**JOINT VENTURE AGREEMENT**

**AGREEMENT**, made \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_\_\_\_, between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“First Party”), having an address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Second Party”) having an address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ collectively hereinafter referred to as "Venturers").

**W I T N E S S E T H :**

WHEREAS, the first party has investment capital available for contribution to the joint venture, and

WHEREAS, The second party has a purchase contract to certain real estate located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“the Property”), and

WHEREAS each of the parties desires to own one-half undivided interest in the subject property described below and the parties have agreed to limitations upon the right and power to transfer their undivided interests and have also agreed upon the payment of expenses, delegation of responsibility and the distribution of profits and/or losses incurred with reference to the property, and

WHEREAS, it is the desires of the parties to define and set out their relationship in writing and the circumstances under which they are operating, as of the date of this Agreement.

NOW THEREFORE, in consideration oft he mutual covenants herein after contained the parties agree as follows:

**1. Formation**

The parties hereby enter into and form a joint venture (the "Joint Venture") for the purposes and the period and upon the terms and conditions hereinafter set forth. This Joint Venture in the real estate to be purchased by the parties shall be defined solely by this agreement, regardless of the manner in which title to property may be taken.

This agreement is not intended to create a general partnership between the parties.

The parties represent and warrant that there are no suits, judgments or liens of any kind pending or file against him/her whether individually of in conjunction with any person or entity in any jurisdiction whatsoever.

**2. Purposes**

The purpose of this Joint Venture is to purchase the real property located at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the purpose of repairing, renovating, and selling it as expeditiously possible and to carry on any and all such other activities as may be necessary to accomplish the above described purpose of the joint venture, to incur indebtedness, secured and unsecured; to construct improvements on the Property; to mortgage, finance, refinance, encumber, lease, sell, exchange, convey, transfer or otherwise deal with or dispose of the Property; to enter into and perform contracts and agreements of any kind necessary to, in connection with or incidental to the business of the Joint Venture; and to carry on any other activities necessary to, in connection with or incidental to the foregoing, as the Venturers in their discretion may deem desirable. As used in this Agreement, the term "mortgage" includes any mortgage, deed of trust, mortgage deed or other similar instrument. Each of the parties irrevocably waives any and all right that he may have to maintain any action for partition with respect to his undivided interest in the Property or to compel any sale of the Property under any law now existing or hereafter enacted. The parties agree that title to the Property will be taken in the following manner (choose one):

\_\_\_\_ In trust with the Venturers as Beneficiaries and Trustees

\_\_\_\_ As Tenants in Common between the respective parties

\_\_\_\_ Solely in the name of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The Venturers are hereby authorized to cause the Joint Venture to acquire the Property pursuant to that certain Contract of Sale, dated \_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_\_, between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as seller and First Party as purchaser, or for a purchase price and upon such other terms and conditions as the Venturers may deem appropriate. The Venturers are authorized to execute and deliver such instruments and to take any and all actions as the Venturers may deem necessary or desirable to acquire the Property.

**3. Term**

The Term of the Joint Venture shall commence on the date first above written and shall continue until the purpose for which the Joint Venture was created, unless sooner terminated as hereinafter provided, but not later than 60 days after the sale of the Property and accounting and distribution of the proceeds.

**4. Capital Contributions**

First Party shall contribute all money needed to purchase, repair, maintain, advertise, market and incur any other expenses as well as any mortgage payments that become due during the period of ownership of the subject property as well as qualifying for any financing.

Second Party shall not be required to contribute any capital, except \_\_\_\_\_\_\_\_\_\_\_  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Except as specifically provided in this Agreement or required by law, no Venturer shall have the right to withdraw or reduce his contributions to the capital of the Joint Venture until the termination of the Joint Venture. No Venturer shall have the right to demand and receive any distribution from the Joint Venture in any form other than cash, regardless of the nature of such Venturer's capital contribution. No Venturer shall be paid interest on capital contributions to the Joint Venture.

A checking account will be opened before closing of the Property at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Bank with $\_\_\_\_\_\_\_\_\_\_\_ deposited to cover immediate needs that are reimbursing down payment costs to Second Party and to cover closing costs for acquisition of the Property. Checks under $\_\_\_\_\_\_\_\_\_\_\_ only require one signature of the parties. Checks over $\_\_\_\_\_\_\_\_\_\_\_ need both signatures of the parties. The balance of the estimated costs will be deposited when contractor has submitted his repair estimate and approved by both parties. Both parties have agreed that the estimate for all costs is approximately $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**5. Loans and Advances by Venturers**

If any Venturer shall loan or advance any funds to the Joint Venture in excess of the capital contribution of such Venturer prescribed herein, such loan or advance shall not be deemed a capital contribution to the Joint Venture and shall not in any respect increase such Venturer's interest in the Joint Venture.

**6. Allocations and Distributions**

As used in this Agreement, the terms "net profits" and "net losses" shall mean the profits or losses of the Joint Venture from the conduct of the Joint Venture's business, after all expenses incurred in connection therewith have been paid or provided for, including any allowance for depreciation or amortization of the cost of the Property.

The term "cash receipts" shall mean all cash receipts of the Joint Venture from whatever source derived, including without limitation capital contributions made by the Venturers; the proceeds of any sale, exchange, condemnation or other dis­position of all or any part of the Property or other assets of the Joint Venture; the proceeds of any loan to the Joint Venture; the proceeds of any mortgage or refinancing of any mortgage on all or any part of the Property or other assets of the Joint Venture; the proceeds of any insurance policy for fire or other casualty damage payable to the Joint Venture; and the proceeds from the liquidation of the Property or other assets of the Joint Venture following a termination of the Joint Venture.

The term "capital transactions" shall mean any of the following: the sale of all or any part of the Property or other assets of the Joint Venture or interests therein; the refinancing or recasting of mortgages or other liabilities of the Joint Venture; the condemnation of the Property to the extent the award is not used for restoration; the receipt of insurance proceeds; and any other similar or extraordinary receipts or proceeds which in accordance with generally accepted accounting principles are attributable to capital, including transactions in connection with the termination and dissolution of the Joint Venture.

The "capital account" for each Venturer shall mean the account established, determined and maintained for such Venturer in accordance with Section 704(b) of the Internal Revenue Code and Treasury Regulation Section 1.704-1(b)(2)(iv). The capital account for each Venturer shall be **increased by** (1) the amount of money contributed by such Venturer to the Joint Venture, (2) the fair market value of property contributed by such Venturer to the Joint Venture (net of liabilities secured by such contributed property that the Joint Venture is considered to assume or take subject to under Section 752 of the Internal Revenue Code), and (3) allocations to such Venturer of Joint Venture income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Trea. Reg. Section 1.704-1(b)(2)(iv)(g), but excluding income and gain described in subsection (b)(4)(i) of said Regulation, and shall be **decreased by** (4) the amount of money distributed to such Venturer by the Joint Venture, (5) the fair market value of property distributed to such Venturer by the Joint Venture (net of liabilities secured by such distributed property that such Venturer is considered to assume or take subject to under Section 752 of the Code), (6) allocations to such Venturer of expenditures of the Joint Venture described in Section 705(a)(2)(B) of the Code, and (7) allocations of Joint Venture loss and deduction (or items thereof) including loss and deduction described in Trea. Reg. Section 1.704-1(b)(2)(iv)(g), but excluding items described in (6) above and loss or deduction described in subsections (b)(4)(i) or (b)(4)(iii) of said Regulation. Net profits and net losses of the Joint Venture from other than capital transactions, as of the end of any fiscal year or other period, shall be cre­dited or charged to the capital accounts of the Venturers prior to any charge or credit to said capital accounts for net profits and net losses of the Joint Venture from capital transactions as of the end of such fiscal year or other period. The capital account for each Venturer shall be otherwise adjusted in accordance with the additional rules of Trea. Reg. Section 1.704-1(b)(2)(iv).

The term "Venturers' Percentage Interests" shall mean the percentages set forth opposite the name of each Venturer below:

Venturers Percentage Interest

First Party -- 50 percent

Second Party -- 50 percent

During each fiscal year, the net profits and net losses of the Joint Venture (other than from capital transactions), and each item of income, gain, loss, deduction or credit entering into the computation thereof, shall be credited or charged, as the case may be, to the capital accounts of each Venturer in proportion to the Venturers' Percentage Interests. The net profits of the Joint Venture from capital transactions shall be allocated in the following order of priority: (a) to offset any negative balance in the capital accounts of the Venturers in proportion to the amounts of the negative balance in their respective capital accounts, until all negative balances in the capital accounts have been eliminated; then (b) to the Venturers in proportion to the Venturers' Percentage Interests. The net losses of the Joint Venture from capital transactions shall be allocated in the following order of priority: (a) to the extent that the balances in the capital accounts of any Venturers are in excess of their original contributions, to such Venturers in proportion to such excess balances in the capital accounts until all such excess balances have been reduced to zero; then (b) to the Venturers in proportion to the Venturers' Percentage Interests.

The cash receipts of the Joint Venture shall be applied in the following order of priority: (a) to the payment by the Joint Venture of interest or amortization on any mortgages on the Property, amounts due on debts and liabilities of the Joint Venture other than to any Venturer, costs of the construction of the improvements to the Property, and operating expenses of the Joint Venture; (b) to the payment of interest and amortization due on any loan made to the Joint Venture by any Venturer; (c) to the establishment of cash reserves determined by the Venturers to be necessary or appropriate, including without limitation re­serves for the operation of the Joint Venture's business, con­struction, repairs, replacements, taxes and contingencies; and (d) to the repayment of any loans made to the Joint Venture by any Venturer. Thereafter, the cash receipts of the Joint Venture shall be distributed among the Venturers as hereafter provided.

Except as otherwise provided in this Agreement or required by law, distributions of cash receipts of the Joint Venture, other than from capital transactions, shall be allocated among the Venturers in proportion to the Venturers' Percentage Interests.

Except as otherwise provided in this Agreement or required by law, distributions of cash receipts from capital transactions shall be allocated in the following order of priority: (a) to the Venturers in proportion to their respective capital accounts until each Venturer has received cash distributions equal to any positive balance in his capital account; then (b) to the Venturers in proportion to the Venturers' Percentage Interests.

**Special Allocations** -- Notwithstanding the preceding provisions of this Article 8, the following special allocations shall be made in the following order:

(1) Minimum Gain Chargeback -- Except as otherwise provided in Trea. Reg. Section 1.704-2(f), if there is a net decrease in partnership minimum gain (within the meaning of Trea. Reg. Sections 1.704-2(b)(2) and 1.704-2(d)) during any fiscal year, each Venturer shall be allocated items of the Joint Venture's income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Venturer's share of the net decrease in partnership minimum gain, determined in accordance with Trea. Reg. Section 1.704-2(g). Allocations made pursuant to the preceding sentence shall be made in proportion to the respective amounts required to be allocated to each Venturer pursuant thereto. The items to be so allocated shall be determined in accordance with Trea. Reg. Sections 1.704-2(f)(6) and 1.704-2(j)(2). This provision is intended to comply with the minimum gain chargeback requirement in Trea. Reg. Section 1.704-2(f) and shall be interpreted consistently therewith.

(2) Partner Minimum Gain Chargeback -- Except as otherwise provided in Trea. Reg. Section 1.704-2(i)(4), if there is a net decrease in partner nonrecourse debt minimum gain attributable to a partner nonrecourse debt during any fiscal year, each Venturer who has a share of the partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Trea. Reg. Section 1.704.2(i)(5), shall be allocated items of the Joint Venture's income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such Venturer's share of the net decrease in partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Trea. Reg. Section 1.704-2(i)(4). Allocations made pursuant to the preceding sentence shall be made in proportion to the respective amounts required to be allocated to each Venturer pursuant thereto. The items to be so allocated shall be determined in accordance with Trea. Reg. Sections 1.704-2(i)(4) and 1.704-2(j)(2). As used herein, "partner nonrecourse debt" has the meaning set forth in Trea. Reg. Section 1.704-2(b)(4). As used herein, "partner nonrecourse debt minimum gain" shall mean an amount, with respect to each partner nonrecourse debt, equal to the partnership minimum gain (within the meaning of Trea. Reg. Sections 1.704-2(b)(2) and 1.704-2(d)) that would result if such partner nonrecourse debt were treated as a nonrecourse liability (within the meaning of Trea. Reg. Section 1.704-2(b)(3)) determined in accordance with Trea. Reg. Section 1.704-2(i)(3). This provision is intended to comply with the minimum gain chargeback requirement in Trea. Reg. Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(3) Qualified Income Offset -- In the event any Venturer unexpectedly receives any adjustments, alloca­tions or distributions described in Trea. Reg. Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of the Joint Venture's income and gain shall be allocated to such Venturer in an amount and manner sufficient to eliminate, to the extent required by the Regulations, any adjusted capital account deficit in such Venturer's capital account, as quickly as possible, provided that an allocation pursuant to this provision shall be made only if and to the extent that such Venturer would have an adjusted capital account deficit in such Venturer's capital account after all other allocations provided for in this Article 8 have been tentatively made as if this provision were not in this Agreement. As used herein, "adjusted capital account deficit" shall mean the deficit balance, if any, in a Venturer's capital account at the end of the relevant fiscal year after the following adjustments: (i) credit to such capital account the minimum gain chargeback which the Venturer is obligated to restore pursuant to the penultimate sentences of Trea. Reg. Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (ii) debit to such capital account the items described in Trea. Reg. Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This provision is intended to constitute a qualified income offset within the meaning of Trea. Reg. Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(4) Gross Income Allocation -- In the event any Venturer has a deficit capital account at the end of any fiscal year which is in excess of the sum of the amounts such Venturer is deemed to be obligated to restore pursuant to the penultimate sentences of Trea. Reg. Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Venturer shall be allocated items of the Joint Venture's income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this provision shall be made only if and to the extent that such Venturer would have a deficit in such Venturer's capital account in excess of such sum after all other allocations provided for in this Article 8 have been tentatively made as if this provision and the provisions of clause (3) above were not in this Agreement.

(5) Nonrecourse Deductions -- Nonrecourse deductions (within the meaning of Trea. Reg. Section 1.704-2(b)(1)) for any fiscal year shall be allocated among the Venturers in proportion to the Venturers' Percentage Interests.

(6) Partner Nonrecourse Deductions -- Any partner nonrecourse deductions (within the meaning of Trea. Reg. Sections 1.704-2(b)(1) and 1.704-2(b)(2)) for any fiscal year shall be allocated to the Venturer who bears the economic risk of loss with respect to the partner nonrecourse debt (within the meaning of Trea. Reg. Section 1.704-2(b)(4)) to which such partner nonrecourse deductions are attributable in accordance with Trea. Reg. Section 1.704-2(i)(1).

(7) Other Mandatory Allocations -- In the event Section 704(c) of the Internal Revenue Code or the Regulations thereunder require allocations in a manner different than that set forth above in this Article 8, the provisions of Section 704(c) and the Regulations thereunder shall control such allocations among the Venturers.

It is the intention of the Venturers that the alloca­tions hereunder shall be deemed to have "substantial economic effect" within the meaning of Section 704 of the Internal Revenue Code and Trea. Reg. Section 1.704-1. Should the provisions of this Agreement be inconsistent with or in conflict with Section 704 of the Code or the Regulations thereunder, then Section 704 of the Code and the Regulations shall be deemed to override the contrary provisions hereof. If Section 704 or the Regulations at any time require that partnership agreements contain provisions which are not expressly set forth herein, such provisions shall be incorporated into this Agreement by reference and shall be deemed a part of this Agreement to the same extent as though they had been expressly set forth herein, and the Venturers shall amend the terms of this Agreement to add such provisions, and any such amendment shall be retroactive to whatever extent required to create allocations with a substantial economic effect.

**11. Management of the Joint Venture**

The business and affairs of the Joint Venture shall be conducted and managed by the Venturers in accordance with this Agreement and the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Except as expressly provided elsewhere in this Agreement, all decisions respecting the management, operation and control of the business and affairs of the Joint Venture and all determinations made in accordance with this Agreement shall be made by the affirmative vote or consent of Venturers holding a majority of the Venturers' Percentage Interests.

The Venturers shall devote such time and attention as the Venturers deem necessary to the conduct and management of the business and affairs of the Joint Venture.

During the existence of the joint venture the parties shall be solely responsible for performing the following duties:

(A) The first party shall contribute all monies needed to purchase, repair, maintain, advertise, market and any other expenses as well as mortgage payments that become due during the period of ownership of the subject property as well as qualifying for any necessary financing.

(B) The second party shall be solely responsible for the day-to-day management maintenance, renovation and marketing of the subject property for resale, thereby protecting the investment for both parties. The second party my make, at his sole option and expense, make alterations and improvements to the property as in her discretion are necessary and advisable.

Subject to the conditions and limitations but without limitation otherwise set forth herein and to the requirements of nay law or administrative enactment applicable here to, Second party shall:

(i) Review and research references, credentials and licenses if applicable of any contractor or repairmen which are chosen to perform repairs and renovations on the subject property.

(ii) Negotiate and contract, on behalf of the Joint Venture, with contractor and repairmen to provide services and supervise said contractor and repairmen and their work at subject property. Funds are to be allocated to contractor on a percentage of completion as deemed necessary with any initial percentage payment exceeding \_\_\_\_\_\_\_% to be approved by first party in writing.

(iii) Purchase all materials, supplies and equipment as needed for the property maintenance, repair and renovations and operation of the subject property in a cost effective manner.

(iv) Endeavor to keep monthly expenses at a minimum by pursing effective methods and procedures of cost reduction and control and advise first party on cast saving initiatives.

(v) Obtain all necessary lien releases from contractor and repairmen for payments made for work performed on the subject property.

(vi) Routinely and regularly inspect the subject property and make recommendation to the first party regarding the management, repair and marketing of the subject property

(vii) Communicate with first party on not less than a weekly basis on progress by emailing or faxing statement of expenses outlaid and general progress report.

(viii) Cause to be kept books of account in which shall be entered fully and accurately each and every transaction of the joint venture including bills paid and mortgage paid.

In the event litigation results from or arises out of this agreement or the performance thereof due to the action, inaction or default of wither party, the prevailing party shall be entitled to costs and attorneys fees which may be deducted from the profits of the other.

Each of the Venturers shall have authority to execute instruments on behalf of the Joint Venture.

The Joint Venture shall purchase insurance against loss or damage to the Property by fire or other risks embraced by extended coverage, in amounts sufficient to prevent the Joint Venture from becoming a co-insurer, and shall maintain such other hazard and liability insurance against such risks and in such amounts as customarily is maintained for similar properties in the vicinity of the Property.

The Venturers shall receive, as compensation for the services of the Venturers to the Joint Venture, such sums as may be determined from time to time by the affirmative vote or consent of Venturers holding a majority of the Venturers' Percentage Interests.

**12. Assignment of Joint Venture Interests**

Except as otherwise provided in this Agreement, no Venturer or other person holding any interest in the Joint Venture may assign, pledge, hypothecate, transfer or otherwise dispose of all or any part of his interest in the Joint Venture, including without limitation the capital, profits or distributions of the Joint Venture without the prior written consent of the other Venturers in each instance.

The Venturers agree that no Venturer may voluntarily withdraw from the Joint Venture without the unanimous vote or consent of the Venturers.

A Venturer may assign all or any part of such Venturer's interest in the allocations and distributions of the Joint Venture to any of the following (collectively the "permitted assignees"): any person, corporation, partnership or other entity as to which the Joint Venture has given consent to the assignment of such interest in the allocations and distributions of the Joint Venture by the affirmative vote or consent of Venturers holding a majority of the Venturers' Percentage Interests. An assignment to a permitted assignee shall only entitle the permitted assignee to the allocations and distributions to which the assigned interest is entitled, unless such permitted assignee applies for admission to the Joint Venture and is admitted to the Joint Venture as a Venturer in accordance with this Agreement.

An assignment, pledge, hypothecation, transfer or other disposition of all or any part of the interest of a Venturer in the Joint Venture in violation of the provisions hereof shall be null and void for all purposes.

No assignment, transfer or other disposition of all or any part of the interest of any Venturer permitted under this Agreement shall be binding upon the Joint Venture unless and until a duly executed and acknowledged counterpart of such assignment or instrument of transfer, in form and substance satisfactory to the Joint Venture, has been delivered to the Joint Venture.

No assignment or other disposition of any interest of any Venturer may be made if such assignment or disposition, alone or when combined with other transactions, would result in the termination of the Joint Venture within the meaning of Section 708 of the Internal Revenue Code or under any other relevant sec­tion of the Code or any successor statute. No assignment or other disposition of any interest of any Venturer may be made without an opinion of counsel satisfactory to the Joint Venture that such assignment or disposition is subject to an effective registration under, or exempt from the registration requirements of, the applicable federal and state securities laws. No interest in the Joint Venture may be assigned or given to any person below the age of 21 years or to a person who has been adjudged to be insane or incompetent.

Anything herein contained to the contrary, the Joint Venture shall be entitled to treat the record holder of the interest of a Venturer as the absolute owner thereof, and shall incur no liability by reason of distributions made in good faith to such record holder, unless and until there has been delivered to the Joint Venture the assignment or other instrument of transfer and such other evidence as may be reasonably required by the Joint Venture to establish to the satisfaction of the Joint Venture that an interest has been assigned or transferred in accordance with this Agreement.

**13. Admission of New Venturers**

The Venturers may admit new Venturers (or transferees of any interests of existing Venturers) into the Joint Venture by the unanimous vote or consent of the Venturers.

As a condition to the admission of a new Venturer, such Venturer shall execute and acknowledge such instruments, in form and substance satisfactory to the Joint Venture, as the Joint Venture may deem necessary or desirable to effectuate such admis­sion and to confirm the agreement of such Venturer to be bound by all of the terms, covenants and conditions of this Agreement, as the same may have been amended. Such new Venturer shall pay all reasonable expenses in connection with such admission, including without limitation reasonable attorneys' fees and the cost of the preparation, filing or publication of any amendment to this Agreement or any registrations or filings of the Joint Venture, which the Joint Venture may deem necessary or desirable in connection with such admission.

No new Venturer shall be entitled to any retroactive allocation of income, losses, or expense deductions of the Joint Venture. The Joint Venture may make pro rata allocations of income, losses or expense deductions to a new Venturer for that portion of the tax year in which the Venturer was admitted in accordance with Section 706(d) of the Internal Revenue Code and regulations thereunder.

In no event shall a new Venturer be admitted to the Joint Venture if such admission would be in violation of applicable federal or state securities laws or would adversely affect the treatment of the Joint Venture as a partnership for income tax purposes.

**14. Withdrawal Events Regarding Venturers and**

**Election to Continue the Venture**

In the event of the death, retirement, withdrawal, expulsion, or dissolution of a Venturer, or an event of bankruptcy or insolvency, as hereinafter defined, with respect to a Venturer, or the occurrence of any other event which terminates the continued membership of a Venturer in the Joint Venture pursuant to the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (each of the foregoing being hereinafter referred to as a "Withdrawal Event"), the Joint Venture shall terminate sixty days after notice to the Venturers of such Withdrawal Event unless the business of the Joint Venture is continued as hereinafter provided.

Notwithstanding a Withdrawal Event with respect to a Venturer, the Joint Venture shall not terminate, irrespective of applicable law, if within aforesaid sixty day period the remaining Venturers, by the unanimous vote or consent of the Venturers (other than the Venturer who caused the Withdrawal Event), shall elect to continue the business of the Joint Venture.

In the event of a Withdrawal Event with respect to any Venturer, any successor in interest to such Venturer (including without limitation any executor, administrator, heir, committee, guardian, or other representative or successor) shall not become entitled to any rights or interest of such Venturer in the Joint Venture, other than the allocations and distributions to which such Venturer is entitled, unless such successor in interest is admitted as a Venturer in accordance with this Agreement.

An "event of bankruptcy or insolvency" with respect to a Venturer shall occur if such Venturer: applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of his assets; or makes a general assignment for the benefit of creditors; or is adjudicated a bankrupt or an insolvent; or files a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, insolvency, readjustment of debt or similar law or statute, or an answer admitting the material allegations of a petition filed against him in any bankruptcy, insolvency, readjustment of debt or similar proceedings; or takes any action for the purpose of effecting any of the foregoing; or an order, judgment or decree shall be entered, with or without the application, approval or consent of such Venturer, by any court of competent jurisdiction, approving a petition for or appointing a receiver or trustee of all or a substantial part of the assets of such Venturer, and such order, judgment or decree shall continue unstayed and in effect for thirty days.

**15. Dissolution and Liquidation**

The Joint Venture shall terminate upon the occurrence of any of the following: the expiration of the period fixed for the duration of the Joint Venture pursuant to Article 5, as the same may be extended by the Venturers; the election by the Venturers to dissolve the Joint Venture made by the unanimous vote or consent of the Venturers; the occurrence of a Withdrawal Event with respect to a Venturer and the failure of the remaining Venturers to elect to continue the business of the Joint Venture as provided for in Article 14 above; or any other event which pursuant to this Agreement, as the same may hereafter be amended, shall cause a termination of the Joint Venture.

The liquidation of the Joint Venture shall be conducted and supervised by a person designated for such purposes by the affirmative vote or consent of Venturers holding a majority of the Venturers' Percentage Interests (the "Liquidating Agent"). The Liquidating Agent hereby is authorized and empowered to execute any and all documents and to take any and all actions necessary or desirable to effectuate the dissolution and liquida­tion of the Joint Venture in accordance with this Agreement.

Promptly after the termination of the Joint Venture, the Liquidating Agent shall cause to be prepared and furnished to the Venturers a statement setting forth the assets and liabilities of the Joint Venture as of the date of termination. The Liquidating Agent, to the extent practicable, shall liquidate the assets of the Joint Venture as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice.

The proceeds of sale and all other assets of the Joint Venture shall be applied and distributed in the following order of priority: (a) to the payment of the expenses of liquidation and the debts and liabilities of the Joint Venture, other than debts and liabilities to Venturers; (b) to the payment of debts and liabilities to Venturers; (c) to the setting up of any reser­ves which the Liquidating Agent may deem necessary or desirable for any contingent or unforeseen liabilities or obligations of the Joint Venture, which reserves shall be paid over to an attorney-at-law admitted to practice in the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as escrowee, to be held for a period of two years for the purpose of payment of the aforesaid liabilities and obligations, at the expiration of which period the balance of such reserves shall be distributed as hereinafter provided; (d) to the Venturers in proportion to their respective capital accounts until each Venturer has received cash distributions equal to any positive balance in his capital account, in accordance with the rules and requirements of Trea. Reg. Section 1.704-1(b)(2)(ii)(b); and (e) to the Venturers in proportion to the Venturers' Percentage Interests.

If any Venturer has a deficit balance in his capital account following the liquidation of his interest in the Joint Venture, as determined after taking into account all capital account adjustments for the Joint Venture tax year during which such liquidation occurs, such Venturer shall restore the amount of such deficit balance to the Joint Venture by the end of such taxable year (or, if later, within ninety days after the date of such liquidation), which amount shall, upon liquidation of the Joint Venture, be paid to the creditors of the Joint Venture or distributed to the other Venturers in accordance with their posi­tive capital account balances and the rules and requirements of Trea. Reg. Section 1.704-1(b)(2)(ii)(b).

The liquidation shall be complete within the period required by Trea. Reg. Section 1.704-1(b)(2)(ii)(b).

A taking of all or substantially all of the Property by condemnation or eminent domain shall be treated as a sale of the Property upon the dissolution of the Joint Venture. In such event any portion of the Property not so taken shall be sold, and the proceeds of such sale and the award for such taking shall be distributed in the manner provided for in this Article 15.

For purposes of allocating gain on the sale of the Property and other assets of the Joint Venture, gain shall be first allocated to the Venturers to the extent cash or other property was distributed to them pursuant to this Article 15 and the balance of such gain shall be allocated in proportion to the Venturers' Percentage Interests.

**16. Representations of Venturers**

Each of the Venturers represents, warrants and agrees that the Venturer is acquiring the interest in the Joint Venture for the Venturer's own account for investment purposes only and not with a view to the sale or distribution thereof; the Venturer, if an individual, is over the age of 21; if the Venturer is an organization, such organization is duly organized, validly existing and in good standing under the laws of its state of organization and that it has full power and authority to exe­cute this Agreement and perform its obligations hereunder; the execution and performance of this Agreement by the Venturer does not conflict with, and will not result in any breach of, any law or any order, writ, injunction or decree of any court or governmental authority against or which binds the Venturer, or of any agreement or instrument to which the Venturer is a party; and the Venturer shall not dispose of such interest or any part thereof in any manner which would constitute a violation of the Securities Act of 1933, the Rules and Regulations of the Securities and Exchange Commission, or any applicable laws, rules or regulations of any state or other governmental authorities, as the same may be amended.

**17. Notices**

All notices, demands, requests or other communications which any of the parties to this Agreement may desire or be required to give hereunder shall be in writing and shall be deemed to have been properly given if sent by Federal Express courier or by registered or certified mail, return receipt requested, with postage prepaid, addressed as follows: (a) if to the Joint Venture, to the Joint Venture at the principal place of business of the Joint Venture heretofore stated or to such other address or addresses as may be designated by the Joint Venture by notice to the Venturers pursuant to this Article 17; and (b) if to any Venturer, to the address of said Venturer first above written, or to such other address as may be designated by said Venturer by notice to the Joint Venture and the other Venturers pursuant to this Article 17.

**18. Arbitration**

Any dispute, controversy or claim arising out of or in connection with this Agreement or any breach or alleged breach hereof shall, upon the request of any party involved, be submitted to, and settled by, arbitration in the city in which the principal place of business of the Joint Venture is then located, pursuant to the commercial arbitration rules then in effect of the American Arbitration Association (or at any other time or place or under any other form of arbitration mutually acceptable to the parties involved). Any award rendered shall be final and conclusive upon the parties and a judgment thereon may be entered in a court of competent jurisdiction. The expenses of the arbitration shall be borne equally by the parties to the arbitration, provided that each party shall pay for and bear the cost of its own experts, evidence and attorneys' fees, except that in the discretion of the arbitrator any award may include the attorneys' fees of a party if the arbitrator expressly determines that the party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration as a dilatory tactic or in bad faith.

**19. Amendments**

This Agreement may not be altered, amended, changed, waived or modified in any respect or particular unless the same shall be in writing and agreed to by the affirmative vote or consent of Venturers holding two-thirds of the Venturers' Percentage Interests. No amendment may be made to Articles 6, 8, 12 and 15 hereof, insofar as said Articles apply to the financial interests of the Venturers, except by the vote or consent of all of the Venturers. No amendment of any provision of this Agreement relating to the voting requirements of the Venturers on any specific subject shall be made without the affirmative vote or consent of at least the number or percentage of Venturers required to vote on such subject.

**20. Miscellaneous**

This Agreement and the rights and liabilities of the parties hereunder shall be governed by and determined in accordance with the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

The captions in this Agreement are for convenience only and are not to be considered in construing this Agreement. All pronouns shall be deemed to be the masculine, feminine, neuter, singular or plural as the identity of the person or persons may require. References to a person or persons shall include partnerships, corporations, limited liability companies, unincorporated associations, trusts, estates and other types of entities.

This Agreement, and any amendments hereto may be executed in counterparts all of which taken together shall con­stitute one agreement.

This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof.

Subject to the limitations on transferability contained herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and assigns.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the date first above written.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

First Party

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Second Party