

Madison Capital Revolving Fund Proposal

BORROWER:

Capital One Petroleum, LLC
9519 North Riverbend Court
River Hills, WI 53217

ACCOUNTANT:

Dalin Lindseth and Company
2323 North Mayfair Road, Suite 420
Wauwatosa, WI 53226

INVESTOR:

Harpreet Kaur – 608-213-3925
9517 Blue Heron Drive
Middleton, WI 53562

BANKER:

First Bank Financial Centre – 608-834-5586
2001 W Beltline Hwy, Suite 110
Madison, WI 53713

EXECUTIVE SUMMARY

CREDIT REQUEST

Capital Revolving Loan Fund - \$250,000 Term Note

Amortized over 10 years

Fixed at 3.25% for 10 years



BACKGROUND

Harpreet Kaur has been involved in the convenience store business for over 20 years as operator/manager of numerous stores for her brother. Harpreet is requesting funds for the purchase and renovation of the BP branded gas station located at 735 E Washington Ave in Madison, WI. The site was originally leased by Capital One Petroleum in November of 2010 for \$10,000 per month and is currently being leased for \$12,000 per month with the option to purchase the property for \$1,475,000. Marge Powell, the current owner, has been unable and unwilling to continue operation of the station causing a disruption in the business as a going concern in early 2010 giving rise to the infamous facebook group "Marge's BT E Wash is the worst gas station ever." The investors have injected money into the company in order to restock the shelves, fill the tanks, and purchase new pumps for the location. They have returned the site to profitability in 8 months. The property is situated on a main thoroughfare in the near east capitol district of Madison.

Request: MCRF – Owner Occupied Commercial Real Estate | Business Purchase

Purpose:	Purchase Gas Station
Borrower:	Capital One Petroleum, LLC
Amount:	\$250,000
Interest Rate & Term:	Fixed for 10 Years Prime (3.25%) Amortized over 10 Years
Fees:	Customary commercial real estate fees including but not limited to appraisal, environmental, title insurance, and gap insurance.
Payments:	Monthly payments of principal and interest of \$2,442.98
Collateral:	2 nd MTG on commercial property located at 735 East Washington Ave. in Madison, WI
Guarantors:	Unlimited Personal Guaranty from Harpreet Kaur

SOURCES AND USES**Sources and Uses**

Uses	Amount	%	Sources	Amount	%
Purchase Gas Station	\$1,475,000	81%	FBFC – SBA 7(a)	\$1,200,000	66%
New Pumps	\$75,000	4%	MCRF	\$250,000	14%
Car Wash Restoration	\$175,000	9%	Equity	\$375,000	20%
Facade Remodel & Interior Equipment/Remodel	\$50,000	3%			
SBA Fee, Bank Fee, Appraisal, Environmental	\$50,000	3%			

LOAN FUND REQUIREMENTS

The convenience store/gas station will be open for business 24 hours a day and will employ 3 – 4 basic sector employees. All renovations and construction will conform to ADA compliance and be subject to city approvals. The site will be owner operated and managed by Harpreet Kaur with operational consulting from her brother Rick Walia, owner of several convenience stores in the Milwaukee area. Development and construction is mainly cosmetic with the exception of the car wash which will require substantial improvement to bring back into working order. It is expected that the project can be completed within one month of closing on the property purchase. Madison Capital Revolving Fund Loan money will be essential in securing financing for the project due to its poor operational history and the leveraged nature of the purchase. This mezzanine debt financing will also substantially lower interest cost on the first mortgage loan. Site control was obtained in November 2010 and the project was returned to profitability in eight months of operation. No businesses or individuals will need to be relocated due to the funding of this project. Borrower believes this project falls under the category of both blight removal and economic development in an area slated for much needed redevelopment.