**Out and About the Industry** **8/16/12**

**C-store financing is starting to heat up this summer. By Mark Radosevich**

Thankfully much of the nation is finally enjoying some cooler temperatures after some of the hottest summer weather in recorded history. In the c-store financing arena, lender interest is finally heating up after almost five years of chilly indifference. A good indicator was the positive lender reaction to a multi-store acquisition loan that we recently closed in the Mid-south region. Our client purchased a block of stores requiring funding for both the acquisition and a refinance of some existing debt. We targeted about a dozen regional and national lenders fully expecting this effort to hit the usual dead end or receive a lukewarm reception regarding terms & conditions, leverage and hoops to jump through.

Over the past years, lenders dug into seemingly pristine deals looking for holes and reasons why they couldn't get it done. The underwriters were definitely steering the ship and they had no incentive to disrupt the quiet status quo. Now it's the opposite case. Of the dozen lenders approached, nine expressed interest and over half demonstrated a strong desire to finance the deal. Buyer equity requirements also are loosening to a more traditional norm of twenty to twenty five percent, versus previous thirty to forty percent levels.

Based upon this recent example, following are some tips for marketers improve their ability get their acquisition deals financed:

- Make sure the target acquisition is of a manageable size and value versus the existing operation. Taking on too large a deal will raise red flags.
- The business being acquired must reasonably cash flow to the purchase amount and has a consistent history of sales performance.
- Have sufficient operational experience in the area being acquired. If the plan is to buy and run stores, be able to tangibly demonstrate expertise in that area.
- Show where the equity is coming from and when asked, show evidence that the money is readily available.
- Demonstrate transparency by being prompt and forthcoming with all questions and requests.
- Develop a realistic and detailed business and financial proforma of the target acquisition out five years, including volume and profitability growth.
- Develop a detailed deal summary that encapsulates the acquisition and financing requirements, needs and limitations. This will expedite early evaluation, highlight obstacles and weed out lenders with only marginal interest upfront.

I've mentioned in several articles of the importance of preparing one's company for growth and being in a position to be decisive when acquisition opportunities arise. We may finally be emerging from the commercial financing meltdowns of 2008. With a resurgence of financing availability, marketers should begin to proactively refocus on growth and opportunity.

For straightforward deals valued under $20 million, we expect numerous new financing alternatives to increasingly become available. Nothing is more refreshing than a cool autumn breeze or having several lender term sheets to compare, contrast and leverage against one another. On behalf of the entire PetroActive Services team we hope your autumn of 2012 is bright, sunny and full of color, and that your favorite college football team, be it the Toledo Rockets or the Akron Zips, make it to a quality bowl.

Possessing over thirty years of petro experience, Mark Radosevich is a strong petroleum industry advocate. In addition to serving on various industry association boards and committees, Mark is president of PetroActive Real Estate Services, LLC, offering confidential mergers & acquisition representation and growth financing services exclusively to the wholesale petroleum sector. Contact him at 423-442-1327 or at marado@bellsouth.net