Christou Law Offices

<u>**SAFE Agreement Audit Checklist**</u>

Audit Your SAFE to Avoid Costly Mistakes!

Why Audit? Spot dilution traps, compliance gaps, and red flags before they kill your raise. Based on **Y Combinator templates** (post-money preferred) and **top pitfalls** like incorrect discount rates, LLC mismatches, or unverified accredited investors.

Instructions: ✅ Complete & Fair | ⚠️ Review Needed | ❌ Fix ASAP

Complete?	Item	Details to Verify
☐	Parties: Company (exact legal name, state of incorp) & Investor (name, address)	Delaware C-Corp? LLC? **Red Flag: Y-Combinator SAFE is made for corporations, not LLCs** – Repaper or convert.
☐	Date & Purchase Amount	Exact $ wired? Hold signatures in **escrow** until funds clear.
☐	SAFE Variant (Post-Money Preferred)	Cap Only / Discount Only / Cap + Discount / MFN? **Post-Money = Transparent dilution.**
☐	Aggregate SAFE Cap (Series Total)	Matches planned raise? Avoid over-raising > cap (0% founder equity!).
☐	Valuation Cap (Post-Money)	Realistic? E.g., $5M cap on $500K = ~10% ownership. Calc: Amount / Cap.
☐	Discount Rate	Applies if no/low cap trigger. **MAKE SURE MATH IS CORRECT** (a 20% discount is expressed as 80% discount rate in Y-Combinator form (100% – discount%)).
☐	Investor Reps	Are your investors accredited? (Income >$200K or Net Worth >$1M).
☐	Securities Compliance	Confirm you **qualify for an exemption** under Regulation D. Get an **EDGAR Code** before your first SAFE signing and prepare to **file your Form D within 15 days** of the first SAFE signing.

Next Steps:

1. **Download PDF and start your audit**.
2. **Need help?** christoulawoffices.com/consult
3. **Bonus:** Join our **Legal Byte** newsletter for useful startup tips.

Not legal advice. Consult Christou Law Offices for your specific deal. *Eleni Christou, Esq.* | *Ex-Biglaw* | *Chicago's Startup GC*

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