**Term Sheet for Convertible Note Financing**

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| **Issuer:** | [\_\_\_\_\_\_\_\_\_], a [\_\_\_\_\_\_\_\_\_] corporation (the “Company”). |
| **Type of Security:** | Convertible Promissory Notes (each, a “Note”). |
| **Financing Amount:** | Up to $[\_\_\_\_\_\_\_\_\_] in Notes, with a minimum investment per investor of $[\_\_\_\_\_\_\_\_\_] in the Company’s discretion. |
| **Use of Proceeds** | General corporate purposes, including but not limited to, working capital, sales & marketing, hiring of personnel and legal fees and expenses. |
| **Initial Closing:** | The Company expects the initial closing for the sale of the Notes to occur on or before [\_\_\_\_\_\_\_\_\_]. |
| **Interest:** | The Notes will bear simple interest on the outstanding principal balance at the rate of [\_\_\_\_\_\_\_\_\_] percent ([\_\_\_\_\_\_\_\_\_]%) per annum. |
| **Maturity Conversion:** | If not otherwise converted as described herein, then the entire outstanding principal balance and all unpaid accrued interest will convert on the date that is two years from the issuance of the first Note (the “Maturity Date”), which is currently expected to be [\_\_\_\_\_\_\_\_\_], into that number of shares of common stock of the Company implied by a pre-money, fully diluted valuation for the Company of $[\_\_\_\_\_\_\_\_\_] (the “Valuation Cap”). |
| **Prepayment:** | The Notes may be prepaid at any time only upon the written consent of the holders of a majority of the outstanding principal amount under the Notes (the “Required Holders”). |
| **Automatic Conversion upon Qualified Financing:** | Upon the closing of a Qualified Financing (as defined below), the entire outstanding principal balance and all unpaid accrued interest of each Note automatically shall convert into the equity securities of the Company sold in such Qualified Financing at a conversion price equal to the lesser of (i) [\_\_\_\_\_\_\_\_\_]% of price paid per share by the investors participating in such Qualified Financing (the “Participating Investors”) or (ii) the implied per share price based on the Valuation Cap. Any liquidation preference per share of capital stock issued to holders of the Notes shall reflect the actual dollar amount converted by such holders of the Notes.  The term “Qualified Financing” shall mean any financing of the Company in which the Company sells capital stock (the “Qualified Financing Stock”) to investors in one or a series of bona-fide arms-length transactions resulting in the Company’s receipt of aggregate gross proceeds in excess of at least $[\_\_\_\_\_\_\_\_\_] (excluding the conversion of the principal amount of and accrued interest on the Notes or the aggregate amount of securities converted into Qualified Financing Stock). |
| **Premium Upon Sale:** | In the event of a consolidation, merger, change of control or a sale or other disposition of all or substantially all of the assets of the Company prior to the conversion or repayment of the Notes, the Company will pay each Noteholder an amount equal to [\_\_\_\_\_\_\_\_\_] times the aggregate amount of principal and interest then outstanding under each Noteholder’s respective Note. |
| **No Security Interest:** | The Notes will be not secured by any collateral. |
| **Amendment:** | The Notes may be amended in writing signed by the Company and the Required Holders. Any such amendment shall be binding upon each Noteholder. |
| **Events of Default:** | Upon the occurrence of any Event of Default (as defined below), all unpaid, accrued interest and other amounts owing under any Note shall, at the option of the Required Holders, and, in the case of an Event of Default pursuant to (ii) below, automatically, be immediately due, payable and collectible by the holder pursuant to applicable law.  Each of the following events shall be an “Event of Default” for purposes hereof: (i) the Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; and (ii) an involuntary petition is filed against the Company under any bankruptcy statute now or hereafter in effect, and such petition is not dismissed or discharged within 60 days, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of the Company. |
| **Conditions to Closing:** | The purchase of a Note by any investor will be subject to satisfaction of the following conditions:   * Completion of due diligence of the Company to the reasonable satisfaction of each investor; * Preparation and execution of definitive transaction documents (including a form of Note); and * Compliance with applicable securities laws, including that the investor be an “accredited investor” and make customary securities representations and warranties. |
| **Confidentiality:** | The parties will not discuss the terms of this Term Sheet with any person other than attorneys, accountants or other advisors. |
| **Expenses:** | Each party will bear its own expenses (including legal fees) in connection with the negotiation, preparation, and review of necessary documentation. |
| **Non-Binding** | This Term Sheet is for discussion purposes only. This Term Sheet does not represent an offer, and, is not binding on the parties hereto. No party will be obligated or bound in any manner unless and until a final, definitive agreement is executed by authorized representatives of the parties. Further, this Term Sheet does not create any obligation on the parties to commence or continue negotiations with the other parties or to enter into any agreements. |