

## Memorandum of Understanding

Between

Lenders to [Your Entity] and [Your Entity]

This Memorandum Of Understanding (“MOU”) outlines the terms of the agreement between Lenders to [Your Entity] (“Lenders”) and [Your Entity]. This MOU defines the rights and responsibilities of all agreements between Lenders and [YOUR ENTITY], and supersedes all other agreements, written and oral, unless subsequently amended in writing and executed by both parties.

Whereas, Lenders intend to loan money to [YOUR ENTITY] to enable [YOUR ENTITY] to fund the postsecondary education of students who execute separate agreements with [YOUR ENTITY];

Whereas, the purpose of [YOUR ENTITY] is to enable students to go to college without incurring debt; and

Whereas [YOUR ENTITY], subject to the terms and conditions of this MOU, hopes to be able to repay, without interest, the principal of Lenders’ loans to [YOUR ENTITY];

Now, therefore, the parties hereby define the terms and conditions of their relationship, with full recognition of adequate consideration to ensure enforceability of this MOU, as follows:

**Overview:** As stated in the Whereas clauses above, the purpose of the loans by the Lenders to [YOUR ENTITY] is to enable students to go to college without incurring debt. Structurally there are two instruments needed to enable this program: (1) A contract (“Contract”) attached hereto as Appendix A between [YOUR ENTITY] and each student who joins [YOUR ENTITY], which Contract outlines the terms of the funding and the obligations of the parties to the Contract; and (2) this MOU.

The Students and Their Obligations to [YOUR ENTITY] :

The Contract defines the rights and obligations of students seeking funding from [YOUR ENTITY]. It also, and importantly, from the Lenders’ perspective, gives [YOUR ENTITY] discretion, which shall not be unreasonably exercised, to waive some or all of the students’ obligations under the Contract. Students who execute the Contract will have the power to elect a minority of the [YOUR ENTITY] Board members. [YOUR ENTITY] and those board members may act in ways that could reduce the likelihood of Lenders being repaid. These rights are described in more detail in this MOU.

### The Lenders' Rights:

Lenders loan money to [YOUR ENTITY] so that AHC -TF can fund certain "refundable grants" to students who have executed Contracts with [YOUR ENTITY]. In return, the Lenders have the right to receive a return of their principal balance, but no interest on that balance. AHC -TF will forward money to Lenders within a reasonable and prompt time after it is received from students pursuant to their Contracts with [YOUR ENTITY]. Lenders are not entitled to payment for penalties or other fees relating to late payments of their principal balance.

If the [YOUR ENTITY] Board acts in a fraudulent or deceitful manner, or otherwise breaches its duties to Lenders by reducing Lenders rights to receive the return of their principal balance by: (1) Granting waivers to students without researching and discussing the reason for the request and the alternatives to granting a waiver, and/or (2) Willfully and cavalierly failing to secure payments from students, and/or (3) Acting in a fraudulent or deceitful manner that ignores the Lenders' right to receive the return of their principal, the Lenders may require the parties to enter into Mediation (each party covers their own expenses, and the costs of the mediator to be shared equally). If Mediation fails to resolve the dispute, the parties may proceed to arbitration at either party's request. The decision of such arbitration shall be binding upon the parties.

### Limitations and Restrictions:

1. All parties agree and warrant that they will not take actions that would negate, abridge, alter, or overturn this MOU, including but not limited to filing tax returns or other documents that would result in the loan to [YOUR ENTITY] being considered as something other than a 0% interest rate loan that is self-extinguishing 20 years from its funding.
2. The loan cannot be transferred, exchanged, pledged or synthetically transferred to another entity or person except by the death of a Lender (or if the Lender is not a person, by the acquisition or liquidation of the Lender).
3. The loan is not a security. The loan has a 0% rate of interest. The Lenders' action of making the loan is not intended as an investment and there is no assumption of financial gain and there is reasonable likelihood of loss. Therefore, the Lenders understand and agree that this is not a security and further understand and agree to never purport or argue that this loan was or could ever be an investment or a security.
4. Lenders are not, and should not be considered, third party beneficiaries of the Contract.