

ASSET UNDERWRITING / BORROWER FIELD GUIDE

Car washes underwriting guide

Separate memberships, retail washes, variable operating costs and property-related obligations.

A car wash may combine real estate, specialized equipment and a recurring customer business. The financing case must identify which assets and cash flows are actually pledged and available to repay the proposed loan. Membership growth, retail washes and property value answer different questions and should remain distinct in the analysis.

Build the customer-to-cash bridge

Separate paying memberships, effective monthly membership price, cancellations, failed payments and retail wash transactions. A membership count is not collected revenue unless the billing and cash records support it. Mister Car Wash's issuer disclosure identifies subscription retention as a business risk; no company conversion rate, multiple or operating benchmark is used here.

Match volume to operating and equipment costs

Identify chemicals, water, energy, labor, maintenance, merchant fees and other direct costs using the subject operation. Distinguish recurring equipment maintenance from replacements and upgrades. Equipment downtime can reduce both retail revenue and membership retention while fixed costs continue. If the business pays rent to a related property company, reconcile both entities and eliminate internal transfers in a combined view.

Separate collateral from business value

List real estate, owned and leased equipment, membership systems, licenses and other business assets with their owners and liens. A mortgage on the property does not necessarily convey every operating asset. Ask the proposed lender how it will evaluate the real estate and business repayment sources. A modeled enterprise cash flow is not an appraisal of the land or a lender-approved allocation of purchase price.

Use this guide with the matching Excel model. Illustrative assumptions are editable; no lender approval, market quote or universal threshold is represented.

FIELD GUIDE / 02

What the lender needs to understand

Preparation questions and evidence to resolve them. Actual requests and acceptance standards depend on the lender and transaction.

01 / How many memberships are actually paying?

Billing-system records, cancellations, failed payments and bank reconciliation.

02 / How does retail wash volume translate to contribution?

Point-of-sale counts, realized tickets and direct-cost detail.

03 / What equipment is required and who owns it?

Inventory, leases, liens, maintenance and replacement schedule.

04 / What happens during an equipment outage?

Specific repair duration, revenue impact and continuing-cost scenario.

05 / Which cash flow and collateral support the loan?

Entity-level statements and lender-confirmed collateral/valuation scope.

06 / Who funds working capital and capital repairs?

Accessible equity net of the real-estate closing and other commitments.

Turn the request list into an evidence ledger

For each material question, record the document and date, the responsible owner, the unresolved fact, the party who can accept it, and the financing consequence if it remains unresolved. A file delivered to a lender is not necessarily an accepted answer.

Evidence state: requested / received / reconciled / accepted / still conditional. Preserve the lender response and avoid treating an unanswered question as approval.

FIELD GUIDE / 03

Document checklist: cash flow and collateral

Use a consistent cutoff date. Mark missing items, conflicts and explanations rather than simply counting files.

Cash flow and operations

Document / evidence request	Received / open
Monthly paying-member counts, pricing and cancellations.	[] _____
Membership collections and failed-payment reconciliation.	[] _____
Retail wash transactions and actual average ticket by period.	[] _____
Chemicals, utilities, labor, merchant fees and maintenance expense detail.	[] _____
Business and property statements with related-party rent eliminations.	[] _____
Seasonal and outage cash schedule with working-capital requirements.	[] _____

Property and collateral

Document / evidence request	Received / open
Title, survey, access and actual permitted-use evidence.	[] _____
Equipment inventory identifying owned, financed and leased assets.	[] _____
Condition, service history and replacement bids for critical systems.	[] _____
Water supply, discharge and other applicable operating evidence.	[] _____
Environmental and property-condition reports requested by the lender.	[] _____
Purchase allocation and collateral descriptions reviewed by the relevant advisers.	[] _____

Reconciliation note

The schedules should agree with the source documents or identify the exact reason for a difference. Keep the source amount, the adjustment and the lender-accepted amount visible as separate fields.

FIELD GUIDE / 04

Document checklist: sponsor and closing

Confirm who provides the money, when it is available and what evidence permits the transaction to fund.

Sponsor and execution

Document / evidence request	Received / open
Sponsor and operator experience with the actual wash format and equipment.	☐ _____
Ownership structure linking real estate and operating company.	☐ _____
Key management and maintenance responsibilities.	☐ _____
Verified liquidity after repairs and other business obligations.	☐ _____
Debt, equipment leases and contingent guarantees.	☐ _____
Equity authority for an outage and customer-recovery period.	☐ _____

Closing and funding

Document / evidence request	Received / open
Lender-confirmed business and real-estate financing scope.	☐ _____
Lien releases and equipment collateral or intercreditor requirements.	☐ _____
Material operating, technology and service-contract transfer conditions.	☐ _____
Payoff, insurance and closing-cost reconciliation.	☐ _____
Working-capital and restricted-reserve funding requirements.	☐ _____
Post-closing maintenance and outage response plan with available cash.	☐ _____

Before committing the next dollar

- ☐ Reconcile membership and retail activity to actual receipts.
- ☐ Map collateral and debt by legal owner.
- ☐ Fund an operating outage as well as the scheduled equipment replacement.

FIELD GUIDE / 05

Use the model and reconcile the result

car-wash-underwriting-model.xlsx | Summary, Assumptions, Membership and Retail, Operations, Debt and Funding, Review

- 1. Use Assumptions!D5 for Base (1) or Downside (2), and the labeled scenario input rows. Enter source data in Membership and Retail!D10:L21; preserve formula cells and an untouched workbook copy.
- 2. Memberships roll forward using attrition and additions; billing uses a half-month average. Member visits create costs, not extra retail revenue. Fractional members are planning averages, and the model does not allocate business versus property value.
- 3. Reconcile Operations to Summary. Apply the entered lender adjustment separately to the modeled cash flow. Sizing uses amortizing debt service, while first-year payments reflect the entered interest-only period.
- 4. In Assumptions, replace illustrative value, LTV, DSCR, debt yield, rate, amortization and requested ceiling with the intended scenario. Review capacities in Debt and Funding. The smallest modeled capacity does not establish eligibility or approval.
- 5. Closing equity includes the entered opening cash and restricted reserves. Additional operating cash need is measured after that opening cash, so do not add it twice. Inspect monthly cash and remaining principal at maturity.
- 6. Read Review for model conventions and limitations. Save each scenario with its supporting evidence and date; actual lender definitions, legal rights and professional findings control the transaction.

Worked example: editable teaching assumptions

Illustrative Base / Downside inputs: Property value \$6,000,000 / \$5,200,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$913,609	\$786,544
NCF after reserve	\$246,520	\$70,199
NCF used for sizing	\$246,520	\$45,199
Modeled loan	\$2,434,023	\$375,394
Binding sizing constraint	DSCR	DSCR
First-year debt service	\$177,714	\$32,400
Required closing equity	\$3,465,977	\$5,524,606
Equity left / (closing gap)	-\$965,977	-\$3,024,606
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	-\$965,977	-\$3,024,606
Principal at modeled maturity	\$2,230,768	\$349,838

Base NCF used for sizing is \$246,520. The modeled loan is \$2,434,023, with DSCR binding. Closing uses of \$5,900,000 less that loan require \$3,465,977 of equity. Available equity is \$2,500,000; the signed combined surplus/gap is -\$965,977 after any additional operating cash need. Downside changes the loan to \$375,394 and the combined result to -\$3,024,606.

Dollar results rounded to the nearest dollar; the workbook retains precision. Signed funding surplus is negative for a shortage. A positive funding surplus remains subject to actual source availability.

FIELD GUIDE / 06

Review the risks and the evidence

- Membership sign-ups, active accounts and paying members can be different counts.
- Do not assume all business value is available as mortgage collateral.
- An equipment lease payment should not disappear when an earnings figure is adjusted.
- A repair can cause both a direct capital payment and lost operating cash; show both without duplicating either.

Sources and applicability

These references support the stated asset and risk context. The questions and document lists are preparation tools, not a statement that every lender requires or accepts the same package. Actual contracts, applicable rules and the chosen lender determine the transaction requirements.

1. Mister Car Wash 2025 Form 10-K | Risk Factors, attracting and retaining subscription members | Checked 2026-10-21

Issuer example; no company retention rate or valuation multiple is applied.

<https://www.sec.gov/Archives/edgar/data/1853513/000119312526078965/mcw-20251231.htm>

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Car wash financing: separate property, equipment and customer earnings

Owner-occupied debt: when no intercompany rent satisfies both entities

Discuss a financing scenario with Jaken Finance Group

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Education and analysis do not establish a financing offer, appraisal, legal opinion or program eligibility. Confirm the current source, actual contract terms and professional advice relevant to the transaction.