to the following limitations:
   1. Except as otherwise provided below, any sale of the PROPERTY shall require the mutual consent of all Parties. Parties agree that any accepted offer must include an initial Loan Status Report (LSR) demonstrating lender prequalification for the Buyer, followed by written confirmation within 15 days from the Buyer’s lender that the loan has been approved if the offer is not Cash. Parties may also require that all Buyers undergo prequalification through a chosen lender.
   2. Unless PARTY A otherwise agrees or a previous offer has been accepted, PARTY B shall be required to accept any cash offer (no financing contingency) received as follows:
      1. On/After 15 days but less than (30) days following completion of repairs, for an offer price of at least equal to % of the agreed upon sales price.
      2. On/After 30 days but less than 61 days following completion of repairs, for an offer price equal to % of the agreed upon sales price of the PROPERTY.
      3. On/After 60 days but less than (90) days following completion of repairs, for an offer price equal to % of the agreed upon sales price of the PROPERTY.
   3. In the event the PROPERTY has not received a qualified offer, and/or sold (closed escrow) to a buyer after a total holding time of: 120 days, the asking price of the property shall be reduced by %. 165 days, the asking price of the

PROPERTY shall be reduced a further %.

* 1. The Parties agrees that the lowest possible sales price to prevent losses to the

Lender, or any PARTY is to be $

(the “Break Even

Amount”). In lieu of selling the PROPERTY below “Break Even Amount” resulting in losses resulting in an amount insufficient to pay off Investor’s Capital Contributions and preferred return, INVESTOR OR DEVELOPER shall have the option of refinancing the property to pay off the First Position Lien and Second Position Lien.

1. SALARIES AND DRAWINGS: No Party shall receive any salary for services rendered to the Joint Venture. The efforts of each party is recognized by the others as is reflected in the formula for profits and losses in Paragraph 8 above.
2. IDENTIFICATION: PARTY B shall not identify this Agreement, the Joint Venture, or the identity of PARTY A, to any contractor, subcontractor, supplier or other providers of labor or services to the PROPERTY; and, PARTY B shall take all steps necessary to provide in any agreements with the foregoing that it is the sole entity contracting with such persons or entities and is solely responsible for payment to them.
3. INDEMNIFICATION: PARTY B hereby agrees to indemnify and hold harmless PARTY A, including its officers, directors, shareholders, employees and agents from any losses, damages, claims, expenses, including attorneys’ fees, arising from or pertaining to the ownership, improvement, maintenance, resale, all other aspects pertaining to ownership of the PROPERTY, and any breaches of this Agreement, or any Addendum thereto, or failure of performance thereof by PARTY B.
4. INDEPENDENT ACTIVITIES: Each Party agrees that, except as provided in this agreement, that either Party may, during the Term of this Agreement, directly or indirectly, engage in any business activity which is the same as the business of the Joint Venture as presently conducted, or as proposed to be conducted, without the consent of the other Party. Notwithstanding the foregoing, the Parties recognize that each of the Parties engage in business which is similar to the business of the Joint Venture or in areas which are not serviced by the Joint Venture, and that the Parties shall be entitled to engage in those activities notwithstanding any potential conflict with the business of the Joint Venture.
5. BOOKS AND ACCOUNTING RECORDS: PARTY B, shall at all times maintain complete and accurate books of account of the Joint Venture, and shall enter, or cause to be entered, all the sales, purchases, receipts, payments, engagements, disbursements, transactions, and property of the Joint Venture. PARTY B shall provide account access and accounting information to PARTY A at least monthly and upon the sale of the PROPERTY. The books and accounting records of the Joint Venture shall be kept at the principal place of business or another place where business of the Joint Venture shall be carried on. PARTY A shall have free access at all times to the information in order to examine and copy of the books of the Joint Venture.
6. BANK ACCOUNTS: The Joint Venture shall maintain its bank account at a financial institution designated by PARTY B, provided, that the financial institution shall be an

institution whose deposit accounts are insured, to the full extent permitted by law, by the Federal Deposit Insurance Corporation.

1. VOLUNTARY TERMINATION: The Joint Venture may be dissolved at any time by written agreement of the Parties, in which event the Parties shall proceed with reasonable promptness to sell any and all assets owned by the Joint Venture and to liquidate the business of the Joint Venture. The Joint Venture shall also be dissolved by the sale of the PROPERTY which is the subject of this Joint Venture. Upon dissolution, the assets of the Joint Venture business shall be used and distributed in the following order:
   1. to pay or provide for the payment of all Joint Venture liabilities and liquidating expenses and obligations;
   2. profits and losses to be shared by the Parties according to their Joint Venture share referred to above.
2. NOTICES: All notices - filed herein shall be in writing by certified or registered mail, (United States or Canada, as the case may be), return receipt requested for the Canadian equivalent of such service, to the addresses listed below. Service of such notice is to be deemed accomplished as of the date of mailing:

PARTY A

PARTY B

1. RESTRICTION OF ASSIGNMENT: No party herein may assign or otherwise alienate its Joint Venture interest without the written approval of the other Party.
2. ARBITRATION: As a portion of the consideration for this Agreement, Parties mutually waive access to the courts for purposes of construction of this Agreement. In lieu of such access, the Parties agree that in the event of a dispute involving the construction of this Agreement, the party holding one view shall retain and pay for the services of an attorney or certified public accountant, and the party holding an opposing point of view shall do likewise. The two professionals so retained shall designate a third professional (an attorney or accountant) and the decision of the majority of those three (3) professionals shall be final and binding upon all Parties in interest. The party whose view shall not prevail in that determination shall be responsible for the costs and fees of the third professional, and if, in fact, there shall be no

clear-cut "prevailing view," the binding decision of the professionals shall also include an assessment of the cost and fees of the third professional.

1. BINDING EFFECT, GOVERNING LAW: This Agreement shall be governed by and construed in accordance with the laws of the State of , and shall be binding upon the Joint Venture, the Parties individually, and the heirs, executors, administrators and assigns of Parties. This Agreement may only be altered, amended or modified only by a writing signed by all Parties.
2. BREACH OF AGREEMENT AND ATTORNEYS FEES: In the event of a breach of this Agreement or the resolution of any dispute in accordance with this Agreement herein, the prevailing party shall be entitled to reasonable attorney’s fees and costs.
3. OWNERSHIP OF THE JV PROPERTY WITHOUT ENCUMBRANCE: At all times the fee ownership of the PROPERTY shall remain and belong to PARTY B. PARTY A's only rights therein shall be its legal and/or equitable interest in the PROPERTY as provided in this Agreement. PARTY B agrees not to encumber the PROPERTY without the written consent of PARTY A.
4. DEADLOCK AND DISPUTE: Any dispute or disagreement between the Parties as to whether to promptly sell the PROPERTY as is or to develop it shall be resolved as follows:
   1. In the event PARTY B wishes to sell or develop the PROPERTY and PARTY A does not, then PARTY B shall pay PARTY A, within 90 days of written notice,

% of the then market value of the property as determined by an independent appraiser agreed to by the Parties and PARTY A shall deed the PROPERTY, free of liens, to PARTY B and this agreement shall be void and of no further force or effect.

* 1. In the event PARTY A wishes to sell or develop the PROPERTY and PARTY B does not, then PARTY B shall pay PARTY A, within 90 days of notice,

% of the then market value of the property and this agreement shall be void and of no further force or effect.

1. REPRESENTATIONS AND WARRANTIES. Both Parties to this agreement represent and warrant the following:

If either party is a legal entity then by their signatories set forth below, the Parties represent that the respective legal entity is in good standing and that he or she is authorized by proper authority to enter into this Agreement.

Each party represents and warrants to the other that it has the legal right, power and authority to enter into this Agreement, and to fully perform its obligations hereunder and thereunder, and that the performance of such obligations shall not conflict with its charter or organizational documents or any agreements, contracts or other arrangements to which it is a party.

1. RECORDATION: This Agreement may be recorded into the Official Records

County, , by any one of the Parties hereto.

1. MISCELLANEOUS:
   1. Time is of the essence in this Agreement.
   2. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A signed facsimile or photocopy of the Agreement shall be treated as an original, and shall be deemed to be as binding, valid, genuine and authentic as an originally signed agreement for all purposes, and includes all matters of evidence and the “best evidence” rule.
   3. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine gender include the feminine gender and vice versa. Words in the neuter gender include the masculine gender and the feminine gender and vice versa.
   4. Each term, covenant, condition, and provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law but if any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.
   5. This Agreement contains the entire agreement between the parties. All negotiations and understandings have been included in this Agreement. Statements or representations which may have been made by any party to this Agreement in the negotiation stages of this Agreement may in some way be inconsistent with this final written Agreement. All such statements are declared to be of no value in this Agreement. Only the written terms of this Agreement will bind the parties.
   6. This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon the Parties successors, assigns, executors, administrators, beneficiaries, and representatives.
   7. Any notices or delivery required here will be deemed completed when hand- delivered, delivered by agent, or seven (7) days after being placed in the post, postage prepaid, to the parties at the addresses contained in this Agreement or as the parties may later designate in writing.
   8. Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies and benefits provided by this Agreement will be cumulative and will not be exclusive of any other such rights, remedies and benefits allowed by law.
   9. Each of the Parties warrant and represent that they have read this Agreement with care and believe that they are fully aware of and understand its contents and its legal effect.
   10. No amendment, change or modification of this Agreement shall be valid, unless in

writing and signed by all of the Parties.

* 1. Each Party to this Agreement shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonable necessary in connection with the performance of their obligations under this Agreement to carry out the intent of the Parties to this Agreement.

IN WITNESS WHEREOF, the parties have hereto executed this Agreement the day and year first above written.

# PARTY A

By: Name: Title:

# PARTY B

By: Name: Title:

State of

County of

On , before me, , personally appeared, , proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal

(notary signature)

My Commission Expires:

State of

County of

On , before me, , personally appeared, , proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal

(notary signature)

My Commission Expires:

# EXHIBIT A

# EXHIBIT B

# EXHIBIT C