

Term-Sheet Plain-English Explainer

Finance & Accounting

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This guide explains what the tool produces, how to use the output, and what to watch for. The actual output (draft/report) is generated on the tool page.

Background

Explains a startup term sheet in plain English — economics and control terms — flagging founder-unfriendly clauses and their real impact, with negotiation priorities. Use it before signing. Get a startup lawyer to review too; to model the preference at exit, use the Liquidation-Waterfall Calculator.

Purpose of this tool & output

Decode the economics and control terms of a term sheet

How the output is used

Use it to decode the economics and control terms of a term sheet in plain English before you negotiate or sign.

Important cautions

Get a startup lawyer to review before signing.

Companion documents

- Cap Table Analysis
- Funding-Round Dilution Modeller
- ESOP Pool Designer
- Convertible / SAFE Conversion Modeller
- Liquidation-Waterfall Calculator
- FMV Valuation Narrative (Sec 56 / Rule 11UA)

This is AI-assisted guidance. Verify with a qualified professional before any binding decision. Fees, authorities and processes vary by state and change over time — confirm with your state authority.