Term Sheet Template for Seed Funding

This template is structured for typical U.S. early-stage financings (convertible note, SAFE, or equity). Include / exclude / modify sections based on your deal structure.

DISCLAIMER: This document and any content related to this document are not intended as legal advice. All parties choosing to utilize this document should consult legal counsel before execution.

[Company Name, Inc.]
[State of incorporation]
Date: [Month Day, Year]

This Term Sheet summarizes the principal terms of a proposed seed investment. This document is **non-binding**, except for sections specifically noted as binding (Confidentiality, Expenses, Exclusivity, Governing Law).

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1. Parties

- **Company:** [Full legal entity name]
- **Investors:** [Name(s) and entity type(s)]
- **Founders:** [Names and ownership %]

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2. Type of Security

Choose one (delete others):

A. SAFE — Standard Y Combinator Post-Money SAFE
B. Convertible Promissory Note — unsecured
C. Preferred Equity — Series Seed Preferred Stock

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3. Investment Terms

- **Investment Amount:** $[___]
- **Pre-Money Valuation Cap:** $[___] (if SAFE/convertible)
- **Discount Rate:** [___]% (if applicable)
- **Interest Rate (if note):** [___]% simple annual
- **Maturity Date (if note):** [___]

If Equity:

- **Pre-Money Valuation:** $[___]
- **Price per Share:** $[___]
- **Total Shares Issued:** [___]

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4. Capitalization

- Fully diluted cap table to include:
  - All issued shares
  - Outstanding options & warrants
  - Unallocated option pool
- **Employee Option Pool:** [___]% post-money

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5. Use of Proceeds

- Product development
- Hiring
- Go-to-market
- Working capital
  (or specify)

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6. Closing Date & Conditions

- Completion of confirmatory due diligence
- IP assignments executed

- Board approval
- Updated financial statements
- Standard reps and warranties

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7. Governance

- **Board Composition:** [___] members
  - [Founder]
  - [Investor Representative, if any]
  - [Independent Director, optional]
- **Observer Rights:** [Yes/No]

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8. Investor Rights

- **Information Rights:** quarterly financials, annual budget, cap table
- **Inspection Rights:** reasonable access to books & management
- **Pro-Rata Rights:** right to participate in future financings up to [___]% ownership
- **Major Investor Threshold:** investments ≥ $[___]

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9. Economic Terms (Equity Only)

- **Liquidation Preference:** 1x non-participating
- **Dividends:** none, unless declared for common
- **Anti-Dilution Protection:** none / weighted-average (rare at seed)
- **Voting Rights:** standard preferred + class protections

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10. Founder Matters

- **Founder Vesting:** 4-year vesting, 1-year cliff
- **Acceleration:** none / single trigger / double trigger
- **Founder IP Assignment:** required

- **Founder Non-Solicit:** [___] years

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11. Representations & Warranties

Company reps regarding:

- Ownership of IP
- No litigation
- Compliance with laws
- Accurate financials
- Proper corporate formation

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12. Legal & Closing Costs

- Company pays up to $[___] of investor legal fees (cap recommended).

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13. Confidentiality (Binding)

Terms of this Term Sheet are confidential and may not be disclosed without consent, except to advisors and as required by law.

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14. Exclusivity / No-Shop (Binding)

Company agrees not to solicit or negotiate alternative financing proposals for [___] days following signing.

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15. Governing Law (Binding)

State of [Delaware/___].

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16. Expiration

This Term Sheet expires if not accepted by [date].

Signatures (Non-Binding Except Where Noted)

Company:
Name: ____________________
Title: ____________________
Date: _____________________

Investor:
Name: ____________________
Title: ____________________
Date: _____________________

seize it.