TERMS FOR PRIVATE PLACEMENT OF SERIES SEED PREFERRED STOCK OF   
[COMPANY] INC.

APRIL \_\_, 2021

The following is a summary of the principal terms with respect to the proposed Series Seed Preferred Stock financing of [Company] Inc. a Delaware corporation (the “***Company***”). Such summary of terms does not constitute a legally binding obligation. Any other legally binding obligation will only be made pursuant to definitive agreements to be negotiated and executed by the parties.

Offering Terms

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| --- | --- |
| Securities to be  Issued: | Shares of Series Seed Preferred Stock of the Company (the ***“Series Seed”***). |
| Aggregate Proceeds: | Minimum of $2,500,000 and up to $3,000,000.00 in aggregate of new money (excluding any issued convertible notes, SAFEs and other convertible securities), at least $1,500,000.00 of which shall be from entities affiliated with Starting Line Fund II, L.P. (the ***“Lead Investors”***). |
| Investors: | Starting Line Fund II, L.P., and other accredited investors approved by the Company (the ***“Investors”***). |
| Price Per Share: | Price per share (the ***“Original Issue Price”***), based on a post-money valuation of $10,000,000.00, including an unissued and available post-money option pool of 10. Any promised but un-granted options or shares, unallocated option pool, and all convertible notes, SAFEs and other convertible securities shall be included in the pre-money capitalization. For the avoidance of all doubt, the Lead Investors shall own at minimum 15.0% of the Company on a fully diluted basis post-closing. |
| Liquidation Preference: | One times the Original Issue Price plus declared but unpaid dividends on each share of Series Seed, balance of proceeds paid to Common. A merger, reorganization or similar transaction will be treated as a liquidation. |
| Conversion: | Convertible into one share of Common (subject to proportional adjustments for stock splits, stock dividends and the like) at any time at the option of the holder. |
| Voting Rights: | Votes together with the Common Stock on all matters on an as-converted basis. Approval of a majority of the Preferred Stock required to adversely change rights of the Preferred Stock. Approval of a majority of the shareholders required to (i) change the authorized number of shares of Preferred Stock or Common Stock; (ii) redeem or repurchase any shares (other than pursuant to the Company’s right of repurchase at original cost); (iii) declare or pay any dividend; (iv) liquidate, dissolve including any Deemed Liquidation Event, change of control or other merger; or (v) change the authorized number of directors. |
| Documentation: | Documents will be based on NVCA templates and drafted by the Company’s counsel. |
| Financial Information: | Investors who contribute at least $1,000,000 (***“Major Investors”***) will receive standard information and inspection rights and management rights letter. |
| ROFR/Co-Sale/Drag: | Company first and each Major Investor second (or their affiliates) will have a right of first refusal with respect to any shares of capital stock of the Company proposed to be transferred by any 1%+ common stockholder. Before any key holder may sell Common Stock, he, she or it will give each Major Investor an opportunity to participate in such sale on a basis proportionate to the amount of securities held by the seller and those held by any Major Investor.  All stockholders shall be required to vote their shares in favor of a Deemed Liquidation Event or transaction in which 50% or more of the voting power of the Company is transferred and which is approved by (i) the holders of majority of the outstanding Common Stock and (ii) the holders of a majority of the outstanding Preferred on an as-converted basis, so long as the liability of each stockholder in such transaction is several (and not joint) and does not exceed the stockholder’s pro rata portion of any claim and the consideration to be paid to the stockholders in such transaction will be allocated as if the consideration were the proceeds to be distributed to the Company’s stockholders in a Deemed Liquidation Event under the Company’s then-current Certificate of Incorporation. |
| Participation Right: | Major Investors will have the right to participate on a pro rata basis in subsequent issuances of equity or convertible debt securities. |
| Anti Dilution Protection: | The conversion price of the Series Seed will be subject to proportional adjustment for stock splits, stock dividends, recapitalization, and the like. The conversion price of the Series Seed shall also be adjusted on a broad based weighted average basis in the event of the sale of the Company’s securities at a price less than the current conversion price. However, the grant and exercise options by management or other Company personnel (as approved by the Board of Directors) shall not trigger the anti-dilution rights on the Series Seed. |
| Board of Directors: | The Board of Directors will consist of 3 members as follows:   * Holders of Common Stock will have the right to elect 2 members of the Board of Directors, initially X and Y * Holders of Series Seed will have the right to elect 1 member of the Board of Directors, designated by Starting Line Fund II, L.P. (“Starting Line”), initially Ezra/Haley/Scott/Ade. * If Starting Line is not represented on the Board of Directors, they shall have the right to appoint a Board Observer so long as they hold 25% of their original shares. Each Board Observer shall be required to sign a standard confidentiality agreement. |
| Expenses: | Company will be responsible for the first $10,000 of Purchaser legal expenses. |
| Founder Matters: | Each founder, shall have four years vesting (one year cliff and monthly thereafter based on being a full time employee at the Company) dated to begin on April 1, 2020. Full acceleration upon “Double Single Trigger.” Each Founder shall have assigned all relevant IP to the Company prior to closing. The by-laws of the Company will have a ROFR and consent to transfer for all common stock, subject to the carve outs in the ROFR/Co-Sale Agreement. |
| Conditions to Closing: | a) Customary closing conditions for a venture capital financing, including delivery of employee background checks, employee agreements, disclosure schedule, opinion of counsel, etc.;  b) No material adverse changes in the Company’s business conditions or prospects from what is currently reported.  c) Satisfactory review of Company’s prior financing documents, current financials, contracts and obligations by Investor or Investors' Legal Counsel.  d) Customary diligence, aided by Company, to speak with several of its contractors, customers, or other individuals required to complete a traditional diligence process. |
| Binding Terms: | For a period of 30 days from the date of this term sheet, the Company will not solicit offers from other parties for any financing. Without the consent of Lead Investors, the Company will not disclose these terms to anyone other than officers, directors, key service providers, and other potential Investors in this financing. The term sheet will expire on April \_\_, 2021 if not accepted by the Company by that date. . |

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AGREED AND ACCEPTED:

[Company] Inc.

By:

Name: All Star CEO

Title: CEO

STARTING LINE FUND II, L.P.  
  
By:   Starting Line GP II, LLC  
         its General Partner  
  
  
By:                                                                                
         Ezra/Haley/Scott/Ade  
         Managing Member