

TERM SHEET

COMMERCIAL ASSET FINANCING

Date: May 15, 2025

Reference Number: CAF-2025-0587

PARTIES

Lender/Lessor: ABC Financial Services, Inc.

Borrower/Lessee: XYZ Manufacturing Company, LLC

Guarantor(s): John Smith, CEO

ASSET DETAILS

Asset Description: CNC Machining Center, Model M2000-X

Manufacturer/Vendor: Industrial Machinery Corp.

Condition: New

Serial Number: To be determined upon delivery

Asset Location: 123 Production Way, Industrial Park, TX 75001

TRANSACTION STRUCTURE

Financing Type: Finance Lease / Equipment Loan / Hire Purchase

Total Cost: \$750,000.00

Down Payment: \$75,000.00 (10%)

Amount Financed: \$675,000.00

Term: 60 months

Payment Frequency: Monthly

Payment Amount: \$13,256.78 plus applicable taxes

Balloon/Residual: \$75,000.00 (10%)

Interest/Lease Rate: 6.25% fixed

Payment Start Date: First day of month following acceptance of asset

FEES AND CHARGES

Documentation Fee: \$1,500.00

Filing/UCC Fee: \$250.00

Processing Fee: \$750.00

Late Payment Fee: 5% of payment amount or \$250, whichever is greater

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KEY CONDITIONS

Security Interest: First priority security interest on financed asset

Insurance Requirements: Full comprehensive insurance with lender named as loss payee

Maintenance: Borrower responsible for all maintenance and repairs

Taxes: Borrower responsible for all applicable taxes

Prepayment Terms: Allowed after 12 months with 2% prepayment penalty

Default Interest Rate: Contract rate plus 4%

COVENANTS

Financial Reporting: Quarterly financial statements and annual audited statements

Financial Covenants:

- Debt Service Coverage Ratio $\geq 1.25:1$
- Leverage Ratio $\leq 3.5:1$

CLOSING CONDITIONS

1. Satisfactory completion of credit approval process
2. Receipt and approval of all required documentation
3. Verification of asset specifications and delivery
4. Execution of all financing documentation
5. Receipt of all applicable fees and down payment
6. Verification of insurance coverage

ADDITIONAL TERMS

Equipment Inspection: Prior to funding and upon delivery

Documentation: Standard lender documentation required

Assignment: Lender may assign its rights without borrower's consent

Governing Law: State of [Jurisdiction]

Expiration and Disclaimer

Expiration: This term sheet expires 15 days from the date above

Non-Binding: This term sheet is for discussion purposes only and does not constitute a commitment to lend

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ACCEPTED AND AGREED:

XYZ Manufacturing Company, LLC

By: John Smith, CEO

Date: _____