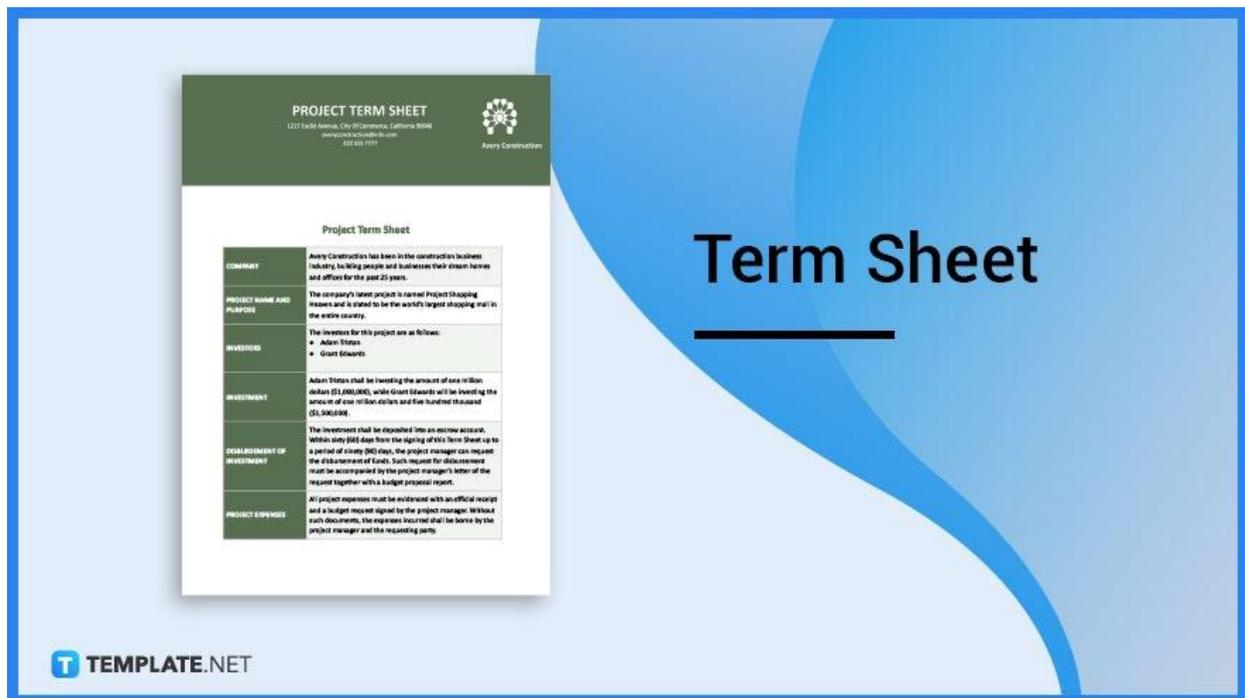


Term Sheet

Term sheets are documents that provide an outline of the terms and conditions that a company and an investor have to negotiate and agreed upon before drafting a legal contract. It allows the company and the investor to exchange conditions before drafting an official document.



Term Sheet Definition & Meaning

Term sheets are nonbinding agreements used by entrepreneurs to attract investors that outline the basic terms and conditions under which an investment will be made.

A term sheet is a document used to represent a trustful agreement between a company and an investor to process one financing transaction under major terms that the document contains.

What Is a Term Sheet?

Term sheets are documents that detail the important aspects of a deal without giving in-depth facts about minor occurrences that a binding contract covers. It ensures that the parties involved in a business transaction agree on most major aspects. A business can

also use term sheets to negotiate key terms by outlining the most important elements of the transaction.

10 Types of Term Sheet

Business Term Sheet

A [business term sheet](#) is provided to outline the terms and conditions of a business transaction for an official agreement. It is used when a prospective buyer proposes the basic economic terms and material conditions and provisions of acquisition to the potential seller. A business term sheet can be only one page or as long as ten pages.

BUSINESS TERM SHEET	
Proposed Investment in [NAME OF THE COMPANY]	
Sponsor:	
Participating Lenders:	
Program Overview:	
Mortgage Loan Types and Terms:	
Borrower Eligibility:	
Maximum Loan Amount:	
Reservations:	
Fees and Points:	
Loan Delivery and Purchase:	
For more information, please contact:	
Related Party Transactions:	
Confidentiality:	
Documentation:	
Legal Fees and Expenses:	
Timing:	
Effect of Term Sheet:	
Governing Law:	

Startup Term Sheet

Startup term sheets are the first formal but nonbinding documents between a startup founder and an investor that layouts the terms for investment. It is used to negotiate the final terms which will be written in a contract. A startup term sheet aligns the interests of the investors and founders which gives them an opportunity to have a long-lasting relationship.

Startup Term Sheet
706 Cherry Tree Drive, Jacksonville, Florida 32256
archercompany@info.com | 222 555 7777

Archer Company

Startup Term Sheet

COMPANY	Archer Company
INVESTORS	Ivan Braxton, representing Maxwell Investment Company and Blake Dawson of Dawson Startup Investments
INVESTMENT AMOUNT	Each investor will be investing the amount of one million dollars (\$1,000,000) to be paid in three (3) tranches. The first tranche will be paid immediately after the signing of this Term Sheet and the remaining tranches will be paid in accordance with the company and investor's agreement.
INVESTMENT AMOUNT	\$1,000,000.00 from Sheppard Equities and \$900,000.00 from Bencull Digital Solutions
CURRENCY OF INVESTMENTS	All investment payments to be made by the investors to the company must be made in American dollars only.
DIVIDENDS	All investors shall have a preferential right to receive non-cumulative dividends upon the declaration of the Board of Directors through a board resolution.
LIQUIDATION PREFERENCE	Upon the dissolution of the company, all investors shall first be entitled to receive their share before any other shareholder may receive theirs.

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Project Term Sheet

A [project term sheet](#) is a bullet-point document that the parties involve exchange which contains important terms and conditions of a deal. It serves as a template for mutual understanding while creating a more detailed document that would become legally binding. It contains the description of the company, project name and purpose, investors (an angel or venture capital investor), and disbursement of investment.

PROJECT TERM SHEET
1217 Euclid Avenue, City Of Commerce, California 90040
averyconstruction@info.com
222 555 7777
Avery Construction

Project Term Sheet

COMPANY	Avery Construction has been in the construction business industry, building people and businesses their dream homes and offices for the past 25 years.
PROJECT NAME AND PURPOSE	The company's latest project is named Project Shopping Heaven and is slated to be the world's largest shopping mall in the entire country.
INVESTORS	The investors for this project are as follows: <ul style="list-style-type: none">• Adam Tristan• Grant Edwards
INVESTMENT	Adam Tristan shall be investing the amount of one million dollars (\$1,000,000), while Grant Edwards will be investing the amount of one million dollars and five hundred thousand (\$1,500,000).
DISBURSEMENT OF INVESTMENT	The investment shall be deposited into an escrow account. Within sixty (60) days from the signing of this Term Sheet, the project manager shall request the disbursement of funds. Such request for disbursement shall be accompanied by the project manager's letter of request together with a budget proposal report.
PROJECT EXPENSES	All project expenses must be evidenced with an official receipt and a budget request signed by the project manager. Without

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W [Word icon] [Google Docs icon]

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Partnership Term Sheet

Partnership term sheets contain the terms and conditions, as well as rights, responsibilities, and obligations of the parties involved. It provides information on the partnership agreement, distribution of profits, and expenses and losses the partners agreed upon. These term sheets are used as a template and starting point for more detailed legal documents that will come in the future.

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PARTNERSHIP TERM SHEET



Declan Group

1265 Strother Street, Trussville, Alabama 35173
declangroup@info.com
222 555 7777

Partnership Term Sheet

COMPANY	Declan Group is a company organized under the laws of the state of Alabama and is operating for purposes of real estate investments.
INVESTORS	The following names shall be the company's investors and partners: <ul style="list-style-type: none">Miles Harrison of AAC MXL Company as Partner 2August Bryson of DUO Company as Partner 3
INVESTMENT	Miles Harrison and August Bryson shall both be making investments in the amount of nine hundred fifty thousand dollars (\$950,000). The investments shall be paid once the parties have all signed this Term Sheet.
PARTNERSHIP AGREEMENT	The company and the investors agree that the investors shall also become partners of the company.
DISTRIBUTION OF PROFITS	Each partner shall be entitled to receive an equal amount in the annual distribution of profits.
EXPENSES AND LOSSES	The partners shall also be equally dividing the losses and expenses which shall be incurred by the company in relation to the execution of its business.
MANAGEMENT	The partners shall each have an equal share and power in the management decision-making process. Nothing in this Term Sheet shall be construed as a limiting provision to any partner.

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Mortgage Term Sheet

Mortgage term sheets are used to outline the terms of a potential loan before writing a complete deal and issuing a commitment letter for commercial real estate lending. It is not a document to express the commitment to lend but an expression of interest in a potential transaction provided that a borrower is able to meet the terms and conditions. It also outlines additional documentation that a borrower is required to for a full analysis of the transaction.



The image shows a template for a Mortgage Term Sheet. At the top, there is a header section for 'First Bank' with a logo and contact information: 3206 Berry Street, Woodland Park, Colorado 80863; firstbank@info.com; 222 555 7777. Below the header is the title 'Mortgage Term Sheet'. The main body of the document is a table with terms and conditions. To the right of the table are two orange circular callouts: 'EDITABLE & PRINTABLE' and 'INSTANT DOWNLOAD'. At the bottom left are icons for Microsoft Word and a document. At the bottom right is a 'TEMPLATE.NET' watermark.

Term	Description
LENDER	First Bank, a bank organized under the laws of the state of Colorado agrees to lend the borrower an amount to finance his current company investment.
BORROWER	The borrower shall be named Henry Jameson who is currently the Chief Executive Officer of Greene Industries.
LOANED AMOUNT	The borrower has borrowed the amount of five hundred thousand dollars (\$500,000).
PAYMENT PLAN	The loan shall be payable in five (5) equal monthly installments which shall be payable on the 30th of each month beginning on the next month that this Term Sheet has been signed by the parties.
INTEREST	The entire loan obligation shall earn a simple interest rate of five (5%) of the entire loaned amount. The borrower shall include in his monthly payments the payment of interest.
LATE CHARGES	In case the borrower shall fail to make the monthly payment on time. The amount due for the month shall earn a five (5%) per cent interest for each day that he fails to settle his obligation.
DEFAULT	The borrower shall be deemed in default when he has failed to make his payment on the due date or five (5) days after the due date. The borrower shall also be considered in default when he has declared insolvency or is filing bankruptcy.

Investor Term Sheet

Investor term sheets are documents that outline the terms by which an investor will make a financial investment in a company. It consists of three sections which are Funding, Corporate Governance, and Liquidation. It also provides terms and conditions for both parties to prevent future arguments over the terms and expenses required.



The image shows a template for an Investor Term Sheet. At the top left is the Simon-Howell Company logo, a stylized black flower-like shape. To its right is the title "INVESTOR TERM SHEET" in bold black font, followed by the address "2288 Heritage Road, Fresno, California 93706" and contact information "simonhowellco@info.com | 222 555 7777". Below this is the text "Simon-Howell Company".

In the center, the title "Investor Term Sheet" is repeated in a yellow font. Below it is a table with six rows, each representing a different section of the term sheet. The first row is "COMPANY", the second is "GOVERNING LAW", the third is "INVESTORS", the fourth is "INVESTMENT", the fifth is "BOARD OF DIRECTORS", and the sixth is "DIVIDENDS".

COMPANY	Simon-Howell Company is a company engaged in the services of real estate construction. The company is organized under the laws of the state of California.
GOVERNING LAW	The provisions and implementation of this Term Sheet shall be governed by the laws of the state of California.
INVESTORS	The following individuals are the official and authorized representatives of the companies who are the company's investors: <ul style="list-style-type: none">• Ingrid Michels of WAY Company• Sierra Carlson of ABC Company
INVESTMENT	WAY Company shall be investing the amount of nine hundred thousand dollars (\$900,000), while ABC Company will be investing the amount of one million dollars (\$1,000,000). Their investments shall be made in two (2) tranches, with the first tranche to be made on the signing date of this Term Sheet.
BOARD OF DIRECTORS	The company's board of directors shall be composed of directors, with the two (2) named investors as the first and the third one, Pierre Coleman, who is appointed by
DIVIDENDS	The investors shall first receive their payment before a The payment of dividends may either be made in cash, properties, or securities, as determined by the Directors.

At the bottom right of the table area, there is a yellow callout box with the text "Editable | Printable" and "Instant Download". At the bottom left of the page, there are icons for Microsoft Word and a document with lines. At the bottom right, there is a small "TEMPLATE.NET" logo.

Equity Term Sheet

An [equity term sheet](#) defines all the main aspects of the equity investment. It also serves as a checklist of the terms and conditions to be agreed upon between the company and the investor. By using this term sheet, managers and investors can focus on negotiating commercial issues between them.

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3683 American Drive, Tallahassee, Florida 32312
greysoneverett@info.com
222 555 7777

Greyson-Everett
Company

Equity Term Sheet

COMPANY	Greyson-Everett Company is a company mainly engaged in providing transportation services to tourists all over the United States of America.
INVESTORS	The following are named as the investors for the company: <ul style="list-style-type: none">• Ryan Brooks of AB Company• Jace Declan of AC Company
INVESTMENT	Ryan Brooks and Jace Declan shall both be investing the amount of eight hundred fifty thousand dollars (\$850,000), which shall be turned over once this Term Sheet has been agreed upon and signed by the parties.
TYPE OF SECURITY	Preference shares
BOARD OF DIRECTORS	The company shall be composed of three (3) directors, with one director from either of the investors and two (2) other appointed directors.
DIVIDENDS	The company shall pay to the investors and shareholders non-cumulative dividends and such dividends can only be paid once the board has passed a resolution.

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Investment Term Sheet

Investment term sheets are written documents that contain important terms and conditions of deal agreements. It contains details on the company, investors, investment amount, governing law, types of securities, types of dividends, and more. It summarizes the main points of legal agreements before their execution.

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INVESTMENT TERM SHEET

4187 Shobe Lane, Laramie, Colorado 82070
zencompany@info.com | 222 555 7777



Zen Company

Investment Term Sheet

COMPANY	Zen Company is a commercial paint production company organized under the laws of the state of Colorado.
INVESTORS	The following shall be named as the investors of the company: <ul style="list-style-type: none">• Jeremy Holden of AAA Investments; and• Preston Louis of CAB Company Investments
INVESTMENT AMOUNT	Jeremy Holden shall be investing a total amount of nine hundred thousand dollars (\$900,000), while Preston Louis will be investing an amount of eight hundred fifty thousand dollars (\$850,000). These invested amounts shall be paid in two (2) equal installments with the first installment to be paid on the finalization and signing date of this Term Sheet and the second one, one (1) month after.
GOVERNING LAW	All the terms and provisions provided under this Term Sheet shall be governed by the laws of the state of Colorado.
TYPES OF SECURITY	<ul style="list-style-type: none">• Convertible Preference Shares shall be initially convertible into the company's equity shares.
TYPES OF DIVIDENDS	All shareholders and investors shall be paid non-cumulative dividends.
LIQUIDATION	Should the company be liquidated for whatever purpose, the investors of the company shall enjoy preferential rights over any other shareholder.



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Venture-Capital Term Sheet

A [venture-capital term sheet](#) is a statement of proposed terms and conditions for a proposed investment. Most of its terms are non-binding except for certain confidential information and exclusive rights. It helps founders who received them to understand the management of the process from a legal perspective.

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Waylon Companies

3324 Chicago Avenue, Fresno, California 93721
wayloncompanies@info.com
222 555 7777

Venture-Capital Term Sheet

COMPANY	Waylon Companies is a group of companies in the business of real estate and business advertisement. This company has been organized under the laws of the state of California.
INVESTORS	The following shall be the company's investors: <ul style="list-style-type: none">• Jonathan Jameson of CBD Company• Ian Hunter of ART Company
INVESTMENT	Jonathan Jameson shall be investing the amount of eight hundred thousand dollars (\$800,000), while Ian Hunter shall invest the amount of nine hundred thousand dollars (\$900,000). Both investments shall be turned over on the signing date of this Term Sheet.
TYPE OF SECURITY	Preference Shares
BOARD OF DIRECTORS	The company shall have three (3) directors. Jonathan Jameson shall become a director and the investors appoint Robert Parker and Austin River as directors as well.
DIVIDENDS	The company shall pay the investors and shareholders their dividends of non-cumulative dividends once the board of directors has declared such dividends.
LIQUIDATION PREFERENCE	Payments to the investors shall first be made in case the company shall be dissolved or liquidated for any reason.

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Startup Investment Term Sheet

Startup investment term sheets contain the summarized information of the proposed key terms of an investment for a startup. It serves as a blueprint for the formal legal paperwork that will be drafted in layers. A [term sheet startup investment](#) includes details on company valuation, investment price, liquidation preference, board, confidentiality, and more.

Trantow, Schmeler and Orn

Term Sheet Startup Investment

Company:	Trantow, Schmeler and Orn
Investors:	Konopelski-Dibbert Corp., Kilback Group
Type of Security:	Series Seed-2 Preferred
Investment Amount:	\$1,000,000.00 from Konopelski-Dibbert Corp. and \$900,000.00 from Kilback Group.
Use of Proceeds:	Working capital
Liquidation Preference:	1x non-participating preference
Valuation:	\$400,000.00 (pre-money)
Board:	Konopelski-Dibbert Corp. designates Jill Konan as director and Kilback Group designates Allen Berry as director.
Confidentiality:	No party shall disclose any information written on this term without prior consent from the other parties of this term. If a party wishes to share any information, it shall ask for written consent from the other parties. Failing to do so may result in consequences.
No Shop:	The Company is prohibited from soliciting or searching for other financing third parties within 45 days from the start of this term. It shall not also receive funds from other investors or entities within this time period.
Dividends:	If and when declared by the Board of Directors.
Closing Date:	Initial closing before August 12, 2040, with additional closings within 90 days.

[Signature]	[Signature]	[Signature]
Raoul Jackson Konopelski-Dibbert Corp. Investor	Holly Moore Kilback Group Investor	Kate Chu Trantow, Schmeler and Orn Company

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Term Sheet Uses, Purpose, and Importance

Term sheets are nonbinding agreements provided by investors to show the basic terms and conditions of an investment. It helps to enable the alignment of interests of the investors and the founders. Term sheets should include detailed information about their content to ensure that the parties involved are all on the same page.

Contains clear intention of the parties involved

Term sheets indicate the intention of parties to agree to the funding and financial agreement. It also aims to provide understandable and detailed information that investors and founders can use to negotiate and agree upon. It contains clear and concise descriptions of deal terms and conditions that will help in avoiding future disputes.

Helps in building long-lasting relationships

A term sheet marks the beginning of a potentially long relationship between an investor and a company. As it provides clear details on the terms and conditions of a deal, it helps create a direct relationship between the potential investors and startups. Term sheets provide an overview of the significant terms that are included in the deal, giving both parties clear visibility of their intention.

Gives an opportunity to negotiation

Negotiations can be done to make changes in a term sheet before making the final agreement of a deal. It gives clarity and transparency which are important factors in developing investor relationships during the entire funding process. Some important terms to negotiate include the funding amount, valuation, preferred vs. common stock, liquidation preference, and more.

Eliminates miscommunication

Term sheets help in eliminating the chances of miscommunication or misconception and reduce the probability of unnecessary details. It also allows the parties involved to address any misunderstanding or issues. Using term sheets enables the parties to outline any conditions that need to be addressed before legally binding the document.

Allows parties to walk out of the agreement without affecting their image

Terms sheets provide the flexibility to both parties to abandon their agreement without damaging their branding. As term sheets are nonbinding agreements, the investor or the company can drop the deal if terms and conditions were not met as promised. By doing so, both parties can avoid further damages that may occur if they proceed with executing the unbalanced agreement.

What's in a Term Sheet? Parts?

Business Information

Business information contains the name of the parties involved including the name of the business seeking capital and the potential investor.

Valuations

Valuations contain the price per share for the target company and provide information on the pre-money (which is based on the number of outstanding shares before the financing is done) and the post-money (which is done based on the number of shares outstanding post-financing).

Security Type

This part identifies the type of security offered and its price per share which includes types of assets like equity, preference shares, warrants, and more.

Amount of Investment

This part of the term sheet should contain a clear and specified amount of the investments to avoid confusion in the future.

Liquidation Preference

The liquidation preference is proportional to the amount invested which means that it can be equal to or a multiple of the amount invested.

Stake in Percentage

A stake in percentage is the part of a term sheet that identifies what investors own in return for their investment.

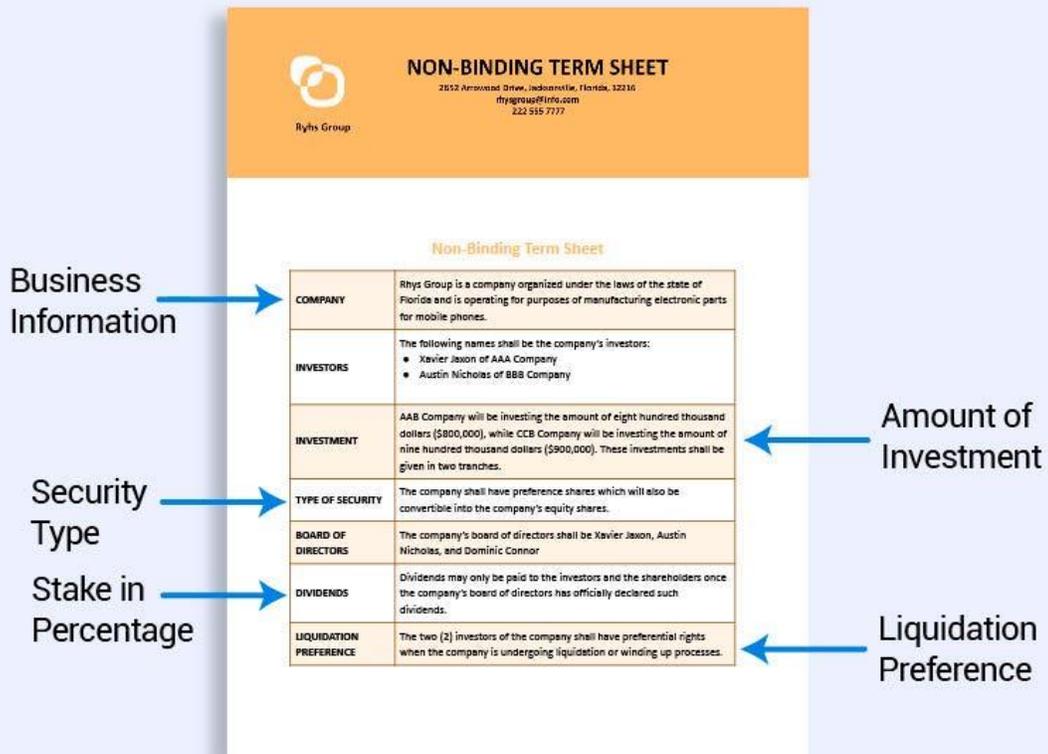
Voting Rights

Voting rights enable investors to know the extent to which they can participate in the decision-making process of a company, making them more confident in helping the company to raise funds and capital.

Miscellaneous

This part includes the investor commitment, founder's obligation, time frame, non-disclosure requirements, and the closing date.

Term Sheet Anatomy



How to Design a Term Sheet

1. Choose a [Term Sheet Size](#).
2. Decide on the purpose of the term sheet.
3. Select a [Term Sheet Template](#).

4. Modify the structure and content template by adding or removing information fields.
5. Add miscellaneous contents if you require any.
6. Finalize and download it for printing.

How to Design a Term Sheet?

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- 6 Finalize and download it for printing.

Term Sheet vs. Job Description

Term sheets are written memorandum and nonbinding agreement that defines the basic terms and conditions of an investment deal that will become a legally binding document once the parties involved agree to its content.

Job descriptions are plain-language tools that define the tasks, duties, functions, and responsibilities of a position, as well as the details on who performs a specific type of work, how it should be done, and the purpose of the work.

What's the Difference Between Term Sheets, Functions, and Duties

Term sheets are used by startups as well as entrepreneurs to attract investors which contain the terms and conditions under which an investment will be made.

Functions in investment refer to the concept or strategy within economics that helps in identifying the connection between shifts in the national income and investment patterns.

Duties in investment refer to the fiduciary duties which exist to ensure that those who manage other people's money act in their beneficiaries' interests and not in their own.

Term Sheet Sizes

Printing terms sheets must be done using the correct paper size. The most common [term sheet sizes](#) include the US Letter (8.5" × 11") and A4 (8.3" × 11.7") sizes.

Term Sheet Sizes

Types of Term Sheets	Size (in)
Letter	8.5 × 11
A4	8.3 × 11.7

Term Sheet Ideas & Examples

[Term sheet ideas](#) are presented using clear and concise information about a proposed investment deal with the help of properly organized term sheet templates.

- [Employment Term Sheet Ideas and Examples](#)
- [Private Equity Term Sheet Ideas and Examples](#)
- [Financing Term Sheet Ideas and Examples](#)
- [Contract Term Sheet Ideas and Examples](#)
- [Football Term Sheet Ideas and Examples](#)
- [Convertible Note Term Sheet Ideas and Examples](#)
- [Bank Term Sheet Ideas and Examples](#)
- [Angel Investor Term Sheet Ideas and Examples](#)
- [Acquisition Term Sheet Ideas and Examples](#)
- [Distribution Term Sheet Ideas and Examples](#)

FAQs

What should be in a term sheet?

A term sheet must include important details on the terms and conditions of an investment deal as well as a summary of the main points of the deal agreements.

What does a term sheet contain?

Term sheets should contain the estimate of the company's worth or valuation, securities being offered, voting rights, amount of investment, liquidation preference, stake in percentage, and miscellaneous provisions.

Why is the term sheet signed?

A signed term sheet is evidence of serious intent while not legally binding which sets out certain terms of a transaction agreed upon between parties.

What makes a good term sheet?

A good term sheet identifies its purpose, summarizes the terms and conditions, includes the offering terms, dividends, liquidation provisions, the participation rights, and ends with the voting agreement.

Do term sheets expire?

Yes, term sheets have expiration dates which indicate the date it will automatically terminate when a company does not sign an agreement.

Who issues the term sheet?

Term sheets are usually issued by angel investors, venture capital companies, and financial institutions which vary in terms of size and risk they can take.

What should you look for in a term sheet?

You should look for the valuation, type of stock, option pool, liquidation preference, participation rights, pro-rata rights, tag-along and drag-along rights, and anti-dilution provision.

What is a term sheet for Series A?

A term sheet for series A is an agreement that provides an outline of all the terms and conditions of the investment which focuses on the control of company shares and how financials will be divided if an exit occurs.

What is a nonbinding term sheet?

A nonbinding term sheet refers to an agreement in which parties are not legally bound or obligated to carry out terms.

How term sheet is useful for venture capital investors?

Term sheets serve as blueprints for an investment that establishes the specific conditions and agreements of venture investments between an early-stage company and venture company.