

# JOINT VENTURE AGREEMENT

AGREEMENT made July 20, 2011 amongst: \_\_\_\_\_ and \_\_\_\_\_

## RECITALS

The Joint Venturers have agreed to make contributions to a common fund for the purpose of acquiring and holding: 20 Street, hereinafter called the business interest. With this project; an addendum outlining the address, project, repairs, scope of work, profit aim, and closing and holding costs in detail. Acquisitions will be acquired using a land trust for each investment property.

The Joint Venturers consider it advisable to acquire and hold their business interest through a nominee so as to avoid the necessity of numerous separate agreements, to maintain the legal title to the business interest in a simple and practicable form and to facilitate the collection and distribution of the profits accruing under the business interest. \_\_\_\_\_ has agreed to act as nominee of the Joint Venturers with the understanding that she is also acquiring a participating interest in this joint venture on her own account,

It is therefore agreed:

## ARTICLE I GENERAL PURPOSE

- 1.01 Business Purpose: The Joint Venturers form this joint venture to acquire and hold the business interest in common and to jointly work together in its acquisition in an equity position manner. To the extent set forth in this Agreement, each of the Joint Venturers shall own an undivided fractional part in the business.
- 1.02 Term of the Agreement: This Joint Venture shall commence on the date first above written and shall continue in existence until terminated, liquidated, or dissolved by law or as hereinafter provided.
- 1.03 Renewability: If, upon stated purpose of business interest is completed successfully and Joint Venturers would like to acquire another business interest under this Joint Venture Agreement, it is renewable with the consent of all Joint Venturers and with new addendums outlining the new business interest and addendums that go along with the business interest, same as listed in the first paragraph of the recitals.

## ARTICLE II GENERAL DEFINITIONS

The following comprise the general definitions of terms utilized in this Agreement:

- 2.01 Affiliate: An Affiliate of an entity is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control of such entity.
- 2.02 Capital Contribution(s). The capital contribution to the Joint Venture actually made by the parties, including property, cash and any additional capital contributions made. This will also include loan encumbrances against the business interest by one or more partners of the joint venture.
- 2.03 Profits and Losses. Any income or loss of the Partnership for federal income tax purposes determined by the Partnership's fiscal year, including, without limitation, each item of Partnership income, gain, loss or deduction.

## ARTICLE III OBJECTIVES OF THE JOINT VENTURERS

3.01 Objectives: The objectives of this Joint Venture Agreement are as follows:

- 3.01.a Put in a purchase agreement for the business interest
- 3.01.b Go through escrow and provide any and all items required to close on business interest.
- 3.01.c Acquire and obtain a loan for 60-80% of the purchase price using private or hard money at the best interest rates and terms possible.
- 3.01.d Screen and chose a reliable contractor for the rehab of the property; utilizing contracts to protect the interest of the Joint Venturers

- 3.01.e Acquire the necessary permits and inspections to assure contract work is done to code and is not in violation of any city, county or state ordinances.
- 3.01.f Market the property for an end buyer utilizing all available methods to acquire the most profit for the Joint Venture, including, but not limited to
  - 3.01.f.1 Fliers
  - 3.01.f.2 Web advertising at various websites
  - 3.01.f.3 Advertising in local papers
  - 3.01.f.4 Auction to bring in a high number of buyers
- 3.01.f.4.1 An auction method can and may be used to move the property fast, and the price is contingent on all Joint Venturer's agreeing to accept the price and terms of the offer. USUALLY this method brings in a LARGE amount of buyers and gets top dollar for the property.
- 3.01.f.5 If attempts to sell property without a real estate agent do not pan out, a real estate agent will be hired after a month of rehab completion.
- 3.01.f.6 Close on the property, pay off all business loans, expenses, and distribute profits to Joint Venturers.

**ARTICLE IV ALLOCATIONS**

4.01 All initial Capital Contributions made by any and /or all of the Capital Contributors will be returned in FULL in addition to the profits; as outlined in section 2 of this joint venture agreement. Joint Venturers agree that Insert description here.

Contributions: The Agent acknowledges that he has received from each of the Joint Venturers, for the purpose of this joint venture, the sum set after the name of each Joint Venturer as follows:

Name	Cash Contribution to Joint Venture		Loan Amt for Joint Venture	Total Eff. Capital Contribution AMT
	\$	%	\$	
	\$	%	\$	
	\$	%	\$	
	\$	%	\$	
	\$	%	\$	
<b>TOTALS:</b>	\$	%	\$	

4.02 Profits and Losses: Commencing on the date hereof and ending on the termination of the business of the Joint Venture, all profits, losses and other allocations to the Joint Venture shall be allocated at the final closing of the business interest. The Agent shall hold and distribute the business interest and shall receive the net profits as they accrue for the term of this Agreement or so long as the Joint Venturers are the owners in common of the business interest, for the benefit of the Joint Venturers as follows:

Name	Proportion
( )	%
	%

**ARTICLE V RIGHTS AND DUTIES OF THE JOINT VENTURERS**

**Representations**

5.01 The Joint Venturers appoint as their agent whose duty it shall be to hold each of the undivided fractional parts in the business interest for the benefit of and as agent for the respective Joint Venturers in a separate escrow account for the benefit of this Joint Venture. All Joint Venturer's will have access to the monthly statements of account and a breakdown of all expenses during the life of the Joint Venture. Only the agent will be permitted to make withdrawals on the account ONLY to pay for expenses and acquisition costs associated with the business interest.

- 5.02 The agent is responsible for all operations and decisions of the Joint Venture and will be compensated for providing various services, unless noted elsewhere in this agreement. The agent has full, exclusive and complete authority and discretion in the management and control of the business of the Joint Venture for the purposes herein stated and shall make all decisions affecting the business of the Joint Venture. At such, any action taken shall constitute the act of, and serve to bind, the Joint Venture. The agent will consult with all Joint Venturers before making decisions that will affect the outcome of the profitability of the Joint Venturers.
- 5.03 The agent shall manage and control the affairs of the Joint Venture to the best of its ability and shall use its best efforts to carry out the business of the Joint Venture.
- 5.04 Compensation of Agent: Unless otherwise agreed to in the future by a majority in interest of the Joint Venturers, the Agent shall not receive any compensation for services rendered by him under this Agreement.
- 5.05 Acquisition of Business Interest: The Agent is authorized to acquire and hold in a trust; as the trustee, but on behalf of the beneficiaries of the Joint Venturers (of which the Agent is one), the business interest, and to pay \$220K or less for it as follows: \$[AMOUNT OF MONEY] in cash from SOURCE OF CASH, and the balance of \$BALANCE LEFT by a note in that amount. The note shall bear interest at the rate of PERCENTAGE%, shall be due and payable on \_\_\_\_\_, with prepayment privileges without penalty, and shall be secured by WHATEVER IS SECURING THE NOTE which the Agent is authorized to execute and deliver. Note will be held by LENDER SECURING THE NOTE for a term of \_\_\_\_\_ months at an interest rate of \_\_\_\_\_%. Payments to LENDER SECURING THE NOTE are to be made  monthly or  accrued until payoff. Costs of loan will be split by JV partners equally between their parent companies (ie, if one company has 2 people, and another has 1 person, that would be a 50/50 split, NOT a 33/33/33 split)

#### ARTICLE VI AGREEMENTS WITH 3RD PARTIES AND WITH AFFILIATES OF THE JOINT VENTURERS

- 6.01 Validity of Transactions: Affiliates of the parties to this Agreement may be engaged to perform services for the Joint Venture. The validity of any transaction, agreement or payment involving the Joint Venture and any Affiliates of the parties to this Agreement otherwise permitted by the terms of this Agreement shall not be affected by reason of the relationship between them and such Affiliates or the approval of said transactions, agreement or payment.
- 6.02 Other Business of the Parties to this Agreement: The parties to this Agreement and their respective Affiliates may have interests in businesses and other real estate pursuits other than the Joint Venture business. The Joint Venture shall not have the right to the income or proceeds derived from such other business interests and, even if they are competitive with the Partnership business, such business interests shall not be deemed wrongful or improper.

#### ARTICLE VII PAYMENT OF EXPENSES

- 7.01 Expenses of Venture. All losses, expenses and disbursements incurred by the Agent in acquiring, holding and protecting the business interest and the net profits shall, during the period of the venture, be paid and reimbursed by the Joint Venturers, on demand of the Agent if the Joint Venturer's account is not sufficient to cover the costs.

#### ARTICLE VIII INDEMNIFICATION OF THE JOINT VENTURERS

- 8.01 The parties to this Agreement shall have no liability to the other for any loss suffered which arises out of any action or inaction if, in good faith, it is determined that such course of conduct was in the best interests of the Joint Venture and such course of conduct did not constitute negligence or misconduct. The parties to this Agreement shall each be indemnified by the other against losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by it in connection with the Joint Venture.

8.02 Liability of Agent. The Agent shall be liable only for his own willful misfeasance and bad faith and no one not a party to this Agreement shall have any rights whatsoever under this Agreement against the Agent for any action taken or not taken by him.

ARTICLE IX DISSOLUTION

9.01 This Agreement shall terminate and the obligations of the Agent shall be deemed completed on the happening of either of the following events:

9.01.a The receipt and distribution by the Agent of the final net profits accruing under the business interest.

9.01.b Termination by mutual assent of all joint ventures-Because business interest is real property, once it is acquired, it will not be possible to dissolve this Joint Venture until the project is complete as all monies will be involved in the project. Project will be expedited and handled in as efficient manner as possible; Joint Ventures acknowledge that some rehab work has to be done by outside companies and while we screen very well, we are dependent upon these other companies and individual to complete the repairs.

ARTICLE X MISCELLANEOUS PROVISIONS

10.01 Books and Records. The Joint Venture shall keep adequate books and records at its place of business, setting forth a true and accurate account of all business transactions arising out of and in connection with the conduct of the Joint Venture.

10.02 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

10.03 Integrated Agreement. This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, restrictions or warranties among the parties other than those set forth herein provided for.

10.04 Headings. The headings, titles and subtitles used in this Agreement are for ease of reference only and shall not control or affect the meaning or construction of any provision hereof.

10.05 Notices. Except as may be otherwise specifically provided in this Agreement, all notices required or permitted hereunder shall be in writing and shall be deemed to be delivered when deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, addressed to the parties at their respective addresses set forth in this Agreement or at such other addresses as may be subsequently specified by written notice.

10.06 Applicable Law and Venue. This Agreement shall be construed and enforced under the laws of the State of California.

10.07 Other Instruments. The parties hereto covenant and agree that they will execute each such other and further instruments and documents as are or may become reasonably necessary or convenient to effectuate and carry out the purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written. Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
\_\_\_\_\_, acting as President of \_\_\_\_\_

6/21/2011

\_\_\_\_\_  
\_\_\_\_\_, acting on behalf of \_\_\_\_\_

**NOTICE**

The information in this document is designed to provide an outline that you can follow when formulating business or personal plans. Due to the variances by many local, city, county and state laws, we recommend that you seek professional legal counseling before entering into any contract or agreement.

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