

## JOINT VENTURE AGREEMENT

This Joint Venture Agreement (the "Agreement") is to outline the relationship between Flow State Partners, LLC, a Wyoming Limited Liability Company (herein "Flow State") and \_\_\_\_\_ (herein "Joint Venture Partner") with an address of \_\_\_\_\_ (herein collectively referred to as the "Parties" and individually referred to as a "Party") in regard to the acquisition, management, and disposition of certain Promissory Note(s) (hereinafter referred to as "Assets") identified herein.

1. **The Assets.** The Asset(s) subject to this Agreement are identified in Exhibit A, attached hereto.
2. **Ownership.**
  - a. The Parties hereto shall each possess the following Ownership Interest in the Assets (the "Ownership Interest"):
    - i. Flow State: \_\_\_\_\_%
    - ii. Joint Venture Partner: \_\_\_\_\_%
  - b. Legal title to the Assets shall be held in the name of Flow State. Upon request, the Joint Venture Partner shall be entitled to file a UCC lien against its interest in the Assets in the appropriate jurisdiction.
3. **Capital Contributions.** The Parties hereto agree to make the following Capital Contributions. The Parties agree that the maximum of 90% of the Capital Contributions shall be made available to be used towards the acquisition of Assets. The remaining 10% of the Capital Contributions ("Capital Contribution Reserve") shall be held in an operating account to be used for the management and administration of the Assets.
  - a. Flow State: \$ \_\_\_\_\_
  - b. Joint Venture Partner: \$ \_\_\_\_\_
4. **Distributions.** The Ownership Interest entitles the Parties to distribution of any and all proceeds derived from the ownership of the Assets, in accordance with the following order of distribution:
  - a. First, to Asset maintenance costs, which includes, but is not limited to, work-out expenses, servicing fees, recording costs, attorney's fees, and/or any other costs incurred in the administration of the Asset;
  - b. Second, to Joint Venture Partner, as a return of funds from its Capital Contribution;

- c. Third, to the repayment of any Additional Capital Contributions by any Party;
- d. Fourth, any remaining proceeds shall be distributed to the Parties in proportion to their respective Ownership Interest.

**5. Management.**

- a. The Management of the Assets is intended to be a joint endeavor by and between the Parties insofar as each party brings a unique perspective and experience.
- b. Day-to-Day Routine Management: Flow State agrees to provide the general day-to-day management of the Assets. Said day to day activities will include servicing oversight, management of any and all vendors, and/or professionals employed by the Joint Venture, any and all tasks that reasonably fall within the category of “routine” or “ministerial.”
- c. Major Decisions: The Parties are required to meet and confer regarding any and all “Major Decisions” relating to the Assets and may only move forward on a Major Decision upon the unanimous consent of the Parties. Major Decisions are those decisions that rise above the ordinary, day-to-day management of the Assets, to include, but not be limited to, the following:
  - i. The sale of an Asset;
  - ii. The incurrence of an expense in excess of \$250;
  - iii. The institution of any litigation;
  - iv. The disposition or modification, to include any preliminary actions leading thereto, of the Assets; or
  - v. Any other means by which an Asset is liquidated, satisfied, or otherwise altered so as to be reclassified from “nonperforming” into “performing.”

- 6. Dissolution/Termination.** In the event that a Party elects to terminate this Agreement, the terminating Party shall deliver written notice to the non-terminating Party of the election to terminate. The Parties shall thereafter sell the Assets of this Agreement to the highest bidder within 60 days thereof. The non-terminating Party shall have the first right of refusal to buy out the other Party’s Ownership Interest at a price agreed upon by the Parties. In the event that the Parties are unable to agree to a sale within the aforementioned 60 day period, the Parties shall immediately advertise the Assets on Paperstac to be auctioned off to the highest bidder, *without reserve*.

**7. Miscellaneous.**

- a. Additional Capital Contributions. In the event that a necessary expense arises that cannot be paid by way of the Capital Contribution Reserve or through incoming revenue, the Parties agree that they shall advance the funds necessary to satisfy the expense in proportion to their Ownership Interest. The Parties shall be reimbursed for the Additional Capital Contribution in accordance with Section 4.c, above.
- b. Not an Investment. The Parties agree that neither the Capital Contributions, nor any other monies paid or expended in furtherance of the Joint Venture are considered investments or securities as those terms are defined under state or federal law. The Parties further agree that this Agreement is not otherwise subject to any regulation by the Securities and Exchange Commission, or any state security regulations. The Parties agree that they each have the actual right, duty and obligation to participate in the management of the Assets, and that this Agreement is conditioned upon each Parties' actual participation in the management of the Assets.
- c. No Transfer or Assignment. As this is a business relationship in which the skills and expertise of each other is a condition upon which this Agreement is being executed, neither Party shall assign or transfer its rights or duties in the Joint Venture without the prior express written consent of the other Party. Any transfer or assignment made without such consent shall not relieve the transferor or assignor of its duties or obligations under this Agreement and said transfer shall be considered automatically null and void.
- d. Effective Date. The effective date of this Agreement shall be the date on which the Agreement is executed by both Parties, and the Agreement shall continue in effect until the Joint Venture sells, transfers or otherwise disposes of the Assets and/or any property that secures said Assets. Upon the final disposition of the Assets, or the property secured thereby, the Parties agree to execute a final disposition agreement whereby the Parties consent to the final accounting relating hereto and attest to the termination of this Agreement.
- e. Other Activities. The Parties understand that this Agreement, and the obligations each Party owes to the other, is solely related to the Joint Venture and the property. Consequently, each Party may have other business interests and may engage in any other business or trade, profession or employment whatsoever, for his, her or its own account, and he, she or it shall not be required to devote his entire time to the business of the Joint Venture. The Parties specifically acknowledge that this is not a partnership and no part of this relationship shall be governed by partnership law.

- f. Amendment. This Agreement may be amended only by the unanimous approval of Parties. This Agreement constitutes the entire agreement of the parties relating to the subject matter. All prior negotiations and understandings are merged into this Agreement.
- g. Representations and Warranties. Each part represents and warrants to the other that it is duly organized, validly existing, and in good standing under the law of the state of its formation and has applicable power and authority to enter into and execute this Agreement. All necessary actions by the persons necessary for the authorization, execution, delivery, and performance of this Agreement have been taken. This Agreement does not conflict with any law, rule, court order, agreements, or documents applicable to a Party.
- h. Defense and Indemnification.
  - i. Joint Venture Partner agrees to indemnify, defend and hold harmless Flow State, its officers, directors, assigns, from and against any and all claims, losses, damages, fees, expenses and liabilities suffered, incurred or sustained by Flow State on account of:
    - 1. Any act, whether willful, negligent, reckless or fraudulent, of Joint Venture Partner, its employees, subcontractors or representatives, arising from or relating to this Agreement on account of injuries or deaths of persons and losses of, or damages to, property arising out of Joint Venture Partner's acts or omission(s) under this agreement.
    - 2. Any misrepresentation made by Joint Venture Partner in this agreement; and
    - 3. A failure by Joint Venture Partner to reasonably perform or observe any provision, covenant, or agreement to be performed or observed by Joint Venture Partner under this Agreement.
  - ii. Flow State agrees to indemnify, defend or hold harmless, Joint Venture Partner, its officers, directors, assigns, from and against any and all claims, losses, damages, fees, expenses and liabilities suffered, incurred or sustained by Joint Venture Partner on account of:
    - 1. Any willful, reckless or fraudulent act of Flow State, its employees, subcontractors or representatives, relating to this Agreement on account of any claims arising out of Flow State's acts or omission(s) under this Agreement;
    - 2. Any misrepresentation made by Flow State in this Agreement; and

3. A failure by Flow State to reasonably perform or observe any provision, covenant, or agreement to be performed or observed by Flow State under this Agreement.

- i. Choice of Law. This Agreement shall be governed by the laws of the State of Oregon.
- j. Further Agreement. Should the Parties hereto decide to joint venture on multiple deals, the Parties agree that they shall amend this Agreement for the new joint venture by adding an addendum to this Agreement itemizing the Asset(s), Ownership Interest, and Capital Contributions for the new joint venture and signing and dating the same. Each party also agrees to keep matters of this agreement private unless authorized by the other party in writing.
- k. Confidentiality. Each party also agrees to keep all matters relating to this Agreement confidential unless authorized by the other party in writing

Flow State Partners, LLC

[Joint Venture Partner Name]

By: \_\_\_\_\_

\_\_\_\_\_

Name:

Name:

Date:

Date: