

SBA 7(A)

Owner Expands Gas Station & C-Store with Liquor Store Addition

LOAN AMOUNT

\$825,000

LOAN PURPOSE

SBA 7(a) Business Acquisition including Real Estate

THE SMALL BUSINESS

Gas Station & Convenience Store | Idalou, TX

THE FINANCING CHALLENGE

The owner of a gas station and convenience store faced a challenge to secure financing due to the laws in Texas and his interest in expanding into a liquor store. He needed to be creative when it came to the space and had to create a separation in order to sell off the existing inventory. The borrower set up a second area that was adjacent to the existing building and placed a wall between them to be able to sell liquor. He could only sell beer and wine and had to find a way to sell off the liquor. He was stuck because it was eventually shut down and was left with a large amount of excess inventory that he was unable to sell. The borrower had other challenges, including past bankruptcies, a declining trend in gallons of gas sold per year, very little liquidity (less than 10k), and a low down payment.

Here's what our borrower brought to Ready Capital:

- The number of gallons sold had decreased but it did not affect revenue.
- The borrower had previous management experience working at the company and it reflected a valuable understanding of the industry.
- Additional income generated from rental of the car wash and the restaurant inside the C-store.



CREATIVE SOLUTION

The business was cash flow positive and operating well. Once the borrower was able to add space for the liquor store, he was able to bring in additional income and sell more inventory. The positive outlook for the overall business is what helped get the deal done. The borrower also had significant experience working for the business as he was a current employee. The loan was fully secure, and the property covered the loan. The borrower was previously declined by another lender for an SBA loan, but we were able to get the deal done and secure financing by focusing on the strengths outweighing the weaknesses and looking at the overall picture.

Reliable results

- **The business was able to successfully expand into a liquor store and sell existing inventory.**
- **The borrower was able to secure financing and get the deal done to reach his end goal after being declined by another lender.**
- **The borrower gained the ability to finance more inventory to increase overall future revenue.**