

Senior Debt: Summary of Terms

BabyBurgers LLC – A Completely Fictional Company

ASimpleModel.com

[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:

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 30 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: 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.

Origination Fee: 1.0% of Term Debt.