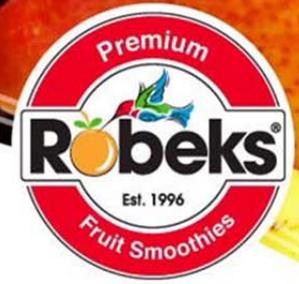


Robeks Financing Options Summary



When attaining financing you will need to consider the following:

1. What is the least expensive expansion capital available to me?
2. What available financing is the easiest to attain?
3. What financing strategy will tie up the least of my liquid assets?

Ultimately, we are trying to answer the golden question, "What is my best strategy for achieving my financial goals?"

The following are the most common methods franchisees use to finance their Robeks store:

1. Home Equity Line of Credit (HELOC)
2. 401K/Retirement Plan Rollover/Self-Directed IRA
3. SBA Loan
4. Friends and Family
5. Partnerships

Let's look at the advantages of each.

HELOC (Home Equity Line of Credit)

Advantages

- Very low interest rate.
- Highly flexible. Interest only if necessary. No set repayment schedule.
- Low documentation. You don't need to write a robust business plan or disclose where the funds will be utilized.
- Conserve your cash and liquid assets. Helps your business be more resilient.

Considerations

- You will need to demonstrate an ability to repay the loan through your existing sources of income prior to approval. Business income generated from your new Robeks store will not be considered.
- You can borrow up to 80% loan-to-value. Multiply the value of your home by 80% and then deduct the outstanding balance of your first and second mortgages. Certain volatile real estate markets (such as Florida) may be 70% loan-to-value. Certain states like Texas do not allow second mortgages.
- Real estate appraisals required.



Robeks Financing Options Summary



401K Rollover/Self-Directed IRA

Advantages

- Allows you to start your business using qualified 401K and IRA funds with no declared income, no taxes, and no penalty for early withdrawal (penalty is 10%).
- Pay yourself the interest, not the bank.
- Low documentation. You don't have to write a robust business plan or participate in elaborate loan closing.
- Conserve your cash and liquid assets.

Considerations

- Many people consider their retirement plans a "nest egg." You will need to start looking at your Robeks store as your nest egg.
- Need to think outside the box.
- Determine if the combination of the interest you save and income you make as a Robeks franchisee will beat what you will predict the stock market will give you.

SBA Loan – Robeks is an SBA-approved franchise

(<http://www.franchiseregistry.com/>)

Advantages

- Government-backed loan. Eliminates bank's risk.
- 30% Cash injection. Conserve your cash.
- Reasonable cost of money. Typically 2.75 points over prime.
- No pre-payment penalty
- 7-10 year term.
- Scalable. More money available with less collateral once you have a track record of success.

Considerations

- Longer process than others. Often 90 days or more.
- High documentation. Requires more time to gather and complete paperwork.
- Balance of the loan requires 100% collateral. You will need to show the bank at least \$280K in collateral.
- *If most of your collateral is in home equity, you should consider HELOC before SBA.*

Work experience is important consideration for attaining a loan.

Learn more at www.SBA.gov



Robeks Financing Options Summary



Friends and Family

Advantages

- They know you.
- Typically flexible on repayment terms because of your previous relationship.
- May bring certain areas of expertise into your business.
- Loans may not require collateral.

Considerations

- If business performance is not what is predicted, it may impact important relationships moving forward.
- If friends and family are seeking equity in the business, see "Partnerships."

Partnerships

Advantages

- Synergy. Partners should have complementary skill sets and add value to each other.
- Greater leadership and management capacity, and ability to grow faster together than separately.
- More eyes on the business.
- Individual partners may have more time flexibility.

Considerations

- Partners divide the rewards and equity. May be most expensive source of financing.
- Business relationships are different than family and friendship relationships.
- Partners need to have discussions about who is responsible for what, who is investing what, how do partners divide income, shares, and benefits.
- Hard to dissolve without impacting the business

