

Memorandum of Understanding

This agreement is intended to document the understanding between _____ (Owner) and the Somerset Estates Homeowners Association (SEHOA) related to the financial advance of \$_____ (Advance) to the Owner's account on the books and records of Owner as maintained by SEHOA.

- 1) This Advance is made for the purpose of facilitating cash-flow relief resulting from significant capital expenditures incurred in 2020 and anticipated in 2021.
- 2) The Advance is not a Loan nor is it a Gift.
- 3) This Advance will be recorded on the Owner's account as a 'pre-paid' balance.
- 4) No interest will be earned/paid on the Advance while held in the Owner's account.
- 5) The amount of the Owner's Advance will be held in confidence by the SEHOA.
- 6) The Owner agrees to continue making the regular quarterly dues payments in order to maintain the Advance at the original amount until December 31, 2021. After this holding period, the SEHOA shall begin drawing from the balance the amount owed for quarterly dues, until exhausted.
- 7) Nothing in the Memorandum Of Understanding shall relieve the Owner of any other financial obligation owed to the SEHOA, unrelated to this Advance, i.e. Penalties and Interest for delinquent quarterly dues during the holding period.
- 8) Owner understands making this Advance shall not result in any influence or leverage in the decisions of the SEHOA as to how the funds will be used.
- 9) Should the Owner sell their home, the SEHOA shall return/repay to Owner the current balance, as of the time of closing.

POTENTIAL FOR EARLY DRAW.

In the event of 'Special Assessment' (SA) to the entire SEHOA community, prior to December 31, 2021, the following shall apply:

- If a SA passes for an amount equal to the Owner's Advance, the SEHOA will draw the full amount as payment of the SA.
- If a SA passes for an amount in excess of the Owner's Advance, the SEHOA will draw the full amount as partial payment of the SA and the Owner will be responsible for the balance.
- If a SA passes for an amount less than the Owner's Advance, the SEHOA will draw the full amount of the SA and then will commence drawing down the balance, against the quarterly dues, until exhausted.

Treasurer of SEHOA (date)

Owner (date)