

57243

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1396-635

JOINT VENTURE AGREEMENT

DATE:

9-19-85

PARTIES:

CHARLES W. BIAGGI and PEGGY J. BIAGGI, Husband and Wife, and THOMAS M. VENABLE and PATRICIA A. VENABLE, Husband and Wife, residents of Klamath County, Oregon (collectively referred to as "B-V"); and

HOWARD MCGEE, JR. ("McGEE"), a resident of Klamath County, Oregon.

RECITALS

1. B-V and McGEE (sometimes referred to collectively as "the Venturers") have agreed to form a Joint Venture ("the Venture") for the development of a certain parcel of land owned by B-V. McGEE has agreed to obtain construction financing and to erect a log home on the land ("the Improvements"). McGEE intends to sell the home as soon as possible after construction. The parties have agreed to share in the proceeds of sale to compensate them for their contributions to the Venture.

2. The property involved (referred to as "Parcel 2") is legally described on Exhibit "A" attached hereto.

The parties agree:

AGREEMENT

1. Term of Venture. The Joint Venture shall commence on September 20, 1985, and shall continue until terminated by action of the Venturers or as hereinafter provided.

2. Accounting. The Venture shall keep its accounting records and shall report for income tax purposes on the cash basis. The records shall be maintained in accordance with generally accepted accounting principles.

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2.1. Annual Statements. Financial statements shall be prepared not less than annually by McGEE and copies of the statements shall be delivered to each Venturer. Copies of all income tax returns filed by the Venture, which shall be prepared by McGEE, shall be furnished to all Venturers.

2.2. Annual Meeting to Review Financial Statements. not less than once each year, and as soon as possible after completion of the financial statements, a meeting shall be held of all Venturers to review them.

2.3. Interim Financial Statement. On written request, any Venturer shall be provided interim financial statements regarding the construction and current situation of the Venture.

3. Contributions. B-V shall contribute Parcel 2, having an agreed value of \$5,000. McGEE shall obtain construction financing from Benjamin Franklin Federal Savings and Loan Association in the amount of \$35,000, more or less, sufficient to cover the costs of labor and material for the Improvements which he will cause to be constructed on the property.

4. Title and Security. To allow McGEE to obtain construction financing, B-V will deliver to McGEE its Statutory Warranty Deed to Parcel 2, subject to those exceptions apparent on the land, and McGEE will deliver to B-V a first Trust Deed in the form attached as Exhibit "B" and his promissory note in the form attached as Exhibit "C". The Deed of Trust will contain a provision consenting to subordination to the construction loan.

5. Disposition of Property and Improvements. If Parcel 2 and Improvements are sold on or before September 30, 1988, the proceeds from the sale shall be distributed as follows:

(a) To each of the parties the amounts which such party has contributed to the construction of the well.

(b) To B-V, the amount of \$5,000 for the value of Parcel 2.

(c) To McGEE, an amount equivalent to the cost of materials and labor in connection with the construction of the Improvements (the "Construction Cost"), estimated to be \$35,000, more or less.

(d) To B-V, a fraction of the undistributed amount of the proceeds, net of costs of sale and the distribution under (a) above, of which fraction \$5,000 is the numerator and the Construction Cost is the denominator.

(e) To McGEE, the remaining undistributed amount.

6. Termination of Venture. If Improved Parcel 2 is not sold by September 30, 1988, McGEE shall pay B-V \$5,000, plus any costs advanced to the Venture by B-V, and B-V shall deliver to McGEE the note, Exhibit "B", and Deed of Reconveyance to the Deed of Trust, Exhibit "C". The Venture shall then terminate; provided, however, that the Venture may continue if the Venturers so elect by written addendum to this Agreement.

7. Covenants against Assignment. The respective interests in the Venture shall not be transferred or assigned in whole or in part.

8. Salaries and Fees. No salary, fees, commissions or other compensation shall be paid by the Venture to either party hereto or to any of the officers or employees of either party, for any services rendered to the Venture, or in connection with any of its business or property, except as may be expressly agreed to in writing by both of the parties to the Venture.

9. Notices. Any notices and demands hereunder shall be in writing and shall be deemed to have been given and received 48 hours after the same shall have been deposited in the United States Registered or Certified Mail, postage prepaid, addressed to the parties hereto as follows:

TO: B-V at

Thomas M. Venable
Star Route
Dairy, OR 97625

TO: HOWARD McGEE, JR., at

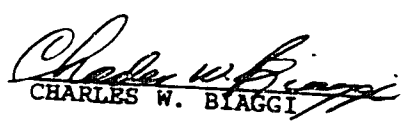
B-V and McGEE shall each have the right by notice in writing given to the other pursuant to the provisions of this paragraph to change, from time to time, the respective addresses at which such notices or demands hereunder shall be given.

10. Applicable Law. The Venture shall be governed by the laws of the State of Oregon.

11. Binding Effect. The terms and conditions hereof shall be binding upon, and inure to the benefit of, the parties

hereto and their respective heirs, personal representatives, successors and (except as herein otherwise provided) assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Joint Venture Agreement the day and year first above written.

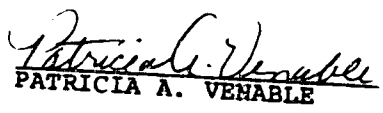

CHARLES W. BIAGGI


HOWARD MCGEE, JR.

"MCGEE"


PEGGY J. BIAGGI


THOMAS M. VENABLE


PATRICIA A. VENABLE

"B-V"

Description for PARCEL 2

A parcel of land located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, T.38S., R.11 $\frac{1}{2}$ E., W.M., Klamath County, Oregon, being more particularly described as follows:

Beginning at a point from which the north $\frac{1}{4}$ corner of Section 34, T.38S., R.11 $\frac{1}{2}$ E., W.M. bears S89°15'20"E 60.00 feet and N00°12'45"E 41.00 feet distant; thence S00°12'45"W 245.71 feet; thence N89°55'07"W 180.00 feet; thence N00°12'45"E 247.80 feet; thence S89°15'20"E 180.01 feet to the point of beginning; containing 1.02 acres, more or less.

Return to:

Howard McGee

P.O. Box 195

Dairy, OR 97625

STATE OF OREGON COUNTY OF KLAMATH ss.

Filed for record at request of _____ the 14th day
of January A.D. 19 86 at 11:36 o'clock A.M. and duly recorded in Vol 986
of Deeds on Page 733

FEE \$21.00

Evelyn Biehn, County Clerk
By Tom Smith

Exhibit A