

Car Wash Finance

(Western Car Wash Association Exposition)

1. Overview

- **Borrower Qualifications**
- **Site Evaluation**
- **Lending Programs**
- **Suggestions for Success**

2. Borrower – Experienced or Start-Up

- **Individuals**
- **Small Groups**
- **Investor**

3. The three “C’s” of Lending

CREDIT

- **Credit Score**
- **Comparable Credit**

CAPACITY

- **Injection**
- **Outside Source of Income**
- **Management Experience**
- **Other Assets (401K, Real Property, Savings)**

COLLATERAL

- **Assets Financed**

4. Types of Projects

- **Acquisition**
- **Expansion**
- **New Development**
- **Remodel / Retrofit**

5. Site

- **Car Count**
- **Accessibility**
- **Type of Traffic**
- **Competition**
- **Lot Size**
- **Use vs. Cost**
- **Area Demographics**
- **Surrounding Businesses**

6. Lending Programs

- **Owner Carry**
- **SBA**
- **Conventional**
- **Hard Money**
- **Equipment Leases & Loans**
- **Working Capital Loans & Lines**

7. Owner Carry

Low Cost

- **No Appraisal**
- **No Hazardous**

- **No Guarantee Fees**
- **No Points**

Term

Rate

8. Small Business Administration

SBA 7 (a)

- **Up to 25 Years**
- **Variable Rate**
- **Can be All Inclusive**
- **Guaranty Fee**
- **Maximum Loan Amount**
- **Collateral Requirements**
- **Size Limitations**
- **Loan to Costs**
- **Prepayment**

504

- **Up to 20 Years**
- **Bank or CDC**
- **Fixed Rate**
- **Exclusions (Working Capital, Inventory, Some Soft Costs)**
- **SBA & Bank Fees**
- **Maximum Loan Amount**
- **Collateral Requirements**
- **Loan to Costs**
- **50/40/10 (90%) ~ 50/30/20 (80%) ~ 50/35/15 (85%)**
- **Prepayment**

9. Conventional

- Up to 25 Years – Most Common 10 – 15 Years
- Fixed or Variable Rate
- Exclusions: Working Capital, Inventory, Soft Costs, Equipment
- Bank Fees
- No Maximum Loan Amount
- Collateral Requirements
- Loan to Costs

10. Big Bank Math

- How Does 80% = 57%?

Land	\$200,000
Building	250,000
Equipment	250,000
Soft Costs	200,000*
Total Project	\$900,000
Less Exclusions	(200,000)
Basis for LTV	\$700,000
LTV	x 80%
Loan Amount	\$560,000
Less deposit Covenants	(50,000)
Net Loan amount	\$510,000
\$510,000 / \$900,000 = 57%	

*working capital, inventory, impact fees, water & sewer tap fees, permits, engineering, architect, furniture & fixtures, interim interest, contingency...

- How does 8.25% = 9.55%?
 - Payment based on \$560,000 = \$4,770
 - Actual Amount Borrowed is \$510,000
 - Payment of \$4,770 on \$510,000 = 9.55%

11. Equipment Finance

- **Equipment Leases**
 - Term
 - Rate
 - 100%
 - Residual
 - Tax Advantages
 - Prepayment
- **Equipment Loans**
 - Term
 - Rate
 - 80%
 - No Residual
 - Prepayment
- **Working Capital**
 - Loans
 - Lines ~ “Trade Discounts” & “Seasonality”

12. Suggestions for Success

- **Know Your Project Costs**
 - Land
 - Construction
 - Equipment
 - Permit – Water & Sewer Tap Fees
 - Impact Fees
- **Know Your Timeline**
 - How long it takes to get permits
 - Construction Timeline

- **Know Your City**
 - **Speak with City Planners**
 - **Use an Architect / Engineer that has worked with city**
- **Plan early**
 - **Get Pre-Qualified for Financing**

CAR WASH FINANCE QUESTIONS?

Coast Commercial Credit

www.CoastCC.com

Mike Ford: 1-800-400-0365

Booth 162

Source: NS Corp Investor Package Nov 2006