

Joint Venture Agreement to Develop and to Sell Residential Real Property

Agreement made on the ____ day of _____, 20____, between _____, **Inc.**, a corporation organized and existing under the laws of the state of _____, with its principal office located at _____ (**street address, city, county, state, zip code**), referred to herein as **Developer**, and _____, **Inc.**, a corporation organized and existing under the laws of the state of _____, with its principal office located at _____ (**street address, city, county, state, zip code**), referred to herein as **Owner**.

Whereas, *Owner* owns, free of any liens or encumbrances, a tract of land located at _____ (**street address, city, county, state, zip code**), in the County of _____, State of _____, more particularly described as follows:

(legal description)

Whereas, the tract is suitable for subdivision and development and *Developer* has the experience, personnel, and equipment necessary for development of the tract; and

Whereas, the parties desire to form a joint venture for the development and sale of the property according to the terms of this agreement; and

Now, therefore, for and in consideration of the mutual covenants contained in this agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Scope and Description

The parties create a joint venture for the subdivision and development of the tract identified above and subsequent sale of individual home sites and homes. The venture shall be conducted under the name of _____ **Company**, and the principal office of the venture will be at _____ (**street address, city, county, state, zip code**).

2. Contributions

Owner will contribute the described tract to the venture, which tract has an agreed value of \$_____. *Developer* will make an initial contribution of \$_____ to provide working capital for the venture, and will also contribute its expertise for carrying out the venture to completion and supply all the equipment and machinery needed for the work, although *Developer* will retain title to all such equipment and machinery. It is understood that additional capital contributions will be required from time to time. Each party shall contribute one-half of such additional capital until the aggregate capital reaches \$_____. If additional funds are needed thereafter, *Owner* may, but shall not be required to, supply up to one-half of such additional funds. To the extent that additional sums contributed by *Developer* exceed those contributed by *Owner*, the share of net profits to which *Developer* is entitled shall be increased pursuant to the schedule attached to this agreement as **Exhibit A**.

3. Conduct of Venture

Owner shall convey the described tract to the joint venture by warranty deed on or before **(date)**. *Developer* shall be responsible for actually carrying out the subdivision and development according to the plans and specifications attached to this agreement as **Exhibit B** and for marketing the home sites and completed homes according to the promotion and marketing plan attached to this agreement as **Exhibit C**. *Developer* shall be responsible for obtaining all necessary permits and approvals and for complying with all applicable ordinances and statutes. To carry out the work under this agreement, *Developer* shall have full authority to order and pay for supplies and materials, to negotiate subcontracts for various aspects of the work, and to assign its own employees to the project. The scope and extent of the authority granted to *Developer* is more fully described in **Exhibit D** attached to this agreement. It is understood that *Owner* will be kept informed at all times as to progress of the work and that it will be consulted on all decisions of other than a routine nature. A failure of the parties to agree on any issue necessary for successfully carrying out the venture shall result in submission of the question to binding arbitration as set forth in **Paragraph 11** below.

4. Division of Profits

The net profits received from the sale of the home sites and completed homes, consisting of the sales prices less return of contributions, expenses, and costs of operating, construction, and sale, shall be divided between the parties as follows:

- A.** Owner shall receive _____%.
- B.** Developer shall receive _____%.

5. Appointment of Losses

All losses sustained in conducting the joint venture shall be borne and assumed by the parties in proportion to their rights to share in net profits. If total losses exceed the capital contributions made, additional contributions shall be made by each party to cover such losses in the same proportion, any such additional payments to be made as liability of the joint venture for such losses accrues.

6. Status of Funds

All money contributions made by the parties shall be placed in a bank account in the name of the joint venture at _____ **(name and address of bank)**. Any and all additional sums received from the sale of home sites or homes shall be deposited in the same account. Both parties shall sign all drafts or checks issued to disburse these funds for costs, expenses, or distribution of profits.

7. Records

Developer shall cause to be maintained a complete set of records, statements, and accounts concerning the total operation of the joint venture, in which shall be entered, fully and accurately, each transaction pertaining to the venture. All the books shall be open at all times for inspection and examination by *Owner* or its agents.

8. Alienation of Interests

Neither party may sell, transfer, or pledge such party's interest in this agreement or any part of such interest, without the written consent of the other. Any alienation made in violation of

this provision will not be recognized and shall operate to terminate the agreement at the option of the remaining party.

9. Termination

This agreement shall continue until terminated by (1) written agreement of the parties, (2) the sale of all property developed, and distribution of profits or losses, or (3) an unauthorized alienation of interest.

10. Entire Agreement

This instrument, and the attached exhibits, contains the entire agreement between the parties and supersedes and replaces any and all other agreements, written or oral, made at anytime between the parties.

11. Mandatory Arbitration

Notwithstanding the foregoing, and anything herein to the contrary notwithstanding, 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.

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

_____, INC. _____, INC.

By _____
(Name and Office in Corporation)

By _____
(Name and Office in Corporation)

Attach Exhibits

Acknowledgment (form may vary state by state)