

TERM SHEET
Loan Facility Agreement
Date: October 30, 2023

Parties

Lender: ABC Bank, 456 Financial District, New York, NY

Borrower: XYZ Tech Solutions, 789 Innovation Drive, San Francisco, CA

1. Financial Terms

Principal Amount: \$2,000,000.00 (Two Million US Dollars)

Interest Rate: 7.5% per annum, compounded monthly.

Maturity Date: October 30, 2028 (5-year term).

Repayment Schedule: Quarterly installments of \$125,000 (principal + interest) commencing January 30, 2024.

2. Legal & Compliance Clauses

Representations and Warranties

The Borrower represents that all financial statements provided are accurate and prepared in accordance with GAAP.

The Borrower warrants that no litigation is pending that could materially affect its operations.

Covenants

Financial Covenant: Maintain a minimum debt-to-equity ratio of 2:1.

Negative Pledge: The Borrower shall not pledge assets to third parties without Lender consent.

Events of Default

Failure to make payment within 15 days of due date.

Breach of financial covenants not cured within 30 days.

3. Operational Terms

Prepayment: Permitted after 24 months with a 2% penalty on the outstanding principal.

Collateral:

First lien on Borrower's office property at 789 Innovation Drive, San Francisco, CA (appraised value: \$3.5M).

Security interest in all accounts receivable.

Governing Law: Laws of the State of New York.

4. Regulatory Clauses

KYC/AML Compliance: Borrower shall submit certified beneficial ownership documentation within 10 business days.

Reporting Requirements: Quarterly financial statements to be submitted within 20 days of quarter-end.

5. Boilerplate Clauses

Confidentiality: Terms of this agreement are confidential and may not be disclosed without mutual consent.

Force Majeure: Neither party is liable for delays caused by war, natural disasters, or pandemics.

Amendments: Requires written agreement from both parties.

Entire Agreement: Supersedes all prior agreements.

Conditions Precedent

Execution of security agreements and UCC-1 financing statements.

Board resolution approving the loan terms.

For ABC Bank:

Name: John Doe

Title: Vice President, Lending

For XYZ Tech Solutions:

Name: Jane Smith

Title: CFO