

# JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT (hereinafter "Agreement") is entered on this \_\_\_ day of MONTH, YEAR, by and between **Party1**, a XXXXX (State) Corporation/Limited Liability Company/Limited Partnership located at xxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxx (hereinafter "PARTY1"), and **Party2**, a XXXXX (State) Corporation/Limited Liability Company/Limited Partnership located at xxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx (hereinafter "PARTY2").

## RECITALS

WHEREAS, the parties desire to formalize their understanding regarding the development of a certain tract of land located in xxxxxx, xxxxxxxxxxx County, XXXXX;

WHEREAS, the property is more particularly described as follows (hereinafter the "Property"):

Approximately XX Acres located at xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

## AGREEMENT

### {OPTIONAL PROVISIONS:}

X. **Joint Venture.** The parties agree to form a new Limited Liability Company named XXXXXXXX xxxxxxxxxxx, LLC (hereinafter "New LLC") in which the ownership shall be as follows, xx% - PARTY2, xx% - PARTY1. The purpose of the New LLC is to complete the full development of the Property. All provisions of this Joint Venture Agreement shall be integrated into the Operating Agreement of the New LLC.

X. **Place of Business.** The principal place of business of the joint venture, at which the joint venture's books and records shall be maintained, shall be ADDRESS or at such other place as shall be mutually agreed upon by the parties from time to time.

X. **Funding of the Project.** As consideration for this Agreement, PARTY1 agrees to provide all necessary funding for the purchase and future development of the Property.

X. **Funding of the Project.** As consideration for this Agreement, PARTY1 agrees to assist both parties by obtaining the property under fair market value. It is estimated that the current fair market value of the Property is \$XXXXXX,xxx. The parties shall obtain the Property for \$XXXX,xxx. Thus PARTY1's contribution to the Joint Venture is \$XXXX,xxx. PARTY2 shall provide the cash purchase price of \$XXXX,xxx in order to close on the purchase of the Property. Hence the initial percentages of the partners set forth in Section X above are based on their respective initial investment.

**X. Share of Profit from Development.** All profits from the ultimate sale and development of the Property shall be shared according to the percentages of ownership of the partners in the **New LLC** at the time the profits are realized. These percentages may be adjusted from time to time as set forth in Section **X** below. However, at all times, distribution of profit shall be made in the following manner: (1) before profits are shared according to these percentages and upon the sale of the property, all expenses related to the development and debts against the Property shall be paid, then (2) **PARTY2** shall be reimbursed its original **\$XXXX,xxx** cash investment, then (3) both parties shall be reimbursed any additional cash contributions they made to the Joint Venture and/or **New LLC**, then (4) **PARTY1** shall be paid **\$XXXXX,xxx** for his initial in-kind contribution, then (5) after the above payments, any and all profits shall be shared according to the percentages of ownership of the partners in the **New LLC** at the time the profits are realized.

**X. Share of Profit from Development.** All profits from the ultimate sale and development of the Property shall be shared **xx% PARTY1** and **xx% PARTY2**. Additionally, Profit shall be defined as gross revenue from sale of the property and/or lots, less any and all verified and actual costs expended in connection with the Property from this point forward. At all times, the financial records related to the income and expenditures for the Property shall be made available to both parties. Monies distributed to either party for services shall be a draw against future profit, except for the agreed upon fee to **PARTY2** set forth in Section **X** below. Said fee shall be an expense allocated against profit, not a draw to **PARTY2**.

**X. Additional Contributions and Potential Reductions in Partnership Interest.** If at any time additional cash contributions are necessary for the development of the Property, a 'capital call' shall be made of the partners of the **New LLC**. The 'call' shall require the partners to make a contribution in the amount of their percentage interest in the **New LLC**. If a partner is unable to make a cash contribution according to their ownership percentage in the **New LLC**, their ownership percentage shall be reduced pro-rata. For example, if it necessary for the **New LCC** to have a contribution of **\$Xxx,xxx**, **PARTY1** would be required to make a contribution of **\$Xxx,xxx**, and **PARTY2** **\$XXXX,xxx**. If **PARTY1** is unable to make said contribution by the reasonable and necessary deadline, and **PARTY2** makes the contribution on behalf of **PARTY1**, **PARTY2** shall be allocated the percentage of interest in the **New LLC** that equates to the capital contributed. The equation would be as follows: Total Capital after additional contribution= **\$XXXX,xxx**, and **\$Xx,xxx/\$XXXX,xxx** is **xx%**, thus **PARTY1's** interest in the **New LLC** would be reduced from **xx%** to **xx%** and **PARTY2's** increased to **xx%**.

**X. Services of PARTY2.** As consideration for this Agreement, **PARTY2** agrees to provide project management for the development of the project. In exchange of these services, the parties agree that the **New LLC** shall distribute **Xxxx Thousand Dollars (\$xxx,000)** per month for a total of twelve (12) months, beginning with the first payment due upon closing of the purchase of the Property by the **New LLC** and continuing on the 1<sup>st</sup> day of each month thereafter for an additional eleven (11) months.

X. **Property Exclusive to Agreement.** The parties agree that the Property is exclusive to this Joint Venture Agreement, and if either party purchases the Property, directly or indirectly, this Agreement shall be binding upon both parties. Otherwise stated, neither party shall circumvent the other in the purchase and development of this Property at any time in perpetuity.

X. **Development Control.** It is agreed that **PARTY2** shall have majority control for all decisions regarding the development of the Property. However, it is agreed that the parties will move as quickly as possible to develop the Property and maximize the profits of all partners.

X. **Title to Property.** After construction of the home is completed and at the closing on the purchase from the Contractor, the parties agree that the Property shall be titled in the name of **XXXXXXXXXXXXXXXXXX**. Furthermore, neither party shall circumvent the other in the purchase, development, and sale of the Property at any time in perpetuity.

X. **Development Control and Exit Strategy.** It is agreed that **PARTY1** shall have majority control for all decisions regarding the development of the Property. However, it is agreed that the Property will be listed for sale no later than twelve (12) months from the date of this Agreement and the Property sold to the first bona-fide purchaser for a reasonable purchase price. At all times, the Property shall be listed with a licensed Realtor at its fair market value based on comparable sales in its proximate area.

X. **Termination of Joint Venture and Tax reporting.** Upon the sale of the Property, an accounting shall be completed and the Joint Venture terminated. The 1099 from the sale of the Property shall be reported to **XXXXXXXXXXXXXXXXXX** at Closing, after which **PARTY1** will immediately make payment to **PARTY2** under the terms set forth in Section 4 above. **PARTY1** shall 1099 **PARTY2** for its share of the Profit.

X. **Dissolution.** The Agreement shall be dissolved upon the happening of any of the following events: 1) The adjudication of bankruptcy of either of the parties, 2) The sale or other disposition, not including an exchange, of all, or substantially all, of the Joint Venture assets, or 3) Mutual written agreement of the parties.

X. **Miscellaneous.**

x. **Books and Records.** The **New LLC** 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 Joint Venture.

x. **Term of Agreement and Amendment.** This Agreement shall terminate if the Property is not purchased by **PARTY2** and/or the **New LLC**, pursuant to an Offer for Purchase of Real Estate Contract entered into as of **Date**. Any amendments to this Agreement must be agreed to in writing between the parties.

x. **Agreement Binding.** This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

x. **Integrated Agreement.** This Agreement shall constitute the entire understanding and agreement among the parties with respect to the subject matter hereof. There are no agreements, understandings, restrictions, or warranties among the parties other than those herein set forth.

x. **Governing Law; Consent to Personal Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of **XXXXXXX** without regard for conflicts of laws principles. Each party hereby expressly consents to the personal jurisdiction of the state and federal courts located in the state of **XXXXXXX** for any lawsuit filed there against any party to this agreement by any other party of this agreement concerning the Joint Venture or any matter arising from or relating to this Agreement.

x. **Attorney Fees.** In the event an arbitration, suit or action is brought by any party under this Agreement to enforce any of its terms, or in any appeal therefrom, it is agreed that the prevailing party shall be entitled to reasonable attorneys fees to be fixed by the arbitrator, trial court, and/or appellate court.

x. **Savings Clause.** If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

x. **Severability.** If any provisions of this Agreement are held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, provided that both parties may still effectively realize the complete benefit of the transaction contemplated hereby.

x. **Successors and Assigns.** All of the terms and conditions of this Agreement are hereby made binding on the successors and permitted assigns of both parties hereto.

x. **Other Businesses.** The parties to this Agreement may have interests in businesses other than the Joint Venture business. It is mutually agreed by the parties that the parties may each engage in any business other than that discussed under this agreement in such manner and at such times as they and each of them shall, from time to time, desire, completely free of any restriction, interest, or claim by the partnership in them. In consideration for this, each party hereby agrees to indemnify and hold the remaining parties harmless against any and all loss, judgments, damages, liabilities and expenses that may be incurred by reason of such party's private, outside business.

x. **Effective Date.** All references to the "date of this Agreement" or the "date hereof" or similar references shall be deemed to mean the date first written above.

x. **Notices.** Any notice required or permitted to be delivered hereunder shall be deemed to be delivered (a) when delivered, if personally delivered or by an overnight or other courier service, or (b) whether or not actually received, when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed to Company.

x. **Further Documents.** Both parties shall execute such documents hereafter from time to time as may be required to carry out the respective obligations of the parties hereunder.

DATED this \_\_\_\_ day of **MONTH, YEAR**

**ENTITY NAME**

**ENTITY NAME**

\_\_\_\_\_  
**PARTY1**

\_\_\_\_\_  
**PARTY2**