

head>

**[Date]**

**[Recipient Name]**

[Recipient Title]

[Company Name]

[Address Line 1]

[Address Line 2]

**RE: Discussion Letter - Proposed Uncommitted Mezzanine Debt Facility**

Dear [Recipient Name],

This letter outlines the preliminary terms under which [Lender Name] ("Lender") is considering providing an uncommitted mezzanine debt facility (the "Facility") to [Borrower Name] ("Borrower"). This document is intended for discussion purposes only and does not constitute a binding commitment to lend.

**1. Facility Type:** Uncommitted Mezzanine Debt Facility.

**2. Maximum Facility Amount:** Up to \$[Amount] (the "Maximum Limit").

**3. Purpose:** To provide capital for [e.g., growth acquisitions, recapitalization, or general corporate purposes].

**4. Uncommitted Nature:** The Facility is uncommitted. The Lender shall have no obligation to fund any specific request for a draw-down. Each funding request will be evaluated on a case-by-case basis at the Lender's absolute discretion, subject to formal credit approval and satisfactory due diligence.

**5. Interest Rate:**

- Cash Interest: [Percentage]% per annum.
- PIK (Payment-in-Kind) Interest: [Percentage]% per annum, to be capitalized to the principal balance.

**6. Tenor:** [Number] years from the date of the definitive agreement.

**7. Ranking and Security:** The Facility will rank junior to existing and future senior indebtedness and senior to all common and preferred equity. It will be [Unsecured / Secured by a second-priority lien on assets].

**8. Equity Kicker (if applicable):** [Description of warrants or profit participation rights].

**9. Fees:**

- Upfront Fee: [Percentage]% of the funded amount, payable at the time of each draw-down.
- Unused Line Fee: N/A (due to uncommitted nature).

**10. Conditions Precedent:** Funding is subject to execution of definitive legal documentation, absence of material adverse change, and [Other specific conditions].

**11. Confidentiality:** The terms set forth in this letter are strictly confidential and may not be disclosed to third parties without the prior written consent of the Lender.

If the Borrower wishes to proceed with formal discussions based on these indicative terms, please sign and return the enclosed copy of this letter.

Sincerely,

[Signature]  
[Name of Signatory]  
[Title]  
[Lender Name]

**Acknowledged and Agreed:**

\_\_\_\_\_  
For and on behalf of [Borrower Name]  
Date: \_\_\_\_\_