QAPITA

Term Sheet
Guide & Template

How to read, negotiate, and win on the terms that decide who controls your company and who gets paid first grounded in 2025–2026 US market data.

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What's inside this guide

01 · FUNDAMENTALS

What is a term sheet, and why should you care

A term sheet is a short document usually two to five pages that summarizes the economic and control terms an investor is proposing before either side spends real money on lawyers. Think of it as a handshake with numbers attached: it lets a founder and an investor agree on the shape of a deal quickly and cheaply, so that the far more expensive process of drafting binding legal documents only happens once both sides already agree on the substance.

It is also the skeleton that every later document inherits. Once signed, the term sheet becomes the instruction set lawyers use to draft the stock purchase agreement (who buys what, at what price), the investor rights agreement (information rights, registration rights, pro-rata), the voting agreement (how the board gets elected), and the amended charter (the rights attached to the new preferred stock). If a term is vague or missing here, it gets decided later usually in the investor's favor, since their counsel drafts the first pass of the definitive documents.

Mostly non-binding with three real exceptions

Confidentiality, exclusivity (the "no-shop" clause), and governing law are usually drafted as binding obligations that take effect the moment both sides sign — even though the rest of the document is explicitly a non-binding statement of intent. That asymmetry matters: you can walk away from a bad valuation, but you generally cannot walk away from an active no-shop clause without breaching contract. Read those three sections as carefully as you'd read any binding agreement, because that is exactly what they are.

01 · FUNDAMENTALS

Everything else in the document valuation, liquidation preference, board composition is technically just a starting point for negotiation. In practice, founders rarely push back hard once a term sheet is signed: renegotiating a term after signing damages trust with the lead investor and can spook the other participants in the round. That's precisely why the negotiation that matters happens before signature, not after.

1. It sets the template every later document inherits renegotiating a clause after signing is expensive, awkward, and rare in practice.

2. It fixes control board seats and veto rights for the life of the company and typically compounds at every future round rather than resetting.

3. It determines exit payout order and amount the liquidation preference stack decided here often swings founder proceeds more than the headline valuation ever will.

Anatomy of a term sheet

Every US venture term sheet, from a two-page seed note to a full NVCA-model Series A document, breaks down into the same three families of terms. Reading a new term sheet gets much easier once you sort every clause into one of these three buckets first, then evaluate each on its own logic.

Economic terms who gets what money, and when

These clauses decide dollars: what the company is worth, how many new shares get created for future hires, and critically the order in which everyone gets paid if the company is sold. Valuation, option pool sizing, liquidation preference, anti-dilution protection, and pro-rata rights all live here. They are the terms most founders focus on first, and rightly so, since they directly determine wealth outcomes.

Control terms who decides what, and when

These clauses decide power: who sits on the board, which decisions need investor sign-off, and what happens if a founder wants to sell shares or leave early. Board composition, protective provisions, drag-along rights, ROFR/co-sale, and founder vesting all live here. Founders under-focus on these relative to valuation, even though they shape day-to-day authority for years.

Process terms how the deal gets from here to closing

These clauses govern the deal-making process itself, not the company: confidentiality, the exclusivity/no-shop window, conditions to closing, who pays legal expenses, and which state's law governs disputes. Short and often skimmed but as covered on the previous page, several of these are the only parts of the term sheet that are actually binding on signature.

02 · FINANCING VEHICLES

Why investors and founders prefer different instruments

A financing vehicle is not merely an administrative choice. It determines when valuation gets negotiated, how ownership gets calculated, and who bears uncertainty between the day the money arrives and the day the company eventually raises a priced round. Founders generally prefer instruments that defer difficult valuation conversations until more traction exists; investors generally prefer instruments that lock in as much economic certainty as possible today. The balance between those two preferences is what drives the choice between a SAFE, a convertible note, and a priced round.

Three ways to raise: priced rounds, SAFEs & notes

Term sheets exist for all three, but they play different roles depending on your stage.

Priced round (Series A+)

Investors buy preferred stock at a fixed, negotiated valuation. Slower and costlier ($40,000–$120,000+ in legal fees) but gives everyone a clear, explicit ownership picture. Standard from Series A onward, 27% of 2025 seed rounds were priced.

SAFE (Simple Agreement for Future Equity)

Cash converts to equity at a future priced round, via a valuation cap and/or discount. No interest, no maturity date. Dominant at pre-seed and seed, 90% of Carta pre-seed rounds and 64% of seed rounds in 2025 used a SAFE.

Convertible note

A debt instrument that converts to equity, but unlike a SAFE it accrues interest and carries a maturity date by which it must convert or be repaid. Used in roughly 10% of 2025 seed rounds, often where investors want debt-like downside protection.

02 · FINANCING VEHICLES

Watch the stack

Layering several SAFEs with different caps, discounts, and most-favored-nation clauses creates conversion complexity that can surprise founders at their first priced round.

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US fundraising benchmarks, by stage

Stage	Median Pre-money	Typical dilution
Pre-seed	$4M–$6M cap	10–15%
Seed	~$16M	19–20%
Series A	~$49M	~18%
Series B	~$119M–$153M	~13%

Carta, 2025–26 U.S. data. AI companies command a meaningful premium at every stage roughly 40%+ at seed and up to 5x at Series A versus non-AI peers.

~10%

of priced rounds in Q3 2025 were down rounds, down from a 2023 peak above 20%

30–60d

standard no-shop / exclusivity window once a term sheet is signed

03 · ECONOMIC TERMS

Pre-money vs. post-money valuation

Every term sheet negotiation starts with a single number, but that number can mean two different things, and confusing them is the single most common valuation mistake founders make. Pre-money valuation is what the company is deemed to be worth immediately before the new investment lands. Post-money valuation is simply pre-money plus the new cash: it's what the company is worth the instant the round closes, with the investor's money already inside it.

The investor's ownership percentage is always calculated against the post-money figure, investment ÷ post-money valuation, not the pre-money one. Founders sometimes hear "$10M valuation" and assume they're giving up $2M/$10M = 20% when a $2M check is involved; if that $10M was actually the pre-money figure, the post-money is $12M and the investor's real stake is $2M/$12M = 16.7%. Always ask explicitly which figure a verbal offer refers to before doing any dilution math.

Pre-money valuation

Company value before the new cash comes in. The number investors usually quote first in a negotiation.

Post-money valuation

Pre-money + investment. The figure that actually determines ownership percentage and price per share.

The headline number is also only half the story, because investors will almost always require you to carve out or expand an employee option pool before they invest and depending on whether that pool is added on the pre-money or post-money side, the dilution lands very differently on founders versus the new investor. The next page walks through exactly how, with real numbers.

03 · ECONOMIC TERMS

Rule of thumb

Never negotiate valuation in isolation. Always pair it with the option pool size/placement and the liquidation preference structure together, those three define your real outcome, far more than the headline number does.

The option pool "shuffle" — a worked example

Pre-money valuation: **$9.0M**
New investment: **$3.0M**
Post-money: **$12.0M**
Investor requires a **10% option poo**l, added to the pre-money side

Pool added pre-money

$1.2M of new options is carved from founders' 90% share effective founder value drops to $7.8M.

Pool added post-money

Dilution is shared proportionally between founders and the new investor instead.

Always ask whether the pool is pre- or post-money it can move your real ownership by several points without changing the headline valuation at all.

Sizing the option pool

The option pool is the block of shares set aside, unissued, for future hires engineers, salespeople, executives you haven't recruited yet. Every priced round requires the company to either create a pool (if one doesn't exist) or top it back up to a target percentage, because the pool naturally shrinks with every grant made between rounds. Investors care about pool size because it is diluted out of the existing cap table before their money is priced in, which is exactly why it is a negotiation lever, not a formality.

03 · ECONOMIC TERMS

10-20% of fully-diluted post-money capitalization is the standard NVCA / YC range

Most seed-stage companies land at 10–15%; Series A rounds with an ambitious hiring plan can push toward 20%. The right size depends on your actual hiring plan for the next 12–18 months (headcount, seniority, and expected grant sizes) not on what the investor opens with. Oversizing "just in case" only dilutes founders today for a benefit that may not be used for years.

Pre-money pool

Created before the investment is priced in, so it dilutes entirely out of existing shareholders — mostly founders. This is the investor-friendly default and effectively lowers the price per share they pay.

Post-money pool

Created after the investment is priced in, so dilution is shared proportionally between founders and the new investor. More balanced for founders, but rarely the investor's opening position — it has to be asked for.

Negotiation lever

Come to the table with a forward-looking hiring plan (roles, levels, expected grant sizes) modeled against a specific pool size. It is the strongest, most concrete argument for keeping the pool smaller than an investor's opening ask, because it replaces a negotiation over an abstract percentage with a negotiation over your actual, defensible hiring roadmap.

03 · ECONOMIC TERMS

Liquidation preference: who gets paid first

When a company is sold, merged, or wound down, proceeds don't simply split by ownership percentage. Preferred stockholders, your investors have a contractual right to be paid a defined amount before common stockholders (founders, employees) see a single dollar. That right is the liquidation preference, and it is arguably the single term that most changes real economic outcomes at exit, especially in the "middling" exits that are far more common than headline-grabbing unicorn sales.

Three structural questions define how much the investor can take: the multiple (1x, 1.5x, 2x... of the original investment), whether it is participating (does the investor also share in what's left after taking the preference), and whether participation is capped at a maximum total return.

Non-participating

Market standard

The investor picks one of two outcomes, whichever pays more: take back their preference (e.g. 1x their investment), or convert to common stock and take their pro-rata share of all proceeds. They never get both which means at a high enough exit value they simply convert and behave like any other common shareholder.

Participating

The investor takes their preference back first, and then also shares pro-rata in whatever proceeds remain, alongside common stockholders. This "double dip" was common in the difficult fundraising markets of the early 2000s and 2008–09, but it is now largely off-market for early-stage US deals a request for participating preferred is itself a signal worth noting.

Capped participating

A negotiated middle ground: the investor participates as above, but their total return preference plus participation — stops accruing once it hits a multiple of their original investment (commonly 3x). Beyond that cap, they're better off converting to common, so economically it behaves like non-participating preferred at very high exit values.

03 · ECONOMIC TERMS

What's actually market standard today

98%

of Q2 2025 U.S. venture deals used a 1x multiple

95%

were non-participating preferred

Source: Cooley, Q2 2025 U.S. venture financings

These figures matter because they establish a clear market baseline. When nearly all financings use a 1x multiple and non-participating preferred, founders can evaluate any deviation from that standard through a simple lens: what additional protection is the investor asking for, and what economic cost does it create for common stockholders at exit?

In practice, terms above 1x or participation rights rarely affect blockbuster outcomes, but they can materially reduce founder and employee proceeds in the more common low- and mid-range exits.

Anti-dilution protection

If the company later raises money at a lower valuation than this round a "down round" the value of everything this investor bought just dropped too. Anti-dilution protection adjusts the price at which their preferred stock converts to common stock, effectively handing them extra shares to make up for some or all of that loss. It exists purely to protect investors from a specific downside scenario; founders bear the offsetting dilution.

Two formulas dominate in practice, and the difference between them is large:

Broad-based weighted average

Market standard

Recalculates the conversion price using a formula that weighs both the size of the down round and the total shares already outstanding. The adjustment is proportional and modest — its dilutive impact is spread thinly across the whole cap table rather than concentrated on founders.

Full ratchet

Aggressive, rare

Resets the investor's conversion price all the way down to the new, lower round price — regardless of how small the down round is or how many shares are involved. A tiny bridge round at a discount can retroactively reprice an entire prior round, causing severe, concentrated founder dilution.

03 · ECONOMIC TERMS

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Pro-rata rights

A pro-rata right gives an existing investor the option never the obligation to put more money into your next financing round, in an amount sufficient to maintain the ownership percentage they currently hold. If an investor owns 8% of the company today and you raise a new round, their pro-rata right lets them buy enough of the new shares to still own roughly 8% afterward, rather than being diluted down passively like a shareholder who does nothing.

The right typically has to be exercised within a defined notice window once the company decides to raise, and it usually applies only to new equity securities — not to option pool grants, acquisition-related issuances, or other standard exempt issuances carved out elsewhere in the charter.

Standard scope: "Major Investors" only

Pro-rata is reserved for investors above a defined ownership or investment-dollar threshold usually the same "Major Investor" definition that gates information rights (see the deep-dive section). Smaller check-writers typically don't get this right at all.

Founder consideration

Grant pro-rata generously only to investors who add real value beyond capital strong domain expertise, a track record of follow-on support, useful introductions. Over-granting clutters the cap table with passive small holders and can crowd out the pro-rata allocation you'd rather give a strong new lead investor in your next round, who often wants a meaningful chunk of that round for themselves.

04 · CONTROL TERMS

Board composition

The term sheet doesn't just set your valuation it sets who gets a formal vote on your company's biggest decisions going forward: hiring and firing executives, approving budgets, authorizing future fundraises, and ultimately deciding whether to sell the company. The voting agreement signed at closing locks in exactly how each board seat gets elected, and that structure typically holds until it is explicitly renegotiated at a later round.

SEED	**2 founders + 1 investor**
SERIES A/B	**2 founders + 2 investors + 1 independent**
ALTERNATIVE	**1 founder + 1 investor + 1 independent**

The independent-seat trap

A 3-seat board (1 founder, 1 investor, 1 independent) sounds balanced but the independent seat is often harder to fill than it looks, leaving a de facto 2:1 investor advantage until it's seated.

Negotiation tip

If you already have a strong independent candidate in mind, push for a 5-seat board it dilutes any single party's control and gives founders more room to build consensus.

04 · CONTROL TERMS

Protective provisions (veto rights)

Protective provisions are a list of company actions that require the affirmative consent of a majority (or supermajority) of preferred stockholders, voting as a separate class, regardless of what the board decides . They exist because a board vote alone can be won by a founder-friendly board even when it's not in preferred stockholders' economic interest so investors negotiate a second, independent layer of consent over the decisions that matter most to their investment.

The scope of this list is one of the most heavily negotiated parts of any term sheet: too narrow and investors have no real protection against reckless dilution or an underpriced sale; too broad and founders lose the ability to run ordinary business without investor sign-off on routine decisions.

Standard — expect these

- Issuing new equity or securities senior to existing preferred
- Selling the company or a change of control
- Amending the charter or bylaws
- Taking on debt above an agreed threshold
- Changing the authorized size of the board

Non-standard — negotiate out

- Investor approval for ordinary-course hiring or salaries
- Veto over any acquisition, regardless of size
- Approval required for routine vendor or customer contracts
- Vague, open-ended "material decisions" language

04 · CONTROL TERMS

Founder vesting & acceleration

Founders typically already own their shares outright from incorporation, fully vested, with no strings attached. Investors will nonetheless often require "reverse vesting" as a condition of the round: the company retains a right to repurchase some or all of a founder's shares, at the price originally paid (often near zero), if that founder leaves before a set period elapses. It exists to protect the company and the remaining founders from a co-founder who exits early while still holding a large, fully-vested stake.

4 Yrs standard vesting schedule, with a 1-year cliff, nothing vests until 12 months in, then it vests monthly or quarterly thereafter

Double-trigger acceleration

Vesting only accelerates if both a change of control and a termination occur. Fair to founders and doesn't spook acquirers with a "golden parachute."

Credit for time served

If you've run the company for a year or more pre-round, negotiate credit against the new vesting schedule rather than starting the clock over.

04 · CONTROL TERMS

QSBS: why entity structure belongs in the term sheet conversation

Qualified Small Business Stock (Section 1202) lets founders and investors exclude capital gains on the sale of qualifying C-corp stock and a 2025 law made it significantly more valuable.

Held ≥ 5 years	100% excluded
Held ≥ 4 years	75% excluded
Held ≥ 3 years	50% excluded

For stock issued after July 4, 2025 (OBBBA), the per-issuer exclusion cap rose from $10M to $15M , and the qualifying company asset ceiling rose from $50M to $75M only C corporations qualify.

Why it belongs here

Staying a Delaware C-corp when you take a priced round preserves QSBS eligibility for founders and early employees a meaningful, often-overlooked benefit of the standard structure investors already require.

Drag-along, ROFR & co-sale rights

Drag-along right

If a defined majority of stockholders and the board approve a sale, drag-along forces every other stockholder including holdout founders or angels to vote for and sign onto that sale. It exists purely for administrative ease: without it, a single small holder could block an otherwise-approved exit.

Right of first refusal (ROFR)

Before a founder can sell shares to an outside buyer, the company (and then investors) get the right to purchase those shares first, on the same terms. Keeps unknown third parties off the cap table.

Co-sale (tag-along) right

If a founder does sell shares to a third party, investors can sell a proportional slice of their own shares in the same transaction so a founder can't quietly cash out early while investors are stuck illiquid.

04 · CONTROL TERMS

Information rights & the "Major Investor" definition

Most of an investor's ongoing rights information, pro-rata, a board observer seat are gated behind a single defined term: Major Investor, usually set as a minimum dollar amount invested or shares held.

Standard information rights

Annual audited financials, quarterly unaudited statements, and an annual budget delivered to Major Investors within a set number of days after period-end.

Inspection rights

Reasonable access to inspect books and records and discuss the business with management, on reasonable notice.

Termination of rights

Information rights typically terminate automatically upon an IPO or a change of control a standard, sensible carve-out to include.

From signed term sheet to closed round

1. **Term sheet signed**
   Exclusivity / no-shop clause begins (30–60 days)
2. **Due diligence**
   Financials, cap table, contracts, IP, and (at Series A+) cohort and unit-economics review
3. **Definitive documents drafted**
   Stock purchase agreement, investor rights agreement, voting agreement, ROFR & co-sale agreement, amended charter
4. **Board & stockholder approval**
   Formal resolutions authorizing the financing and any charter amendments
5. **Closing**
   Funds wire, shares issue, cap table updates

04 · CONTROL TERMS

SAFE mechanics: cap, discount and MFN

A SAFE has no term sheet in the traditional sense the terms below are what founders actually negotiate before signing YC's standard document.

Valuation cap

The maximum valuation at which the SAFE converts to shares protects early investors from a runaway priced round later.

Discount rate

Typically 10–20% off the price per share paid by new investors in the priced round that triggers conversion.

Most Favored Nation (MFN)

Lets an early SAFE holder claim the best cap/discount given to any later investor can retroactively worsen your whole SAFE stack if you grant one generous term.

Worked conversion example

A $500K SAFE with a $8M cap converts at the Series A. If the priced round values the company at $20M pre-money, the SAFE still converts as if the company were worth $8M, giving the SAFE holder roughly 2.5x more shares per dollar than new Series A investors at the same round.

What preference type actually pays out

$3M invested for 20% of the company (as-converted). Investor proceeds at three exit values:

Preference type	Exit $6M	Exit $15M	Exit $60M
1x non-participating	$3.0M	$3.0M	$12.0M
1x participating	$3.6M	$5.4M	$14.4M
2x non-participating	$6.0M	$6.0M	$14.0M

Illustrative math assuming a single preferred series and no option-pool effects. Participation proceeds = 1x preference + pro-rata share of remaining proceeds; non-participating takes the greater of preference or as-converted share.

04 · PLAYBOOK

Red flags checklist

Liquidation preference above 1x or uncapped participation

Off-market at early stage. As the payout math on the earlier page shows, this can quietly erase most or all common-share proceeds in the exit outcomes ($5M–$30M) that are far more common than a headline-grabbing sale.

Full-ratchet anti-dilution

Resets an investor's conversion price to match any future down round, no matter how small highly founder-unfriendly compared to the broad-based weighted average formula almost every 2025–26 term sheet actually uses.

Cumulative dividends

Silently compound the preference balance owed at exit, year over year, even though the company never actually pays them out in cash, a $10M investment at 6% cumulative can owe $13M after five years, before any common stockholder is paid.

Pay-to-play provisions

Force existing investors to keep funding every future round pro-rata or lose their preferred rights and convert to common, can box you into your current investor syndicate and limit your ability to bring in a fresh lead later.

Pre-money option pool shuffle

Requiring a large new option pool added on the pre-money side buries extra founder dilution inside a headline valuation that looks completely unchanged on paper, always ask for the pool to be sized against your actual hiring plan, and push for post-money placement.

Broad, undefined protective provisions

Vague "material decisions" or "in the reasonable judgment of the investor" language reaches far past structural protection into day-to-day operations, insist on an enumerated, closed list of specific triggering actions instead.

Loose redemption rights

A right for investors to force the company to buy back their shares after a fixed period can drain cash the business needs to operate, push for narrow triggers (change of control or a failed IPO only) and a capped annual repurchase amount.

Uncapped legal-expense reimbursement

A commitment to reimburse "investor's legal fees" with no ceiling can turn into a five- or six-figure surprise at closing always negotiate a fixed dollar cap on what the company must reimburse.

04 · PLAYBOOK

How to negotiate well

1. Create real competition

Run a tight process: pitch a wide list of investors over a compressed 2–3 week window rather than trickling out meetings over months, so multiple term sheets land around the same time. A second live term sheet is the single most effective negotiating lever a founder has data suggests it can move valuation 15–25% on its own, simply because the lead investor now has a real reason to move quickly and generously.

2. Anchor with market data

Come prepared with Carta and NVCA benchmark data for your stage and sector. The moment a proposed term deviates from what's typical a 2x liquidation preference when 98% of deals use 1x, for example naming the specific market data point is far more persuasive than simply saying a term "feels aggressive."

3. Never negotiate valuation alone

A high headline valuation paired with a large pre-money option pool and a 2x liquidation preference can leave founders worse off than a lower valuation with clean, standard terms. Always evaluate valuation, option pool size/placement, and liquidation preference structure together as a single package before comparing two offers.

4. Spend leverage where it counts

Founders have finite negotiating capital in any single term sheet conversation use it on board composition and liquidation preference structure, which materially change control and exit payout for years, rather than squeezing an extra half point of valuation that barely moves your eventual ownership.

5. Use NVCA / YC docs as a baseline

The National Venture Capital Association publishes free, widely-used model term sheet and definitive-document templates; Y Combinator publishes its own founder-friendly Series A term sheet. Referencing these gives you a neutral, credible framework to point to rather than relying on the investor's own boilerplate as the assumed default.

6. Get experienced counsel early

Bring in a startup-focused corporate attorney before signing the term sheet, not after. Legal fees at this stage are a small fraction of what a single non-standard clause an uncapped participation right, a broad protective provision can cost you at exit years later.

04 · THE TEMPLATE

A complete, fill-in-the-blank Series A term sheet

Modeled on the standard, widely-used Series A term sheet format popularized by Y Combinator: a single flowing document, one defined term at a time, built to be signed after a five-minute read. Copy it, drop in your numbers, and hand it to counsel as a starting draft.

TERM SHEET

Series A Preferred Stock Financing of [COMPANY], Inc. — [DATE]

Company:

[__________], a Delaware corporation.

Securities:

Series A Preferred Stock of the Company ("Series A").

Investment Amounts:

$[__] million from [__________] ("Lead Investor"). $[__] million from other investors. Convertible notes and SAFEs ("Convertibles") convert on their terms into shadow series of preferred stock (together with the Series A, the "Preferred Stock").

Valuation:

$[__] million post-money valuation, including an available option pool equal to [__]% of the post-Closing fully-diluted capitalization.

Liquidation Preference:

1x non-participating preference. A sale of all or substantially all of the Company's assets, or a merger (collectively, a "Company Sale"), will be treated as a liquidation.

Dividends:

6% noncumulative, payable if and when declared by the Board of Directors.

Conversion to Common Stock:

At holder's option and automatically on (i) IPO or (ii) approval of a majority of Preferred Stock (on an as-converted basis) (the "Preferred Majority"). Conversion ratio initially 1-to-1, subject to standard adjustments.

Voting Rights:

Approval of the Preferred Majority required to (i) change rights, preferences or privileges of the Preferred Stock; (ii) change the authorized number of shares; (iii) create securities senior or pari passu to the existing Preferred Stock; (iv) redeem or repurchase any shares (except for purchases at cost upon termination of services or exercises of contractual rights of first refusal); (v) declare or pay any dividend; (vi) change the authorized number of directors; or (vii) liquidate or dissolve, including a Company Sale. Otherwise votes with Common Stock on an as-converted basis.

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04 · THE TEMPLATE

Drag-Along:

Founders, investors and 1% stockholders required to vote for a Company Sale approved by (i) the Board, (ii) the Preferred Majority and (iii) a majority of Common Stock (excluding shares of Common Stock issuable or issued upon conversion of the Preferred Stock) (the "Common Majority"), subject to standard exceptions.

Other Rights & Matters:

The Preferred Stock will have standard broad-based weighted average anti-dilution rights, first refusal and co-sale rights over founder stock transfers, registration rights, pro rata rights and information rights. Company counsel drafts documents. Company pays Lead Investor's legal fees, capped at $[______].

Board:

Lead Investor designates [__] director(s). Common Majority designates [__] director(s).

Founder and Employee Vesting:

Founders: [__________]. Employees: 4-year monthly vesting with 1-year cliff.

No Shop:

For [30] days, the Company will not solicit, encourage or accept any offers for the acquisition of Company capital stock (other than equity compensation for service providers), or of all or any substantial portion of Company assets.

The "No Shop" is legally binding between the parties. Everything else in this term sheet is non-binding and only intended to be a summary of the proposed terms of this financing.

Acknowledged and agreed

The parties intend the foregoing to be a summary of the terms of the proposed financing only. Except for the No Shop provision, which is a binding obligation of the parties effective on the date of the last signature below, this term sheet is not intended to be, and does not constitute, a legally binding obligation on the part of any party.

By signing below, each party confirms its current, good-faith intention to proceed toward definitive documentation on the terms summarized in this term sheet.

[COMPANY]

By: ______________________

Name: ______________________

Title: Chief Executive Officer

Date: ______________________

[LEAD INVESTOR]

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

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Get your cap table *term-sheet-ready*

Qapita's equity management platform models valuation scenarios, keeps a diligence-ready cap table, and runs 409A valuations the moment a round closes.

- Model any proposed term sheet against your live cap table
- Keep a single, diligence-ready cap table in real time
- Run waterfall & exit-scenario analysis before you sign
- Get an independent 409A valuation as soon as you close