

ASSET UNDERWRITING / BORROWER FIELD GUIDE

Gas stations and convenience stores underwriting guide

Build cash flow from fuel margins and store sales while identifying environmental and capital obligations.

Gas-station and convenience-store debt analysis should separate fuel margin, store contribution, real estate and environmental obligations. Large sales totals can conceal a much smaller repayment source. Prepare a package that reconciles gross sales to cash retained and identifies who is responsible for tanks, releases, corrective action and required financial assurance.

Underwrite margin rather than sales volume alone

Reconcile gallons sold, realized selling price, acquisition cost and other fuel-related charges. Store sales need their own cost-of-goods and operating-cost bridge. Identify rebates, commissions, card fees and other items without counting them in two places. Explain whether the borrower operates the business or leases the property to an operator; property rent and business cash flow require different evidence.

Map environmental facts to responsibility

Identify tank owner, operator, equipment history, testing, release-detection records and any open incident or corrective-action file. EPA's UST resources address prevention, detection, reporting and financial responsibility. The actual state implementing agency, applicable rules and specialist findings determine the subject requirements. A financial-responsibility mechanism is not proof that every loss or repair is covered.

Fund working capital and corrective work

A fuel inventory purchase, equipment repair or required environmental action can consume cash before the next receipts arrive. Separate operating working capital from closing equity, restricted reserves and any proposed insurance recovery. For a known condition, create a ledger of scope, responsible party, approval, payment date and funding source. Avoid treating a seller promise as cash already available to the borrower.

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 / What is the actual fuel contribution?

Gallons, sales and acquisition costs reconciled to supplier and point-of-sale records.

02 / How much store income remains after product costs?

Department sales, inventory and cost-of-goods reconciliation.

03 / Who owns and operates each tank system?

Ownership, lease, registration and operator records.

04 / What environmental conditions remain unresolved?

Reports, testing, incident files and regulator correspondence.

05 / What financial assurance is actually available?

Current policy or other mechanism, exclusions, deductibles and specialist review.

06 / What funds inventory, repairs and required action?

Dated working-capital and condition-resolution cash schedule.

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 gallons, fuel sales and supplier-cost reconciliation.	[] _____
Store sales, inventory, shrink and cost-of-goods detail.	[] _____
Card fees, rebates, commissions and other income adjustments.	[] _____
Property and operating-company statements with internal rent reconciled.	[] _____
Payroll, utilities, maintenance, insurance and other cash expenses.	[] _____
Inventory funding and seasonal working-capital schedule.	[] _____

Property and collateral

Document / evidence request	Received / open
Tank and equipment inventory with ownership, age and service history.	[] _____
Registration, testing, release detection and required operating records.	[] _____
Environmental reports and open release or corrective-action files.	[] _____
Current financial-responsibility documentation and relevant coverage terms.	[] _____
Title, access, use and property-condition evidence.	[] _____
Repair or replacement bids with permits, shutdown and disposal assumptions.	[] _____

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 fuel retail and tank obligations.	☐ _____
Ownership chart identifying property owner, business and tank operator.	☐ _____
Liquidity evidence net of inventory and other business commitments.	☐ _____
Debt, equipment leases and environmental or other contingent obligations.	☐ _____
Management, supplier and emergency-response responsibilities.	☐ _____
Equity authority for downtime and uninsured or restricted expenditures.	☐ _____

Closing and funding

Document / evidence request	Received / open
Lender and specialist acceptance of the actual environmental evidence.	☐ _____
Tank, supplier, brand and material contract transfer requirements.	☐ _____
Allocation of known-condition costs with enforceable funding mechanics.	☐ _____
Insurance or other assurance conditions effective for the correct parties.	☐ _____
Payoff, lien releases, title and closing-cost ledger.	☐ _____
Post-closing compliance and payment responsibilities with named owners.	☐ _____

Before committing the next dollar

- ☐ Reconcile margin before applying debt-service assumptions.
- ☐ Resolve material environmental evidence and responsibility gaps.
- ☐ Fund inventory and the condition-response plan separately from restricted reserves.

FIELD GUIDE / 05

Use the model and reconcile the result

gas-station-underwriting-model.xlsx | Summary, Assumptions, Fuel and Store, 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 Fuel and Store!D10:L21; preserve formula cells and an untouched workbook copy.
2. The revenue line is fuel/store gross profit after product cost of goods, not pump receipts. Card fees use gross sales; do not deduct product costs twice. Environmental and inventory-funding evidence remain separate.
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
Fuel/store gross profit	\$929,200	\$794,466
NCF after reserve	\$210,453	\$20,405
NCF used for sizing	\$210,453	-\$4,595
Modeled loan	\$2,077,910	\$0
Binding sizing constraint	DSCR	DSCR
First-year debt service	\$151,713	\$0
Required closing equity	\$3,822,090	\$5,900,000
Equity left / (closing gap)	-\$1,322,090	-\$3,400,000
Additional operating cash need	\$4,260	\$85,195
Equity left / (combined gap)	-\$1,326,350	-\$3,485,195
Principal at modeled maturity	\$1,904,393	\$0

Base NCF used for sizing is \$210,453. The modeled loan is \$2,077,910, with DSCR binding. Closing uses of \$5,900,000 less that loan require \$3,822,090 of equity. Available equity is \$2,500,000; the signed combined surplus/gap is -\$1,326,350 after any additional operating cash need. Downside changes the loan to \$0 and the combined result to -\$3,485,195.

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

- Fuel sales are not fuel gross profit, and neither is cash after all operating costs.
- A clean-looking site does not replace tank, testing and environmental records.
- Insurance or a state mechanism may have conditions, deductibles or exclusions that leave borrower cash needs.
- The same working-capital cash cannot fund both inventory and the real-estate closing wire.

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. EPA UST owner and operator resources | Release prevention, detection, reporting and financial responsibility sections | Checked 2026-10-21

Source-specific context; numerical examples and decision workflow are original hypothetical analysis.

<https://www.epa.gov/ust/resources-ust-owners-and-operators>

2. EPA Dollars and Sense financial responsibility summary | Description of financial responsibility for corrective action and third-party damages | Checked 2026-10-21

Source-specific context; numerical examples and decision workflow are original hypothetical analysis.

<https://www.epa.gov/ust/dollars-and-sense-financial-responsibility-requirements-underground-storage-tanks>

Continue in the educational library

Gas station financing: map environmental conditions to the party and cash source

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.