

Key Elements in Capital Funding Agreement Documents

1. Parties to the Agreement

Identification of all parties involved, including the funder(s) and the recipient or beneficiary of the capital funding.

2. Recitals

Background information and purpose of the agreement, outlining the context, objectives, and justification for providing capital funding.

3. Definitions

Key terms and definitions used throughout the agreement to ensure clarity and mutual understanding.

4. Amount and Purpose of Funding

Specific details regarding the amount of capital to be provided, permitted uses, and any restrictions or requirements regarding expenditure.

5. Conditions Precedent

Conditions that must be fulfilled by either party before the disbursement of funds, such as approvals, certifications, or documentation.

6. Disbursement Schedule

Timelines and milestones for the release of funding, including any tranches, reporting obligations, or triggers for each installment.

7. Representations and Warranties

Statements from both parties guaranteeing certain facts or legal standing at the time the agreement is executed.

8. Monitoring and Reporting Requirements

Obligations for providing regular updates, progress reports, and financial statements related to the funded project or activity.

9. Use of Funds and Audit Rights

Provisions detailing how funds must be used and granting the funder rights to audit accounts or projects funded under the agreement.

10. Breach and Remedies

Consequences and remedies available in the event of default or breach by either party, including recovery of funds, termination rights, and dispute resolution mechanisms.

11. Term and Termination

The duration of the agreement and circumstances or procedures for early termination by either party.

12. Miscellaneous Provisions

Standard clauses covering governing law, notice requirements, amendments, waiver, and entire agreement.

Important Notes

- Capital Funding Agreements are legally binding documents. Ensure all terms are clear and mutually understood.
- All parties should seek independent legal and financial advice before signing.
- Compliance with funding conditions and reporting requirements is essential to avoid breaches.
- Preserve proper records and documentation for audit and accountability purposes.