

Unconventional Financing

SIGMA
Annual Meeting
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What Changed?

- Department of Energy Lender Liability Rules.
 - Changed in late '90's
 - Lender not liable if not operated directly
 - Provided opportunity into under financed industry

Securitized Lenders

- Growth of non-traditional lenders in to the industry.
- FMAC, EMAC, FFCA, GE Capital, Lehman Brothers, Greentree, Shell Capital, ACC, Amresco, Captec, Questec, Textron, etc.
- No recourse, no equity, 100 to 110% of value, purchase mediocre sites at high prices.
- A disaster waiting to happen.



Securitized Lenders Aftermath

- Marketers filing for bankruptcy
- Lenders filing for bankruptcy
- Traditional and non-Traditional lenders pulling out of industry.
- No money available for some time
- Lenders slowly coming back.



Financing

- Traditional Mortgage Debt
- Construction Loan to Permanent Financing
- Sale/Leaseback
- Build-To-Suit
- Mezzanine
- Equity

Lenders Available Today

- Banks
 - SBA (problematic)
 - Conventional
- National Lender's
 - Citicapital
 - Merrill Lynch
 - Morgan Stanly
- Insurance Companies
 - Work through correspondent lenders
- Credit Unions
- Equity
- Mezzanine

National Lenders

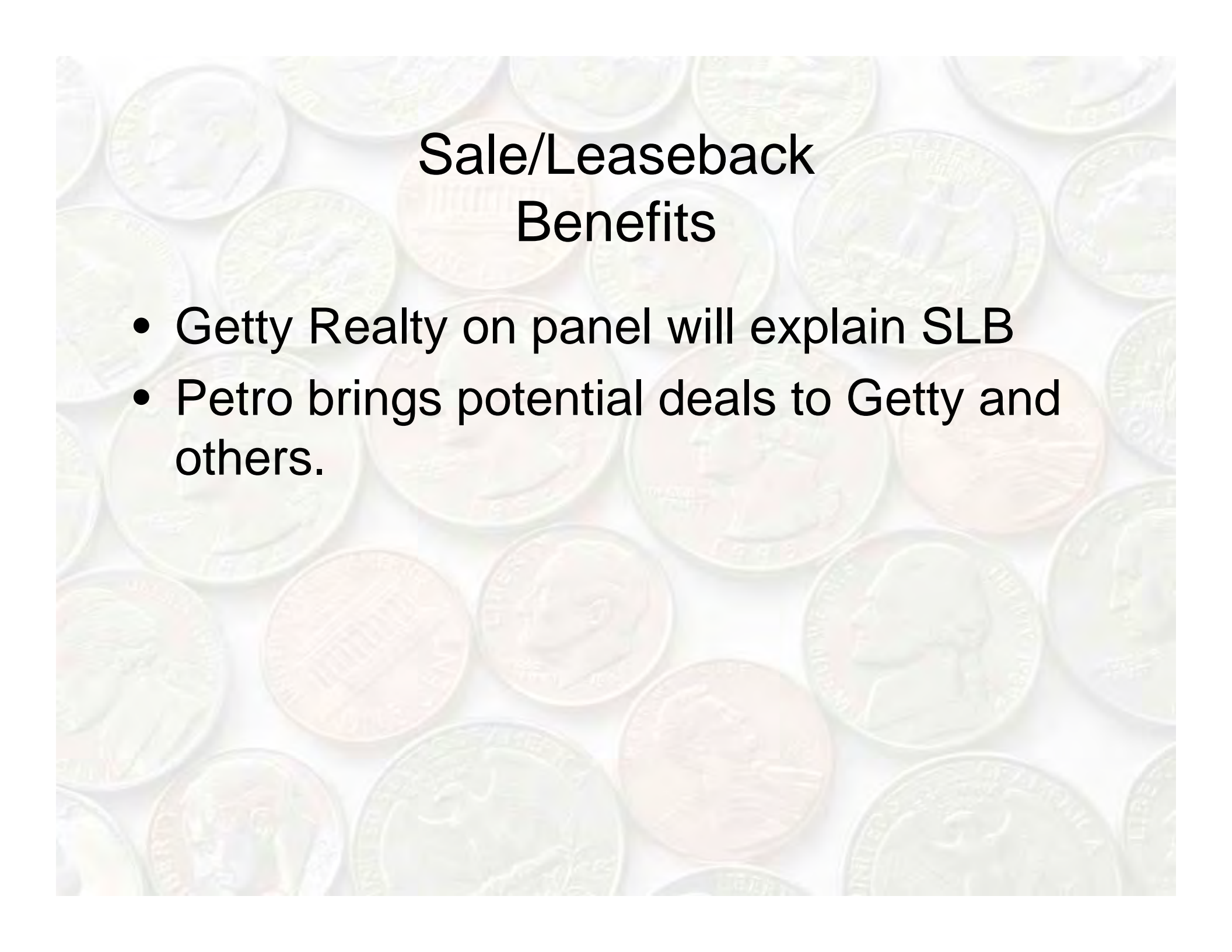
- Typical Terms
 - LIBOR + 250, Variable rate
 - 1% Commitment fee
 - No Personal Guarantees
 - 10 Year term/20 Year Amortization
 - Pre Payment Penalty

Insurance Companies

- Work through Lender's agents
- Amounts from \$1 million to \$60 million
- Fixed rate loans – based off 10 Yr. T-Bills.
- Flexible terms
 - 4 5year loans 20 year amortization
 - 15 year self liquidating
 - 20 year self liquidating
 - Some have recourse, others do not
- Yield Maintenance

Construction Takeout

- Borrower goes to local bank
- Interest Only during the construction period
- Up to 6 months, can be extended if necessary
- Bank pays contractor directly based on completion of project.
- Insurance lender provides bank with takeout letter guaranteeing the repayment of loan.



Sale/Leaseback Benefits

- Getty Realty on panel will explain SLB
- Petro brings potential deals to Getty and others.



Build-To-Suit

- Property owner or another entity builds facility and turns it over to owner/operator.
- Wal-Mart and others have done this for years.
- No up-front cost

Additional Lenders

- Mezzanine

- Think 2nd mortgage
- Short term
- High Interest

- Equity

- Groups and Institutions
- Expensive
- Exit Strategy

Sources & Uses

Sources & Uses - Debt Financing

Sources

Cash	\$	608,000
Construction Loan to Permanent	\$	2,400,000
Total	\$	3,008,000

Uses

Purchase Price of land	\$	500,000
Construction Cost of New Facility	\$	1,500,000
Fuel Inventory @ 10M gals @ \$2.30pg	\$	23,000
C-Store Mdse	\$	75,000
3rd Party Reports Appraisal/Environmental	\$	10,000
Financing Fees @ 2% Includes legal	\$	50,000
Working Capital	\$	850,000
Total	\$	3,008,000



Conclusion

- Questions?