Senior Debt: Summary of Terms

BabyBurgers LLC – A Completely Fictional Company

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DEVELOPED IN PARTNERSHIP WITH KATTEN MUCHIN ROSENMAN LLP:

This document was prepared with help from **Katten Muchin Rosenman LLP** ("Katten"). The founder of ASimpleModel.com has worked on control-equity, non-control equity and preferred equity investments with partners who are now at Katten for 10+ years. They have always been excellent to work with.

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[INSERT SENIOR BANK NAME]
BabyBurgers LLC – Summary Terms and Conditions
Month XX, 20XX

THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY AND IS NOT AN OFFER, AGREEMENT, OR COMMITMENT TO LEND. THIS TERM SHEET REFLECTS THE BANK'S PRELIMINARY INTEREST IN EXPLORING THE POSSIBILITY OF A CREDIT ARRANGEMENT AND WILL NOT BE BINDING ON THE BANK OR THE ADDRESSEE.

Borrower: BabyBurgers LLC ("BabyBurgers" or the Company).

Guarantors: All future and existing subsidiaries of Borrower. All future and existing subsidiaries of Borrower.

Lender: Senior Bank

Purpose: To finance the acquisition of BabyBurgers LLC.

Term Debt: $25,000,000 Senior Secured Term Loan ("Term Loan"). Fully funded at close.

- Maturity: Five years from closing.
- Excess Cash Flow Sweep: In addition to the repayment terms listed below, mandatory prepayments of the Term Loan will be required in amounts equal to 50% of Excess Cash Flow.

Excess Cash Flow: EBITDA less Cash Taxes less Mandatory Debt Payment less Cash Interest Expense less approved Capital Expenditures.

Repayment: Amortization Schedule [*Advanced modeling option for ASM Reader: Include quarterly principal payments in a model with monthly periods.*]:

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Amortization	10%	10%	15%	15%	20%

Term Debt Pricing: 5.0%

Line of Credit: $5,000,000 Senior Secured Revolving Line of Credit ("Revolver"). No funding at close.

- Maturity: Five years from closing.

Revolver Pricing: 5.0%

Information Rights: Annual audited financial statements of Borrower shall be delivered within 120 days of fiscal year end; and

Quarterly company prepared financial statements shall be delivered within 45 days of each quarter end; and

Monthly borrowing base within 30 days of month end; and

Annual financial projections for Borrower shall be delivered within 60 days of fiscal year end; and

Notice of material litigation, material adverse effect, or event of default.

Financial Covenants: Total Leverage Ratio – Borrower shall not permit the ratio of Funded Debt to EBITDA to exceed the following:

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Ratio	5.0x	4.75x	4.5x	4.25x	4.0x

Senior Leverage Ratio – Borrower shall not permit the ratio of Senior Funded Debt to EBITDA to exceed the following:

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Ratio	3.0x	2.75x	2.5x	2.25x	2.0x

Fixed Charge Coverage Ratio – Borrower shall not permit the ratio of EBITDA less Capital Expenditures, Taxes and Distributions, divided by the sum of Cash Interest Expense and scheduled principal payments on Total Funded Debt to be less than 1.25x.

EBITDA shall be calculated on a trailing twelve-month basis.

Affirmative Covenants: The Credit Agreement will contain affirmative covenants customary for transactions of this type, including, but not limited to, the following: (i) maintenance of existence, books and records, and customary insurance; (ii) monthly financial reporting with associated MD&A and typical information rights; (iii) further assurances with respect to the collateral; (iv) compliance with environmental laws, other laws, and agreements; and (v) newly formed subsidiaries to become guarantors and to grant liens and security interests on the Collateral.

Negative Covenants: The Credit Agreement will contain negative covenants customary for transactions of this type, including, but not limited to, the following: (i) limitations on investments and the incurrence of additional indebtedness; (ii) limitations on distributions, dividends, and redemptions; (iii) limitations on the sale of assets and the use of proceeds; (iv) limitations on liens and security interests; (v) limitations on acquisitions above a certain size (TBD); (vi) limitations on capital expenditures above mutually agreed levels; and (vii) limitations on transactions with affiliates.

Reps and Warranties: The Credit Agreement will contain representations and warranties customary for transactions of this type.

Events of Default: The Credit Agreement will contain events of default customary for transactions of this type, including, but not limited to, the following: (i) failure to make principal or interest payments when due; (ii) failure to satisfy any financial, affirmative, or negative covenant in the Credit Agreement or any other transaction document; (iii) breaches of representations and warranties;

	(iv) the bankruptcy or insolvency of the Borrower; (v) judgments in excess of specified amounts; (vi) impairment of the Lender's liens and security interests; (vii) change of control; and (viii) the invalidity of any transaction document.
Origination Fee:	1.0% of Term Debt.