

JOINT VENTURE AGREEMENT

AGREEMENT made this ____ day of September 2008, by and among ("PARTNER 1") with an address of Partner 1 and ("JV PARTNER 2") of Address of JV PARTNER, (hereinafter sometimes referred to as individually as a "Venturer" and collectively as the "Venturers").

WITNESSETH:

WHEREAS, the Venturers have formed a Joint Venture (the "Venture") to acquire, renovate and sell for a projected, but not guaranteed, profit that certain real property located at and commonly known as **SUBJECT PROPERTY ADDRESS** (the "Property")(which acquisition, renovation, and syndication are referred to collectively as the "Project"); and

WHEREAS, JV PARTNER 2 shall acquire title to the Property on or about September 30, 2008 for the sum of _____ (\$ _____) pursuant to that certain contract dated _____ ("Contract"); and

WHEREAS, PARTNER 1 is an experienced real estate investor and renovator and based upon its experience and reputation, has secured financing for the Project in the sum of TWO HUNDRED EIGHTY THOUSAND (\$280,000) DOLLARS (the loan documents including the Note and Mortgage are referred to collectively as the "Loan");

WHEREAS, JV PARTNER 2 is desirous of working jointly with PARTNER 1 on the Project to gain experience in real estate investing and renovation;

WHEREAS, the Venturers desire that their interest in the venture, the services to be rendered thereto and the profits derived therefrom, and any liability for losses arising out of the performance thereof, be defined by an agreement in writing:

NOW, THEREFORE, in consideration of the sum of One and 00/100 (\$1.00) Dollar and other good and valuable consideration, the receipt of which is hereby acknowledged, and upon the premises and mutual covenants and agreements herein contained, the parties hereby constitute this as their Agreement for the purpose of acquiring the real property, completing the Project, and making available the funds necessary for the completion of the Project and to carry out the Project, and do hereby agree as follows:

ARTICLE I.

Name, Principal Place of Business, Purpose, Business to be Carried on, and Objectives to be Effective

- 1.0. The Venture shall not engage in any business or activity other than acquiring the real property and improvements described above, renovating same, and completing the Project. Nothing herein shall be construed or deemed to establish any other purpose for the Venture nor to constitute the parties hereto as partners for any other purpose nor to prohibit their pursuit of other business interests or activities.
- 1.1. Except as expressly provided herein to the contrary, the rights and obligations of the Venturers and the administration and termination of the Venture shall be governed by the laws of the State of Connecticut.
- 1.2. The principal place of business of the Venture shall be Address of Partner 1.
- 1.3. Subject to the provisions of Article VI hereof, the Venture shall be empowered to: (a) acquire the Property in accordance with that certain Contract; (b) construct the improvements thereon; (c) sell or lease the Property; (d) mortgage or convey the real property owned by it; and (e) complete the Project and to enter into, perform, and carry out contracts of any kind necessary or incidental to or required in connection with the accomplishment of the purposes of the Project.
- 1.4. JV PARTNER 2 shall assign the proceeds of the Loan and any other construction loans and other financing obtained to the Venture to be used for renovation including all construction of the Project, or if it is unable to assign such proceeds, to cause them to be applied to the Venture's use;

- 1.5. JV PARTNER 2 hereby designates PARTNER 1 as the agent of the Venture with sole discretionary authority to enter into all contracts of construction and of supply in connection with the renovation of the Project;

ARTICLE II.
Contributions to the Project

- 2.0. Simultaneously with the execution of this Agreement, the Venturers shall take the following action and make the following contributions to the Venture:
 - 2.1. JV PARTNER 2 shall execute the Loan documents, contribute the sum of \$40,000.00 and shall use said sum in addition to the initial proceeds advanced from the Loan to acquire title to the Property pursuant to the Contract.
 - 2.2. PARTNER 1 shall provide Project management and access to its network of contractors and vendors. Subject to the terms of this Agreement, PARTNER 1 shall use its best efforts to: maintain cost control over the construction of the Project; maintain and control the construction schedule for efficient progress of the Project; negotiate and/or bid the various construction contracts; review and pass upon, on behalf of the Venture, submissions, requests, and questions of the contractors and make decisions as required; review the validity of change order requests and pass upon them accordingly; pass upon samples, mock-ups, and tests offered by contractors for approval; coordinate with all government agencies and local utility companies to provide for proper permits, approvals, and connections as required, and pass upon decisions related thereto and, on behalf of the Venture, receive and pass upon all matters related to the day-to-day operations and construction of the project to provide for its orderly and expeditious completion. As used herein, construction shall be deemed complete upon the issuance of a permanent Certificate of Occupancy.
 - 2.3. Should the costs of the Project exceed the amount of the construction holdback funds as set forth in the Loan disbursement statement, then, upon mutual consent, the Venturers shall contribute the funds necessary to account up to the additional costs in the respective percentages that they shall share in the profits and losses of the Venture as set forth herein (“make-up funds”). If one Venturer fails to contribute the necessary make-up funds within five (5) business days of demand, the contributing Venturer may contribute the necessary make-up funds on behalf of the non-contributing Venturer whereupon they shall receive interest on this contribution at the rate of fifteen (15%) percent per annum and shall be reimbursed said funds including interest from the non-contributing Venturer’s share of the profits.

ARTICLE III.
Interest of the Profits and Losses, and Costs and Expenses of the Venture

- 3.0. JV PARTNER 2 shall own an undivided forty (40%) percent interest and PARTNER 1 shall own an undivided sixty (60%) percent interest in the profits and losses of the Project. The determination of profits and losses shall be made by the mutual consent of the Venturers using generally accepted accounting practices. Should the Venturers be unable to agree on a final determination of profits and losses, then the parties, at their respective sole costs and expense, shall each select a certified public accountant who together shall attempt to make a final determination of profits and losses according to generally accepted accounting practices. Should the respective accountants be unable to agree on a final determination of profits and losses, then the accountants shall agree on the selection of an independent third accountant who shall make a final determination of profits and losses which determination shall be binding on the Venturers.
- 3.1 Costs and expenses of the Venture shall include but not be limited to: closing costs, construction costs, lenders fees and cost, mortgage principal and interest, loan principal and interest, insurance costs, taxes, utilities, accounting fees, attorneys fees and real estate commissions paid to third party realtors unaffiliated with either Venturer (it being understood that members of both Venturers are licensed real estate agents and as such the Ventureres hereby agree that should any of said members, their employs or partners receive a real estate commission for services rendered in conjunction with the sale of the Property, that such net commission be added back into the Project as a profit to be distributed in accordance with the percentages set froth in this

Article III above.

3.2 Profits and losses shall be calculated as follows:

- a. Gross Sales Price; minus
- b. Closing costs incurred in the acquisition of the Property, including but not limited to attorneys fees, lenders fees, inspection fees, appraisal fees, title search fees, title insurance costs and other customary and reasonable closing costs; minus
- c. Closing costs incurred in the sale of the Property, including but not limited to attorneys fees, conveyance taxes and other customary and reasonable closing costs; minus
- d. Real estate taxes; minus
- e. Water and sewer use charges/taxes/assessments; minus
- f. Payoff of mortgage loans, including but not limited to all unpaid principal, interest, late fees, prepayment fees, exit fees and escrow fees; minus
- g. Unpaid construction costs; minus
- h. Unpaid insurance premiums; minus
- i. Unpaid and final utility bills; minus
- j. Realtor commissions; equals
- k. Profit or loss to be divided as set forth in this Article III above.

3.3. The Venturers hereby agree that should an offer to purchase the Property: (i) in its "as-is" condition prior to the commencement of renovation construction for \$_____ with a closing to occur within thirty (30) days of the date of offer, or (ii) in its after construction condition (certificate of occupancy issued) for \$_____ with a closing to occur within thirty (30) days of the date of offer, said offer shall be accepted without the unanimous consent of the Venturers.

ARTICLE IV.

Deposit and Withdrawal of Funds

- 4.0. All costs and expenses for the Project shall be requisitioned from, PARTNER 1, and upon approval, shall be paid by said lender directly on behalf of the Venture directly to the vendors.
- 4.1. All contracts and requisitions involving an amount of over \$2,500.00 shall require the signatures of both Venturers. All contracts and requisitions involving an amount of under \$2,500.00 may be signed by the individual responsible for the item for which the check is drawn.
- 4.2. The books of account will be maintained at the office of JV PARTNER and shall be kept in accordance with recognized accounting principles. The books and records of the Venture and of the Project may be reviewed by any of the Venturers upon two (2) business day's advance notice.
Within ten (10) days after the end of each and every calendar month during the pendency of the Project, an itemized statement of all monies received, due, owing, and expended will be submitted to each of the Venturers. It is understood that this and all accounting services shall be the sole responsibility of PARTNER 1 and if required, PARTNER 1, in its sole discretion, may employ the services of an outside independent certified accountant the cost of which shall be deemed a cost of the Venture.
- 4.3. None of the Venturers shall have the right to borrow money on behalf of any other Venturer, nor to use the credit of any other Venturer for any purpose.

ARTICLE V.

Termination of the Agreement

5.0. The term of this agreement shall commence upon its execution by all Venturers and shall continue until the

happening of the first of the following events (Termination Events);

- (a) Sale of the Property; or
- (b) Upon written consent of all Venturers.

ARTICLE VI.
Management and Respective Duties of the Venturers

- 6.0. The day-to-day Management of the Project shall be vested in PARTNER 1.
- 6.1. Notwithstanding the respective duties of the Venturers as described herein, in the event any one or more of the Venturers hereto become unable to perform their duties as a result of death or a permanent mental or physical disability, that Venturer's responsibilities shall be distributed to the remaining Venturers by a majority vote.
- 6.2. The term of this Agreement may only be modified by a unanimous vote of the Venturers.
- 6.3. Except as may be otherwise provided in the Agreement, no Venturer, without the written consent of the other Venturers, shall make, draw, accept, or endorse any bill of exchange, check, promissory note, or other instrument for the payment of money or guarantee any debt or account on behalf of the Venture or pledge the credit of the Venture in any way.
- 6.4. Except as may be otherwise provided in this Agreement, no contract, note, deed, bond, mortgage, or other instrument shall be a valid obligation of the Venture or a lien upon any of the assets of the Venture unless the execution thereof is authorized by the Venturers and is signed and executed in the name of the Venture in the manner as may be authorized by the provision of this Agreement.
- 6.5. In all events, the Venturers shall use reasonable efforts to notify all other Venturers of any significant action on behalf of the Venture or its intention with respect to any significant action which it proposes to take, and shall from time to time, as appropriate in the circumstances, call meetings of all Venturers to advise them of developments in the Project.
- 6.6. The Venture shall indemnify and hold harmless each person or entity who is or was a Venturer, a party in any Project which is itself a partnership, an officer, director, or stockholder of any corporate party, and agent appointed by the Venture and the successors, heirs, executors, and administrators of each of them (herein the Indemnified Parties) from and against any loss, expense, damage, or injury suffered or sustained by it by reason of any act, omission, or alleged act or omission arising out of its activities with respect to the Project, including, but not limited to any judgment, fine, penalty, award, settlement, reasonable attorneys' fees, and other costs or expenses incurred in connection with the defense of any actual or threatened action, suit, proceeding, investigation or claim, civil, criminal, administrative, legislative, or other, or any appeal relating thereto which is brought or threatened either by or in the right of the Project (herein called a derivative action), or by any other person, governmental authority, or instrumentality (herein called a third party action), (and including any payments made by any party to any of its Venturers, officers, directors, or stockholders pursuant to an indemnification agreement not substantially broader than this Section); provided that the act, omission, or alleged act or proceeding, investigation, or claim: (i) in the case of a derivative action, was not performed or omitted fraudulently or as a result of willful malfeasance by such Indemnified Party; and (ii) in the case of a third party action, was performed or omitted in good faith in what the Indemnified Party believed to be in, or not opposed to, the best interests of the Project. To the extent that an Indemnified Party has been successful on the merits or otherwise in defense of any such proceeding or in defense of any claim or matter therein, it shall be deemed that the applicable criteria established in (i) or (ii) of the preceding sentence have been satisfied. The determination under any circumstances as to whether an Indemnified Party acted fraudulently, with willful malfeasance, or in good faith in what the Indemnified Party believed to be in, or not opposed to, the best interest of the Project shall, unless the parties agree that indemnification is appropriate, be made by independent legal counsel selected by the parties in a written opinion or by a court of appropriate jurisdiction. Expenses incurred in defending any derivative action or third party action shall be paid by the Project as they are incurred upon

receipt, in each case, or upon an undertaking by or on behalf of the relevant Indemnified Party to repay such amounts, unless it shall ultimately be determined that such Indemnified Party is entitled to be indemnified by the Project in accordance with this Section. The indemnification provided hereunder shall not be deemed exclusive of any rights to which the Indemnified Parties may be entitled under any applicable statute, agreement, or otherwise.

- 6.7. All judgments against the Venture and the Venturers, wherein the Venturers are entitled to indemnification, shall be satisfied with the Venture's assets.
- 6.8. Except as to any misrepresentation or the breach of any agreement or covenant contained in this Agreement, none of the Venturers shall be liable, responsible, or accountable to the Venture or to any other Venturer for any loss in connection with the Venture's business, if such Venturer acts in good faith and is not guilty of willful misconduct. In addition, any liability of a Venturer to the other Venturers or to the Venture shall be limited to such Venturer's interest in the Venture, and no Venturer or partner of a Venturer shall have any personal liability to the other Venturers or the Venture, except to the extent that funds are required by this Agreement to be lent or contributed or are wrongfully obtained.
- 6.10. The Venture shall reimburse each Venturer for payments made and liabilities and expenses necessarily incurred by each Venturer in the conduct of the business of the Venture or for the preservation of the business and property of the Venture, but there shall be no reimbursement for overhead expenses.

ARTICLE VII.

Insurance Requirements

- 7.0. The Venture shall obtain and retain in force insurance with such companies, in such amounts, and against such risks as the Venturers may determine but not less than any insurance policy limits required by any lenders. The premiums shall be an expense of the Venture.

ARTICLE VIII.

Books and Records, Fiscal Year, and Accountants

- 8.0. The Venture shall keep or cause to be kept full and true books of account reflecting all Venture and Project transactions. Said books of account shall be maintained at the principal office of the Venture and shall be open to the inspection and examination of the Venturers or their representatives during business hours.
- 8.1. The Venturers agree that the books of account shall be audited by the certified public accountants (or by such other firm as they may mutually select) regularly employed by PARTNER 1, and that said firm shall prepare all required federal, state, and city partnership income tax returns the cost of which shall be an expense of the Venture.

ARTICLE IX.

Restrictions on Disposition of Interest in the Venture

- 9.0. The Venturers agree that during the term of this Agreement they will not sell, assign, transfer, pledge, encumber, or in any other way dispose of any of their interests in the Venture, nor any right, title or interest therein (herein deemed a disposition of its interest in the Venture), and that no sale, assignment, transfer, pledge, encumbrance, or other disposition thereof whatsoever or of any right, title, or interest therein, shall be valid or binding during the period of the Project.
- 9.1. The Venturers agree that during the term of this Agreement they will not sell, assign, transfer, pledge, encumber, or in any other way dispose of any note, bond, or other evidence of indebtedness of the Venture, if any, which it may hold for monies contributed to or advanced by it to the Venture or any part thereof (herein deemed a

disposition of its interest in the Venture), and that no sale, assignment, transfer, pledge, encumbrance, or other disposition thereof whatsoever shall be valid or binding during the term of this Agreement.

- 9.2. Any sale, assignment, transfer, pledge, encumbrance, or other disposition with respect to any interest in the Project in violation of the terms of this Agreement shall be null and void, and shall confer no right or title whatsoever in the vendee, assignee, transferee, grantee, pledgee, or mortgagee thereof.

ARTICLE X.
Limits of Agreement

- 10.0. The relationship between the Venturers shall be limited to the consummation of the Project. This Agreement shall be and is deemed to be an Agreement for the sole purpose of carrying out the Project. Nothing herein shall be construed to create an agency or partnership between the Venturers for any other purpose or to authorize any of the Venturers to act as general agent for any other Venturer in any other context or matter or to permit any of the Venturers to bid for or to undertake any other contracts or agreement for any other Venturer.

ARTICLE XI.
Notices

- 11.0. Unless otherwise specified in this Agreement, all notices, demands, requests, or other communications which a Venturer may desire or be required to give hereunder shall be in writing, shall be deemed given when received, and shall be sent by registered or certified mail with return receipt requested, addressed to the other Venturers at their most recent address, with a copy thereof to such addressees' attorneys. A Venturer may change the address to which notices are to be sent by notice given as aforesaid.

ARTICLE XII.
General Provisions

- 12.0. This Agreement shall be binding upon and inure to the benefit of the Venturers hereto and their respective heirs, executors, administrators, successors, and assigns.
- 12.1. This Agreement is made pursuant to the laws of the State of _____ and shall be construed in accordance therewith.
- 12.2. This Agreement cannot be changed, discharged, or terminated orally.
- 12.3. This Agreement may be executed in any number of counterparts and each of such counterparts shall be deemed to be an original, and this Agreement shall be binding on every Venturer who shall execute any one of such counterparts.
- 12.4. If any provisions hereto shall be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have signed their names the day and year first above written.

PARTNER 1

By: _____

Its Member, duly authorized

JV PARTNER

By: _____
Individual xyz
Sole Member