

JOINT VENTURE AGREEMENT OVERSIMPLIFIED

THIS DOCUMENT IS NOT THE JOINT VENTURE AGREEMENT. IT IS AN OVERSIMPLIFIED SUMMARY OF SOME OF THE PROVISIONS OF IT. READING THIS DOCUMENT IS NOT A SUBSTITUTE FOR READING AND UNDERSTANDING THE JOINT VENTURE AGREEMENT. THIS IS A MARKETING DOCUMENT AND NOT A LEGAL DOCUMENT AND IT IS FOR ILLUSTRATION PURPOSES ONLY. SEE 6.01 (b) OF THE JOINT VENTURE AGREEMENT.

**== INTERNAL USE ONLY ==
== NOT TO BE RELEASED TO INVESTORS ==**

INVESTORS SHOULD SIGN Independent Legal Advice Form BEFORE SIGNING THE JV AGREEMENT.

This Agreement is between:

Finder- Real Estate Expert (me)

- and -

Venturers- Money Parter (you)

By the Agreement we have formed:

THE <name of Venture> JOINT VENTURE

Schedule A sets out the specific names of the parties to this specific agreement and other specific details.

ANY INVESTMENT IS SPECULATIVE; REAL ESTATE IS NO DIFFERENT. EVERY INVESTOR SHOULD CONSULT INDEPENDENT ADVISORS WITH EXPERIENCE IN REAL ESTATE INVESTMENT. KERRIGAN DOES NOT GUARANTEE VENTURERS' INVESTMENT IN THIS JOINT VENTURE.

There are six parts to the Agreement plus the Schedule A.

ARTICLE I:	FORMING THE JOINT VENTURE
ARTICLE II:	THE COMMITTEE AND THE FINANCIAL MANAGER
ARTICLE III:	FINANCING THE JOINT VENTURE
ARTICLE IV:	TRANSFER OF OWNERSHIP
ARTICLE V:	ACCOUNTING AND DISTRIBUTIONS
ARTICLE VI:	GENERAL PROVISIONS
SCHEDULE A (B, C, D...etc.)	

ARTICLE I: FORMING THE JOINT VENTURE

1.01 Formation

The Property Is Kept in Joint Names or the name of a corporation we own together.

1.02 Purpose

to buy and manage the Property. We do not talk about selling because then we may lose any possibility of capital gains treatment on resale.

1.03 Protection of Investment

you may register the Agreement on title of the Property at your own expense.

1.04 Tenancy-in-Common

if any one of us dies, our respective heirs own our share

1.05 Relationship of the Investors

this is not a partnership

1.06 Term

it starts now and ends when it's over

1.07 Release and Indemnification

you fully release Finder and all other companies in which Finder has an interest. You agree that you have not relied on Finder or his knowledge and experience.

ARTICLE II: THE COMMITTEE AND THE FINANCIAL MANAGER

2.01 Committee and Financial Manager

- (a) -a Committee is in charge of the Joint Venture and the Property
- (b) -a Financial Manager conducts the day-to-day financial affairs

2.02 Details and Duties of the Committee

- (a) -we each appoint one Representative to the Committee
- (b) -Representatives may invite outside advisors to meetings
- (c) -everyone's Rep must be present to hold a meeting
- (d) -majority rules according to percent interest in the Property
- (e) -the Committee is ultimately responsible even though it delegates some duties

2.03 Duties of Financial Manager

- (a) -serve at the pleasure of the Committee.
- (b) -conduct day-to-day business of the Venture.
- (c) -appoint and supervise a property manager, leasing agent and others
- (d) -be a Rep if someone's Rep is absent at a meeting

- (e) -Chairman of the Committee.
- (f) -receive notices intended for the Committee
- (g) -approve transactions, agreements, contracts
- (h) -report to the Committee annually about the operation and management
- (i) -sign all cheques and regular contracts
- (j) -whatever else is needed to do the job

2.04 Remuneration to the Financial Manager

- (a) -three percent of income
- (b) -reimbursement of out-of-pocket expenses

2.05 Duties of Investors

-devote such time as is reasonably necessary or as is requested

2.06 Investors May Do Business with the Joint Venture

-you or Finder must announce in advance if you want to do paid work for the Venture

2.07 Financial Manager Will do Business with the Joint Venture

The Financial Manager will do paid work for the Venture and does not need to give notice in advance, only on request

2.08 Scope of Authority and Indemnification

- no one shall make a commitment binding the Venture unless allowed to
- if you make a commitment improperly, you indemnify the others

ARTICLE III: FINANCING THE JOINT VENTURE

3.01 Initial Financial Contributions

- (i) the closing costs to buy the Property payable to the vendor
- (ii) a fee of 1% of the purchase price payable to Finder;
- (iii) and a reserve fund

3.02 Additional Financial Contributions

-if more money is needed, we agree to contribute it

- (a) -Committee can overrule a Cash Call by the Financial Manager
- (b) -we have 30 days to meet a Cash Call
- (c) -after 30 days, the others can contribute a Cash Call if someone doesn't
- (d) -if too much money is offered, the Committee decides who contributes
- (e) -if too little is offered, the Committee shall try to find an outside party or try to borrow the money
- (f) -if someone is 60 days overdue of a Cash Call, see clause 3.03
- (g) -if someone is 60 days overdue of a Cash Call, he is off the Committee
- (h) -if someone does not meet a Cash Call, he indemnifies the others for losses

- (i) -if Investor pays after 30 days and before 60 days, he owes some interest
- (j) -when a Cash Call is met, Defaulting Investor is totally reinstated

3.03 Default on Cash Call or Co-operation

- (a) -Contributing Investor can choose either Cash Settlement or Equity Settlement
- (b) -the Contributing Investor is the lawful agent of the one who does not pay, in order to carry out these provisions

3.04 Cash Settlement

-the Defaulting Investor shall pay to the Contributing Investor the sum of:

- (i) the Defaulting Investor's share of the Cash Call;
- (ii) Arranging Fee of 20% of the Defaulting Investor's share of the Cash Call
- (iii) interest at Prime plus five
- (iv) interest on outstanding interest

3.05 Equity Settlement

-the Contributing Investor shall get a portion of the Defaulting Investor's share based on the amount of the Cash Call with a minimum of 20%

3.06 Indemnity

-if one of us pays more than our pro rata share then the others indemnify him

3.07 Failure to Indemnify

-and if we don't pay, then we suffer Cash Settlement or Equity Settlement

ARTICLE IV: TRANSFER OF OWNERSHIP

4.01 Right of First Refusal

-if you receive an offer from an outside party to buy your share, you must first offer your share to us on the same terms

4.02 Buy-Sell

-if you want to buy someone else's share, he gets to decide whether he will let you buy him out at that price or he can elect to buy you out at that same price

4.03 Forced Listing and Sale

-if the property has risen in value by 25%, anyone of us has the right to demand that the property be listed for sale

4.04 Guarantees

-on the sale of an interest, purchaser relieves vendor of his guarantees, if any

4.05 Indebtedness

-if one of us sells our share, all debts owing to us or from us must be settled

4.06 Non Arm's Length Sale

-we may sell our share to a direct family member or other non arm's length entity

ARTICLE V: ACCOUNTING AND DISTRIBUTIONS

5.01 Books

-accurate books must be kept

5.02 Annual Financial Statements

-there must be annual Financial Statements

5.03 Location and Rights of Inspection

-anyone can inspect the books during business hours

5.04 Special Tax Requirements

-if you need special documents, you pay for their preparation

5.05 Fiscal Year

-the fiscal year of the Joint Venture shall be determined by the Committee

5.06 Bank Accounts

-Financial Manager shall have signing authority for bank accounts

5.07 Budgets

-before each year starts, we shall have three budgets

- (i) an operating budget
- (ii) a capital budget
- (iii) a cashflow budget

5.08 Allocations and Distributions

After allowing for reserves:

- (a) -rental income surpluses shall be distributed pro rata
- (b) -capital appreciation surpluses through sale or increased mortgaging shall be distributed by first repaying the initial investors and then pro rata

ARTICLE VI: GENERAL PROVISIONS

6.01 Complete Agreement

- (a) -the Agreement is the entire agreement and supersedes all other agreements, representations, warranties, statements, promises etc., oral or written
- (b) -you confirm that you:
 - (i) have not relied upon this Joint Venture Agreement Oversimplified ("JVO") in any way;
 - (ii) understand that reading JVO is not a substitute for reading and understanding the Agreement
 - (iii) understand that JVO does not attempt to, nor purport to, cover every provision, nor even every material provision, of the Agreement.
- (c) -the Agreement may be amended only by a written agreement signed by all of us

6.02 Addresses

-we can deliver notices to others at the addresses in Schedule A by hand delivery, courier service, fax or prepaid registered mail

6.03 Effective Date

-if by hand or courier, on the date of delivery
-if by fax, on the date of transmission
-if by prepaid registered mail, three full business days after mailing unless there is a postal strike in which you cannot use the mails for delivery

6.04 Deemed Receipt

-if you refuse delivery or move without notice, then you received the item sent

6.05 Change of Address

-you must give 5 days' notice of moving your address

6.06 Validity

-if one clause is invalid, that does not make the rest of the Agreement invalid

6.07 Survival of Rights

-the Agreement is binding upon our heirs, executors, legal representatives, etc.

6.08 Governing Law

-the laws of the Province of Ontario shall govern

6.09 Time

-you must do things on time

6.10 Further Assurances

-we must all be prepared to do additional things if necessary

6.11 Headings not Part of this Agreement

-headings are for reference only

6.12 Gender

-for convenience, 'he' means 'she' or 'they' or 'it' etc.

6.13 Disputes

-if there is a dispute, we first try to negotiate, then we try private mediators and only then do we go to court

6.14 Business Day

-business day means a weekday on which our bank is normally open

6.15 Counterpart

-we don't all have to sign the same piece of paper; some can sign one copy of the Agreement and others can sign other copies of the Agreement

6.16 Waiver

-if one of us waives some right, that does not mean we waive any other right

6.17 Attorney

-if one of us gets a right to obtain another's share, then that one has the right to sign documents for the other in order to get that share

6.18 Truth in Substance and in Fact

-we all agree that the statements of the Agreement are true in substance and fact

IN WITNESS WHEREOF we all sign the Agreement.

SCHEDULE A

This Schedule specifies the:

- date of the agreement
- property
- name and address of the Financial Manager
- the name, address and percent ownership of the Finder (Real Estate Expert)
- your investor's names, addresses, percent ownerships and initial cash investments (Money Partners)