MEMORANDUM OF UNDERSTANDING

1. INTRODUCTION

Barry Williams (hereafter, Barry) and Sue Williams (hereafter, Sue) have made a decision to live separately and seek a dissolution of their marriage. As a result of that decision, both agreed to enter into mediation for the purpose of settling all issues that might otherwise be the subject of contested litigation.

Barry and Sue understand that neither New Resolution nor the mediator legally represents either or both of them. Barry and Sue agree to consult separate attorneys for independent legal counsel and review of this Memorandum of Understanding.

The Memorandum of Understanding represents their intended decisions reached in mediation after careful review of all facts and options. Both Barry and Sue have made a full disclosure to each other of the full nature and extent of their assets, and they wish their attorneys to incorporate the following into a legally binding Marital Settlement Agreement (MSA). Both intend to incorporate this Memorandum of Understanding to the fullest extent possible in their MSA. However, Barry and Sue understand that some word changes may be necessary based on their attorneys' reviews.

Barry and Sue were married eleven years ago in San Mateo, California. They separated six months ago.

Barry Williams	Social Security Number: XXX-XX-XXXX	DOB: XX/XX/59
Sue Williams	Social Security Number: XXX-XX-XXXX	DOB: XX/XX/61

2. PARENTING ARRANGEMENTS

Barry and Sue have three minor children from their marriage: Angela Williams, age 17; Shawn Williams, age 12; and Chloe Williams, age 5. Neither Barry nor Sue has any other children.

Barry and Sue agree to joint legal custody of their minor children. They agree that joint legal custody means that they will continue to cooperate in making important parenting decisions on such issues as education, medical treatment, and religious education. They also agree that each of them will continue to have equal access to all medical records, educational records, and any other important records concerning the children. If they have any disagreements concerning parenting, they agree first to try to resolve such differences between themselves and then to return to mediation if they are unsuccessful. The costs of returning to mediation will be shared equally.

Barry and Sue agree that they will have joint physical custody of the children. They agree to a time-sharing arrangement in which the children live primarily in the family home with Sue and are with Barry every other weekend and one or two evenings each week, depending on the children's activities. Barry and Sue will talk with each other every Sunday evening at 9:00 pm to discuss the next week's schedule.

Barry and Sue agree that future exchanges of the children will be flexible and based on their travel and work schedules. However, they agree that they will always alternate having the children on the weekends and that Barry will always have the opportunity to have the children at least one evening per week. The weekends will begin after school on Friday and continue through

Sunday night until Monday morning. Barry and Sue agree that the weekends with Barry will include his taking the children directly to school on Monday morning.

Barry and Sue agree to an initial weekly schedule as follows:

M–Mom; D–Dad

	Mon	Tue	Wed	Thur	Fri	Sat	Sun
Wk 1	D/M	M	M/D/M	M	M	M	M
Wk 2	M	M	M/D/M	M	M/D	D	D
Wk 3	D/M	M	M/D/M	M	M	M	M
Wk 4	M	M	M/D/M	M	M/D	D	D

Both Barry and Sue are willing to experiment with different schedules to try to find one that does not unduly disrupt the children's daily schedules but still allows for significant parenting contact from both parents. They also agree to a holiday schedule as follows:

Holidays	Even-Numbered Years	Odd-Numbered Years
Easter	Mom	Dad
Memorial Day	Dad	Mom
Mom's birthday	Mom	Mom
Independence Day	Mom	Dad
Labor Day	Dad	Mom
Thanksgiving	Mom	Dad
Christmas Eve	Mom	Dad
Christmas Day	Dad	Mom
Children's birthdays	[According to weekly schedule; some time granted to other parent on request]	
Dad's birthday	Dad	Dad
Mothers' Day	Mom	Mom
Fathers' Day	Dad	Dad

Both Barry and Sue will assist the children in remembering these days, and both agree that a deviation from the regular weekly schedule can occur on these days. They also agree that by February of each year they will have a preliminary discussion about Summer plans for the children, with final plans decided by May of each year.

Barry and Sue understand that the regular schedule as well as the holiday schedule may need to be revised due to special circumstances in the future. Each agrees to be flexible in responding to the needs of the other parent concerning parenting and scheduling, but they also agree not to use flexibility as a way of defeating the purpose of the schedules.

Principle of On-Duty and Off-Duty Parent

Barry and Sue agree to the principle of allowing each to provide parenting during the times that he or she is scheduled to care for the children. This means that if the children are sick or either Barry or Sue has other obligations during the scheduled time with the children, it will be the responsibility of the on-duty parent to make arrangements for the care of the children. Both Barry and Sue welcome the on-duty parent to request assistance during his or her scheduled times with the children. However, both understand that if the off-duty parent is not able to assist the on-duty parent during the scheduled time, it will be the responsibility of the on-duty parent to make alternative arrangements for the children.

3. HEALTH INSURANCE

Children's Health Insurance

Barry has health insurance through his employment. He agrees to continue to name the children as dependents on that policy and to be primarily responsible for providing health insurance coverage and dental insurance coverage for the benefit of the children until he no longer has an obligation to share in the cost of raising the children.

Uncovered medical and dental expenses will be shared equally by Barry and Sue. They agree to discuss nonemergency or elective medical and dental needs of the children before assuming the other parent will share in those costs. Barry agrees to ensure that Sue is supplied with current health insurance identification cards for the children.

Dependent Spouse Health Insurance

Sue does not have any health insurance and is currently carried as a dependent on Barry's policy available to him through his employment. Both agree to take advantage of the COBRA provisions, which allow a spouse carried as a dependent on the family health insurance policy to continue to be insured under the same health insurance provider after the divorce.

4. INCOME, EXPENSES, AND SUPPORT

Income

Barry has an M.Ed. degree and is employed by the San Francisco Unified School District. His gross annual income from his employment is $52,000. In addition, Barry expects to earn $21,000 gross each year from his consulting practice. Barry's net income is currently $53,400. Sue has a B.A. degree and is currently self-employed as a music teacher. She has recently accepted a teaching position in the music department of a local school. The position pays $35,000. She plans to continue teaching piano part-time, after school and Saturday mornings. Sue's current net income is $39,110. Barry and Sue's joint tax returns for the previous tax year are attached for review by their attorneys.

Expenses

During the mediation process, Barry and Sue have examined their individual expenses as well as the expenses for the children. Their basic monthly expenses are as shown below.

Item	Barry	Sue	Children paid for by: Barry	Sue
Rent	1150			
Mortgage (PITI)		628		
Second mortgage		150		
Utilities				
Electricity	35	81		
Gas		76		
Water		18		
Garbage		25		
Telephone	26	37		
Home Maintenance		165		
Yard work		20		
Other Property (Cabin)				
Mortgage	185			
Insurance & taxes	120			
Groceries/Household Supplies	170	225	50	150
Lunches at work/school	40			37
Eating out	60	60	30	25
Clothing	100	100	10	120
Dry cleaning/laundry	30	10		
Medical Insurance	Incl in work	Included	60	
Uncovered expenses	10	10		10
Prescriptions	15	5		5
Eye care	30			
Dental Insurance	Incl in work	130		
Uncovered expenses		25	15	20
Orthodontia	20		75	
Automobile Expenses				
Loan payment	325	350		
Gas	60	75		
Maintenance/repairs	20	35		
Insurance	50	55		60
License/registration	15	12		
Parking	30			
Life/Disability Insurance	28	35		
Recreation/Entertainment	80	80	60	60
Vacations	50	125	50	75
Newspapers/Magazines	15	10		
Child Care				700
Children's Expenses				
Allowances				50
Dance lessons				60
Sports				45
Clubs				30
Personal Items				
Massage		20		
Hair & nail care	10	25		
Incidentals		15		
Gifts	40	50		
Charitable Contributions	20	20		
Monthly Expenses	2734	2672	350	1447
Children's Expenses	350	1447		
TOTAL EXPENSES	3084	4119		
MONTHLY NET INCOME	4450	2959		
SURPLUS/SHORTFALL	1366	(1160)		

Child Support

Barry agrees to pay child support to Sue in the amount of $1250 per month, which is in line with the amount indicated by state guidelines. Child support will continue until each minor child reaches the age of eighteen years; enters the Armed Forces of the United States; is emancipated, self-supporting, or deceased; reaches the age of twenty years if still attending secondary school; or until further Order of the Court.

Each will be responsible for payment of all routine expenses of the children when the children are with him or her; these expenses include clothing costs, food costs, and all other normal costs. If extraordinary expenses related to the children arise, Barry and Sue will first meet and agree about whether to spend the money on behalf of the children; then they will decide on a method of sharing such extraordinary expenses. Barry and Sue do not wish for support payments to be made through automatic wage assignment or the Department of Child Support Services.

Barry and Sue agree that adjustments in child support will ordinarily follow a standard cost of living adjustment (COLA) to be calculated on each anniversary of the decree of dissolution of marriage. The child support payment of $1250 shall be the base amount for these calculations. The adjusted payment amount will begin on the next payment due after each annual adjustment, and the adjusted amount will continue for the proceeding twelve months until the next adjustment takes effect.

Spousal Support

Barry and Sue have consulted their accountant for the purpose of reviewing several levels of spousal support. Their accountant has provided them with information. They have decided, on the basis of this information, that it is not necessary for Barry to pay Sue spousal support at this time. They further agree that Sue will reserve the right to request spousal support in the future only if it is necessary because of a major loss of income. This stipulation is particularly important in view of the fact that Sue will not have tenure in her teaching position for several years.

Barry and Sue have been married for almost twelve years, and they agree that Sue needs time to build up her teaching income so that it will fully meet her needs in the future. The spousal-support reservation will terminate on Sue's death or remarriage or on the expiration of six years from the date of entry of the Decree of Dissolution.

5. PROPERTY

The following is a complete list of marital property as disclosed in mediation by Barry and Sue. Unless otherwise indicated, the date of valuation is December 31, 200X. Items with an asterisk (*) indicate nonmarital items.

Bank Accounts

Name of Bank	Account Type/Number	Balance	Owner
Wells Fargo	Checking #311-21207	150	Barry
Bank of America	Savings #2912-23604	8312	Joint
Citibank	Checking #77-258-2087	400	Joint

Barry and Sue will each be awarded one-half of the value of the Bank of America account. Remaining bank accounts are nominal and vary with payment of living expenses, and therefore will not count in the property division. However, the Bank of America account will continue to be maintained by Sue, and Barry shall cooperate in removing his name from it.

Notes and Accounts Receivable

Barry and Sue are owners of the following accounts receivable:

Due From	Amount Due
John Nyberg	1000

Barry will be awarded from the proceeds and will be responsible for collecting the above debt.

Stock and Mutual Funds

Name of Stock	Number of Shares	Value	Owner
IBM	22.35	1815	Sue

The above stock will be awarded to Sue as her separate pre-marital property. The stock was gifted to Sue by her grandfather prior to the marriage relationship.

Real Estate

Property	Value	Owner
1663 Yale Ave	735,000	Joint
First Mortgage	(574,000)	Joint
Second Mortgage	(81,000)	Barry
Net Equity	80,000	
Lake Mary Cabin	278,000	Joint
Mortgage	170,000	Joint
Net Equity	108,000	

Barry and Sue are joint owners of their homestead at 1663 Yale Avenue, which was purchased ten years ago for $156,500. The first mortgage is held by Wells Fargo and has a current balance of approximately $574,000. The second mortgage of $81,000, also held by Wells Fargo, was taken to finance improvements to Barry and Sue's cabin. The Yale Avenue home has been appraised by Prudential, and Barry and Sue agree that its present market value is approximately $735,000.

Barry and Sue are also joint owners of a cabin at Lake Mary purchased seven years ago for $122,000. A first mortgage is held by Washington Mutual and has a principal amount of $170,000. The property has been appraised by Lake Land Realty, and Barry and Sue agree that the present market value is approximately $278,000. After subtracting the mortgage, Barry and Sue agree that the estimated net equity in the property is $108,000.

Barry and Sue agree that Barry will take steps to immediately remove the second mortgage from the Yale Avenue home. Until he is able to refinance the cabin, they agree that Barry will be responsible for the monthly principle and interest payments on this second mortgage.

Barry and Sue agree that Sue will be awarded sole ownership of the Yale Avenue home as part of their property division. The property division summary calculates net equity awarded to Sue. Barry will receive other assets or cash in exchange for relinquishing material interest in the home. Barry and Sue further agree that the cabin will be awarded to Barry in the distribution of assets.

Life Insurance

Company	Face Value	Value	Owner/Insured
Connecticut Mutual #2236908-1	90,000	0	Barry/Sue
New York Life #87VB77609	1000	895*	Sue/Barry
Mutual of Omaha #37921-001	30,000	0	Sue/Barry

Barry agrees to designate Sue and the children as beneficiaries of an amount of life insurance benefits that will fund his future child- and spousal-support obligations in the event of his death.

Barry and Sue agree that the Mutual of Omaha policy is a policy that Sue's parents gave her after college and that it was paid up at the time. Therefore, it is Sue's separate, nonmarital policy.

Business Interests

Description	Value	Owner
Sue's Piano Studio	0	Sue

Sue runs this piano-teaching business out of her home. She has been providing children with piano lessons since shortly after she and Barry were married. They built a special addition to the house with a separate entrance for her studio. After discussing with their accountant and their respective attorneys, Barry and Sue agree that it has no value as a business except for the income that Sue earns, which is approximately $330 per month.

Description	Value	Owner
Educational Consultants, Inc.	10,000	Barry (50% ownership)

Barry formed an educational consulting business with a colleague several years ago. It is based on Barry's expertise in learning disabilities. He and his partner each invested $10,000 to develop marketing materials and advertising. Barry and Sue agree that it is not appropriate to spend money to obtain a professional valuation/appraisal, and therefore have agreed to value the business at $10,000, which is the amount of the marital investment.

Description	Value	Owner
Radio Show Operetta	Future royalties	Joint

Sue wrote this operetta for a radio show fifteen years ago. It has been published, but no copies have ever been sold. Both Sue and Barry agree that it is a marital asset and that if there are ever any royalties from it, those royalties will be divided equally among the children.

Automobiles

Vehicle Make & Model	Value	Titled Owner
Dodge Caravan (2002)	17,800	Joint
Loan: Chrysler Credit	(14,000)	Barry
Chevrolet Trailblazer (2003)	19,400	Barry
Loan: GMAC	(8000)	Barry
16’ Fishing boat (2003)	3100	Barry

Barry and Sue agree that Barry will be awarded the Chevrolet Trailblazer and the boat, as listed above in his name. Sue will be awarded the Dodge Caravan. Barry will be responsible for repayment of the loan to Chrysler Credit after the divorce. Barry will also be responsible for repayment of the GMAC loan.

Pension, Profit Sharing, and IRA Accounts

Description	Value	Owner
TRA Defined Benefit #41839491	1400 per month at age 65	Barry
First Federal IRA #873403481138	7050	Sue
IDS Tax-Sheltered Annuity	159,432	Barry

Barry and Sue agree that the Teacher’s Retirement Defined Benefit in the amount of $1400 per month (when Barry reaches the age of sixty-five) will be divided equally as of the date of entry of Decree of Dissolution by using a Qualified Domestic Relations Order (QDRO), which will be drafted by their CPA. The First Federal IRA will be awarded to Sue, and the IDS annuity to Barry.

Household Furnishings and Other Personal Property

Barry and Sue have already made an equitable division of this category of property. They agree that each will be awarded the miscellaneous household goods and other personal property of the marriage that is in his or her possession as of the date of decree.

Other Property Description	Value
Piano*	15,000*
Dell notebook computer	650
Apple desktop computer	400

Barry and Sue agree that Barry will own the Dell notebook computer and Sue will own the Apple desktop computer. They will divide the software, printers, and other equipment equitably.

Tax Refund

Barry and Sue agree that they will divide equally any tax refund or tax obligation arising from their joint tax filing for the current year.

Liabilities
Barry and Sue agree that all debts and obligations incurred in their individual names since the date of separation will be the responsibility of the person incurring the debt. There are no other unpaid debts and obligations of the marriage.

Description	Amount Owed	In Name Of
Mastercard	(432)	Sue
Visa	(1400)	Barry
J.C. Penney	(190)	Sue
Discover	(88)	Barry

Summary of Property Division
Barry and Sue agree to an equitable division of all marital property as follows:

Distribution	Value	To Barry	To Sue
Wells Fargo	150	150	
Bank of America	8312		8312
Citibank	400		400
John Nyberg		1000	
IBM stock*	1815		x
Yale Avenue market value	735,000		735,000
First mortgage	(574,000)		(574,000)
Second mortgage	(81,000)	(81,000)	
Cabin market value	278,000	278,000	
Mortgage	(170,000)	(170,000)	
Connecticut Mutual #2236908-1	0	0	
New York Life #87VB77609	895*		x
Mutual of Omaha #37921-001	0		0
Sue's Piano Studio	0		
Educational Consultants, Inc.	10,000	10,000	
Radio Show Operetta	Future royalties	{To be divided equally among children}	
Dodge Caravan	17,800		17,800
Loan: Chrysler Credit	(14,000)	(14,000)	
Chevrolet Trailblazer	19,400	19,400	
Loan: GMAC	(8000)	(8000)	
16' Fishing boat	3100	3100	
TRA Defined Benefit	1400 per month at age 65	50%	50%
First Federal IRA	7050		7050
IDS Tax-Sheltered Annuity	159,432	159,432	
Steinway Piano*	15,000*		x
Dell notebook computer	650	650	
Apple desktop computer	400		400
Mastercard	(432)		(432)
Visa	(1400)	(1400)	
J.C. Penney	(190)		(190)
Discover	(88)	(88)	
TOTALS		197,094	194,340
Cash transfer		–1377	+1377
TOTALS AFTER TRANSFER		195,717	195,717

The above distribution of assets represents a division of property that is acceptable to Barry and Sue. Both agree that the division is fair. They further agree that the division should be equal and that Barry will pay Sue the sum of $1377 when the divorce decree is signed and entered by the Court and on exchange of quitclaim deeds.

6. REMAINING TAX CONSEQUENCES OF SETTLEMENT

Barry and Sue agree to accept the recommendations of their accountant as follows: Barry will have the right to claim the children as exemptions on his tax returns this year. Beginning next year and thereafter, Barry and Sue agree that Barry will claim the older children and Sue will claim the youngest.

Barry and Sue will consult their accountant or respective attorneys about the remaining tax consequences of this agreement, particularly the liability that each has now and in the future for taxes as a result of the manner in which the homestead is being divided. Barry and Sue will cooperate in correcting any errors or requests for information about the previous year's tax filings.

7. DIVORCE PROCESS

Barry and Sue will consult their respective attorneys about all aspects of this Memorandum of Understanding. Should their attorneys find new or omitted issues, Barry and Sue agree to instruct their attorneys to resolve such issues cooperatively and efficiently. If their attorneys are unable to resolve these issues in less than two hours, Barry and Sue agree to return to mediation.

Once they have received an independent opinion from their attorneys about their decisions reached in mediation and have reached final settlement terms, Barry and Sue agree to cooperate in producing the Marital Settlement Agreement and any other documentation in support of their dissolution of marriage.

Any attorneys' fees incurred by both Barry and Sue in connection with reviewing, processing, and implementing the above agreements will be paid by each to his or her attorney with the exception of drafting the Marital Settlement Agreement. The cost of drafting the MSA will be shared equally between Barry and Sue.

8. AGREEMENT TO MEDIATE FUTURE ISSUES

Barry and Sue agree that if disagreements arise about the terms of their decree or if there are substantial changes of circumstances that make the terms of their decree unfair, they will first try to work out modifications on their own, returning to mediation and/or seeking the advice of legal counsel before seeking relief in court. Expenses incurred in using mediation in the future will be shared equally unless the parties favor an alternative distribution of costs.