MEMORANDUM OF UNDERSTANDING

Venture: venture name (the "Venture")

Partners: partner 1 full legal name; partner 2 full legal name (each a "Partner")

Effective date: date · **Outside date for definitive agreements:** date

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1. Intent. The Partners intend to build what the venture makes, for whom, and the problem it solves. This memorandum records what they have agreed in principle so that definitive agreements can be drafted from it.

2. Structure. The Venture will operate through entity name, a entity type and jurisdiction to be formed by date. Each Partner will hold their interest directly / through a founders' holding vehicle. Initial capital: amount and who contributes it, or "none".

3. Equity. Founding equity, fully diluted, before outside investment:

Partner	Founding equity	Consideration	Vesting	Cliff
name	%	cash / services / IP / combination	e.g. 4 years, monthly	e.g. 12 months
name	%	cash / services / IP / combination	e.g. 4 years, monthly	e.g. 12 months
Reserved option pool	%	—	—	—

Vesting commences date. Acceleration: none / single-trigger on change of control / double-trigger on change of control and involuntary termination. Dilution from future financings is borne pro rata by all Partners unless they unanimously agree otherwise.

4. Other compensation. Beyond equity, the Partners intend:

Item	Terms
Salary	none until [milestone]; then [amount] per Partner
Deferred or accrued compensation	amount, trigger for payment, and whether it converts to equity, or "none"
Expense reimbursement	what is reimbursable, and any approval threshold
Profit distributions	policy and who approves, or "none until the Partners agree otherwise"
Other	benefits, advisory fees, contractor rates, or "none"

5. Roles and responsibilities. Each Partner is individually accountable for their column and holds day-to-day authority within it:

Partner	Title	Accountable for	Time commitment
name	title	the 3–5 outcomes this Partner owns	e.g. full-time from [date]
name	title	the 3–5 outcomes this Partner owns	e.g. full-time from [date]

Decisions outside a Partner's own column require unanimous / __% written approval, including: spending above amount; hiring; raising capital or incurring debt; issuing equity; changing the business or this memorandum; entering any contract above amount; and selling the Venture. Deadlock: escalation path and time limit.

6. Intellectual property. All work created for the Venture is intended to belong to the entity, and each Partner will sign an invention-assignment and confidentiality agreement at formation. Background intellectual property each Partner brings: list, or "none", which remains that Partner's and is licensed to the Venture perpetually and royalty-free / on terms to be agreed in the definitive agreements.

7. Exit intent. The Partners record the following shared intention and will build toward it:

Item	Intent
Preferred outcome	strategic acquisition / initial public offering / independent cash-flow business paying distributions / buyout of one or more Partners / no predetermined outcome
Target window	e.g. 5–7 years from the effective date
Target valuation or return	e.g. not below [amount] enterprise value, or "no target set"
When a process starts	the trigger — e.g. an inbound offer above target, or a Partner vote after [date]
Approval to accept an offer	unanimous / __% of Partner equity

Drag-along and tag-along	Definitive agreements are intended to include drag-along rights on an approved sale and tag-along rights protecting every Partner on a transfer by another.
If no exit by the target window	The Partners will meet within days days and extend the window / start a buy-sell at independently determined fair market value / wind the Venture down .
Individual side deals	No Partner will negotiate or accept a purchase of their own interest, or a role offer conditioned on transferring it, without first disclosing it to the other Partners and offering them a right of first refusal / the right to participate pro rata .

8. Definitive agreements. The Partners intend to sign, by the outside date above: entity formation documents; a founders' or operating agreement; equity purchase documents with the vesting in Clause 3; invention-assignment and confidentiality agreements; and any additional documents, or "none" . If those are not signed by the outside date, this memorandum expires unless the Partners extend it in writing.

9. Binding effect. Clauses 1 through 8 record intent only and are not legally binding. No Partner may sue on them, and no obligation to form the Venture, contribute capital, transfer property, or issue equity arises until definitive agreements are signed. **The following are intended to be legally binding and to survive expiry or termination:**

9.1 Confidentiality. Each Partner will keep the other Partners' non-public information, and the existence and contents of this memorandum, confidential for period and use it only to evaluate and pursue the Venture.

9.2 Exclusivity. Until the outside date, no Partner will pursue, fund, or join a venture that competes with the Venture as described in Clause 1, except carve-outs, or "no exceptions" .

9.3 Costs. Each Partner bears their own costs, including legal fees, unless otherwise agreed in writing.

9.4 No partnership or employment. Nothing here creates a partnership, joint venture, agency, fiduciary, or employment relationship between the Partners, or authority to bind another Partner.

9.5 Governing law and disputes. This memorandum is governed by the laws of jurisdiction . Disputes will be resolved by good-faith negotiation, then mediation, then the courts of [venue] / good-faith negotiation, then binding arbitration seated in [seat] under [rules] .

9.6 Whole understanding. This is the Partners' entire understanding on its subject matter, replaces prior discussions, and may be changed only in writing signed by every Partner.

10. Signed.

Partner	Signature	Date
name		
name		