

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT ("Agreement"), made and entered into as of this _____, 20____, by and between, _____ (hereinafter referred to as "Party A") and _____ Company, LLC (hereinafter referred to as "Party B").

ARTICLE 1: GENERAL TERMS

The business of the Joint Venture shall be to purchase, manage and ultimately sell real estate located at _____

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 the consent of the parties.

ARTICLE 2: PROFIT AND LOSSES OF THE JOINT VENTURE:

Profits and Losses: Amounts owed to each party shall be determined after the subtraction of expenses, costs and debts of the joint venture in the following percentages:

50 % to Party A and
50% to Party B.

Amounts owed to each party shall be paid upon the following event:

1. Excess cash flows beyond those required for the escrow fund as defined below shall be payable to each party on a monthly basis.
2. Upon dissolution of this venture as described below, each party shall first receive its actual capital contributions to the venture and any remaining net proceeds shall be paid to each party at the percentages listed herein.

ARTICLE 3: RIGHTS AND DUTIES OF THE JOINT VENTURERS

Business of the Joint Venture:

Title: Title shall be held by Party B in the name of _____.
A Deed of Trust shall secure party A.

Initial Contributions: Party B has, through network sources and marketplace diligence, located and negotiated the contract for purchase of the subject property. Party A has reviewed the supporting documents, photographs and pro forma estimate of the property performance data and has agreed to provide the capital for the initial acquisition and upgrade costs at an amount not to exceed _____. Such funds will be used first for closing the purchase transaction per the HUD1 closing statement, secondly for the purchase of a prepaid annual fire and hazard insurance policy, thirdly for the initial property repairs \$ _____ (per the HUD1 closing statement), lastly, for initiating utilities and payment for necessary property upgrades before occupancy. Any remaining funds will be retained in the operating escrow account and such account maintained to provide sufficient funds for the annual payment of property taxes, insurance plus \$1,000.00 for contingencies.

Management: Party B shall have the exclusive duty of managing the asset during the holding period. Such management shall include, but not be limited to: Necessary property improvements and/or maintenance, marketing, interviewing, and performing background due diligence for prospective occupants, collecting monies, disbursing monies as necessary for the on-going operation including property taxes and insurance.

Party B shall have the exclusive right to manage and negotiate with occupants or prospective tenant-buyers and enter into agreements with same for the occupancy of the property and future sale of the property under terms acceptable to Party B. It is the desire of both parties that any future gains on the sale of the property be one year or more in time so as to be considered long term capital gains. Party B will not agree to the sale of said property for an amount less than \$ _____ cash without the consent of both parties and such a sale price would be consummated within two (2) years of the date of this agreement. Party B agrees not to enter into any future sale agreement that provides the Buyer with terms that would extend beyond a five (5) year period without some re-negotiation of those terms, whether interest rate, principal payments, or an index that would allow for the effects of future inflation.

Escrow Fund: An escrow fund shall be maintained for the purpose of paying annual property taxes, insurance payments as well as \$1,000.00 contingency for future maintenance, repair or replacements as needed. Major replacements or maintenance, which shall be defined as a one-time expense of \$500.00 or more, shall require the mutual agreement of both parties before such expense may be incurred. There will also be the cost of an initial insurance policy estimated to be no more than \$ _____ annual and the beginning escrow fund for property taxes which per the closing statement shall be \$ _____ as of closing date. Approximately \$ _____ per month is the estimated amount needed to retain for future property tax and insurance payments. This amount may be revised from time to time as needed based on the actual expenses.

Capital Contributions: It is the goal and desire of this joint venture that future capital contributions will be minimal and occasional during the holding period; that cash flow from the property will be sufficient to offset future expenses plus produce an on-going return on the investment asset. In the event additional operating monies are necessary beyond the contingency fund, or to replenish the contingency fund, the managing Party B shall provide appropriate documentation and each party shall contribute equally the funds necessary.

Inability to Contribute: It is agreed that should either party be for any reason unable or unwilling to contribute as needed to the on-going needs or concerns of the venture, that the other party may elect to make such contributions for the good of the venture, but in such case, the contributing party shall be given a 2:1 credit for every dollar so contributed. For example, should Party A contribute \$500.00 without equal contribution of Party B, then Party A shall be given a \$1,000.00 credit (2 time \$500.00) as capital contributed.

If for any reason Party B is unable to fulfill the management duties of the venture, Party A may elect to take over this position and/or hire outside management services to replace Party B. In such case, Party B's interest in the venture shall be reduced from 50% to 25%, and Party A shall increase from 50% to 75%.

Dissolution: At the dissolution of this joint venture, each party shall receive first the return if its actual capital contributions to the venture and the remaining net proceeds shall be divided equally 50/50 between the parties.

Any authority not expressly granted shall NOT be claimed by any joint venturer without the written consent of the other party. Furthermore the parties place the following dollar limit on the amount that each joint venture party may bind the joint venture: \$1,000.00. Any amount over this shall require the written consent the other venture party.

ARTICLE 4: INDEMNIFICATION OF THE JOINT VENTURERS

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 scope and best interests of Joint Venture and such course of conduct did not constitute negligence or misconduct. Misconduct or gross negligence by Party B would be defined as 1) failure to maintain property insurance and have a loss that would decrease the value of the property or 2) failure to pay property taxes and have the property taken by a tax lien suit, or 3) any misappropriation of funds related to this joint venture. In any such case of misconduct or gross negligence, Party B would be required to bring whole the property and/or the investment fund to its previous value or basis. In addition, Party A would be entitled to take over the management duties of Party B and Party B's interest would be reduced from 50% to 25% and Party A's interest would increase from 50% to 75%.

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.

ARTICLE 5: NOT A PARTNERSHIP

The parties to the agreement are NOT general or limited partners and this agreement shall NOT infer or imply a 'defacto' or implied-in-law general partnership.

ARTICLE 6: ENDING OR DISSOLUTION OF THE JOINT VENTURE:

Events of the Joint Venturers. The Joint Venture shall be dissolved upon the happening of any of the following events: (a) The adjudication of bankruptcy, filing of a petition pursuant to a Chapter of the Federal Bankruptcy Act, withdrawal, removal or insolvency of either of the parties. (b) The sale or other disposition, not including an exchange of all, or substantially all, of the Joint Venture assets. (c) Mutual agreement of the parties.

ARTICLE 7: ACCESS TO INFORMATION:

Each Joint Venturer shall allow the other joint venture party reasonable access to records that relate to the subject matter of the joint venture.

ARTICLE 8: VALIDITY, INTEGRATION AND INTERPRETATION OF AGREEMENT

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.

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.

Significance of 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.

Applicable Law and Venue: This Agreement shall be construed and enforced under the laws of the State of Virginia. If anything is not specifically set forth in this agreement, then the relationships of the parties shall be governed by the Uniform Partnership Act of the State of Texas, nothing in this agreement shall imply or infer a general partnership.

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

XXXXXXXXXX, Joint Venturer A

Date

XXXXXXXXX COMPANY, LLC

XXXXXXX, Member,
Joint Venturer B

Date

XXXXXXX Member,
Joint Venturer B

Date