

## JOINT VENTURE AGREEMENT

### Source Lending

THIS JOINT VENTURE AGREEMENT (the "Agreement") is made and effective on this \_\_\_\_ day of \_\_\_\_\_ 2019 (the "Effective Date") between JOINT VENTURE CAPITAL, LLC of 3390 Kori Rd, Suite 9, Jacksonville, Florida 33257 ("Capital Investor"), and \_\_\_\_\_, a Florida [LLC or Corp.] of [address] \_\_\_\_\_ [and] [name] \_\_\_\_\_, an individual of [home address] \_\_\_\_\_ (collectively "Sweat Equity Investor") (collectively referred to as the "Parties," or individually referred to as "Party").

WHEREAS, the Parties are aware of the availability of Property located in [county], Florida, and more particularly described as follows (the "Property"):

*[Legal description of Property]*

and

WHEREAS, the Property can be obtained at a price of \$\_\_\_\_\_, and the Parties have reason to believe that the value of the Property will increase considerably after certain renovations and improvements are performed.

WHEREAS, the Parties desire to form a joint venture for the purpose of buying the Property, performing renovations and improvements, and later selling it at a good profit.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the Parties herein agree to constitute themselves as joint venturers, for the purposes before mentioned, and intending themselves to be legally bound hereby, the Parties hereto, do covenant, agree, and certify as follows:

1. **Contributions.** Each Party must contribute to the venture as defined below:
  - 1.1 **Capital Investor.** The Capital Investor shall contribute the purchase price of the Property, acquire title to the Property, and execute and record a mortgage on the Property. Furthermore, Capital Investor shall provide financing to Sweat Equity Investor for the purpose of performing the renovations and improvements to the Property (the "Loan"). The Capital Investor will put down 25% of the total loan amount.
  - 1.2 **Sweat Equity Investor.** The Sweat Equity Investor shall contribute, skillful labor, and fully perform any and all renovations and improvements to the Property. The Sweat Equity Investor will pay monthly when due all the interests on the Loan as defined under the terms of the mortgage and promissory note. The Sweat Equity Investor will pay an annual interest rate of \_\_\_\_\_% for the Loan.

**1.3** After the purchase of the Property has been made, and aside from the cost and expense of the renovations and improvements to the Property, such additional contributions as may be required from time to time for payment of taxes and other expenses shall be charged to the Sweat Equity Investor.

**1.4** Before the Closing day, Capital Investor and Sweat Equity Investor must do their accounting taking into consideration all the expenses incurred by the Capital Investor, the interest due on the Loan until the Closing day and any other expenses which shall be recorded on the HUD Financial Statement. The Closing Agent shall disburse directly to the Sweat Equity Investor his net proceeds at Closing.

**2. Conduct of Venture.** The Property shall be purchased on or before the \_\_\_\_ day of \_\_\_\_\_ 2019, and will be taken in the name of the Capital Investor. The Parties anticipate that the holding period will be no more than 12 months. During that time Sweat Equity Investor shall assume responsibility for overseeing the Property and making sure that all taxes and other expenses are paid on a timely basis.

**2.1 Draws.** The Capital Investor shall provide financing in two or three draws upon the Sweat Equity Investor having reached some landmarks in the remodeling or construction as indicated in the attached Work Order and Calendar.

Draws are contingent on passing proper inspection, either from any lender, or government entity and upon work showed. Capital Investor will directly pay vendors and require partial and final releases of mechanic's lien.

**3. Default.** If the Sweat Equity Investor is falling behind the schedule of payment for whatever reason by \_\_\_\_\_ [ex: 30] days, then a 15-day grace period will start from that last day, upon which the Sweat Equity Investor will, automatically and without further notice or action on the part of the other joint venture, waive all rights into the venture, not as a penalty, but as liquidated damages. This known waiver of rights is understood to apply even in case of disability, incarceration, death or bankruptcy since the Sweat Equity Investor understands fully that its failure to complete the work timely and on budget may place the property at risk of foreclosure, and therefore at risk of a total loss, and that to gather new contractors to finish off the work will require more expenditure and time than originally planned.

**4. Severability.** The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. If any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both Parties subsequent to the expungement of

the invalid provision.

**5. No Waiver.** The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement, shall not be construed as subsequently waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

**6. Attorneys' Fees.** In any litigation, arbitration or other legal proceeding which may arise between any of the parties hereto, the prevailing party shall be entitled to recover its costs and expenses, including costs and expenses of litigation, arbitration, court costs and expenses and costs and expenses incurred on appeal, and reasonable attorneys' and paralegals' fees incurred in any dispute through litigation, arbitration and appeal of a final judgment, and execution of judgment, in addition to any other relief to which such party may be entitled.

**7. Governing Law.** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Florida without regard to conflict of laws principles.

**8. Notices.** Unless provided herein to the contrary, any notice provided for or concerning this Agreement shall be in writing and shall be deemed sufficiently given when sent by certified or registered mail if sent to the respective address of each Party as set forth at the beginning of this Agreement. Either Party may amend its respective mailing address in writing.

**9. Mandatory Arbitration.** Any dispute under this Agreement shall be required to be resolved by binding arbitration of the Parties hereto. If the Parties cannot agree on an arbitrator, each Party shall select one arbitrator and both arbitrators shall then select a third. The third arbitrator so selected shall arbitrate said dispute. The arbitration shall be governed by the rules of the American Arbitration Association then in force and effect.

**10. Entire Agreement.** This Agreement shall constitute the entire agreement between the Parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement.

**11. Term and Termination of Agreement.** The term of this Agreement shall be from the Effective Date to the date on which all Parties have fully performed. On termination of this Agreement for any cause whatever, the venture shall be wound up and dissolved. Excepted that any financial accounting might be reopened in case claims by contractors or others become known after the sale of the property.

**12. Assignment of Rights.** The rights of each party under this Agreement are personal to that party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party.

**13. Modification of Agreement.** Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement shall be binding only if placed in writing and signed by each Party.

**14. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

**15. Compliance with Laws.** In performing under this Agreement, all applicable governmental laws, regulations, orders, and other rules of duly-constituted authority will be followed and complied with in all respects by both Parties.

WITNESS our signatures as of the day and date first above stated.

**JOINT VENTURE CAPITAL, LLC**

***[SWEAT EQUITY INVESTOR]***

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*THOMAS MOHAJERI*  
as authorized officer for  
JOINT VENTURE CAPITAL, LLC

\_\_\_\_\_  
*Printed Name*  
*Individually as Personal Guarantor*

**WORK ORDER AND CALENDAR**

**Upon Execution of this Agreement**

**Upon Closing of the Property**

**Before Receipt of the First Draw**

**Before Receipt of the Second Draw**

**Before Receipt of the Third Draw**

**Before Receipt of the Fourth Draw**

**Before the Listing of the Property for Sale**