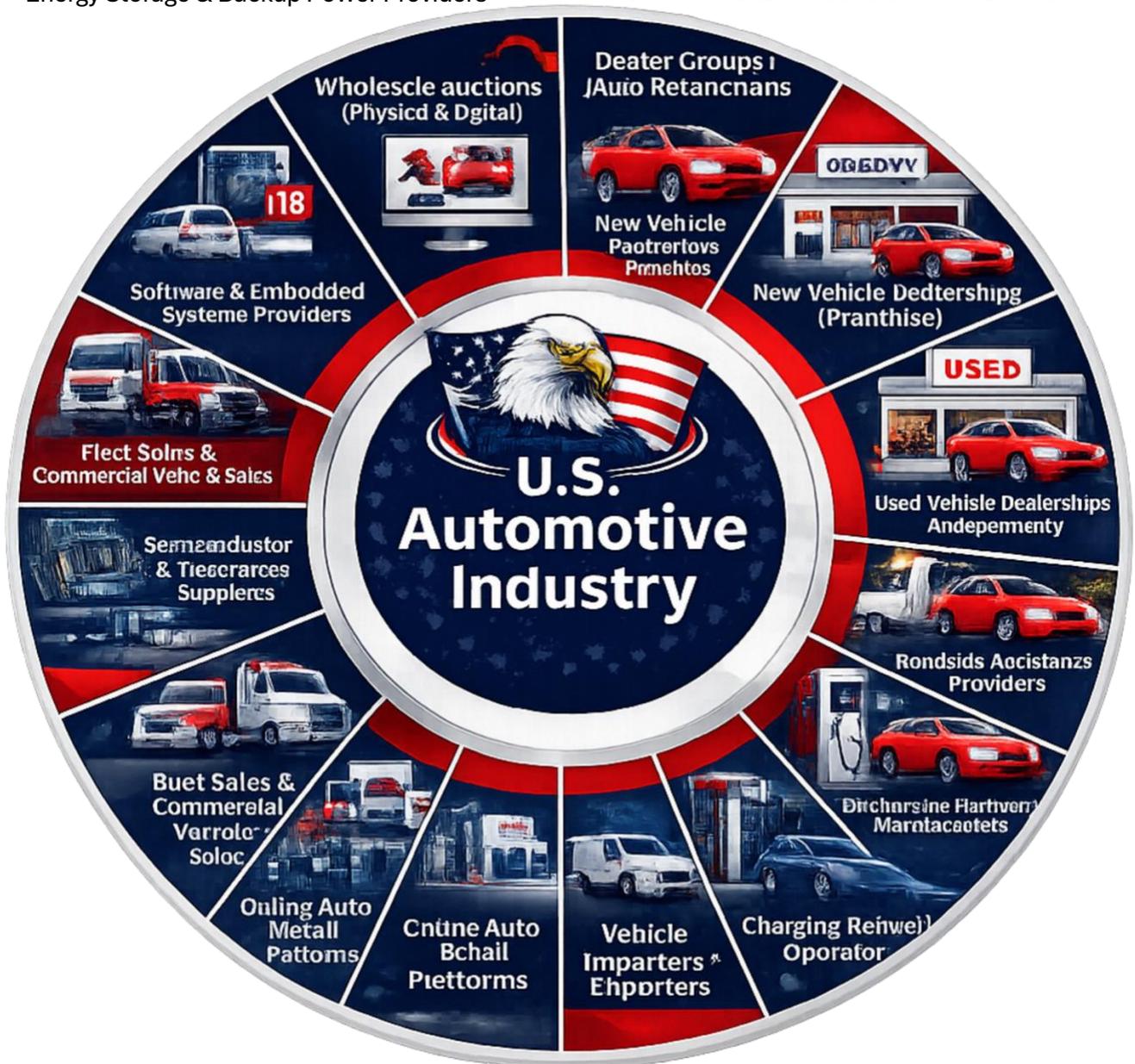


UNIVERSAL BUSINESS LOAN QUALIFICATIONS

(Required for ALL 16 Categories)- Applies to industries, sub-industries & businesses we invest in:

- Wholesale Auctions (Physical & Digital)
- Dealer Groups / Auto Retail Chains
- New Vehicle Dealerships (Franchise)
- Used Vehicle Dealerships (Independent)
- Roadside Assistance Providers
- EV Charging Hardware Manufacturers
- Charging Network Operators
- Energy Storage & Backup Power Providers
- Autonomous & ADAS Technology Firms
- Battery Disposal & Recycling Providers
- Battery & Energy Storage Manufacturers
- Semiconductor & Electronics Suppliers
- Online Auto Retail Platforms
- Vehicle Importers / Exporters
- Fleet Sales & Commercial Vehicle Sales



1 Strong Financial Health

Minimum Standards:

- ✓ 24–36 months operating history (preferred)
- ✓ Positive gross margins
- ✓ Clear path to EBITDA profitability (or already EBITDA positive)
- ✓ CPA-prepared financial statements
- ✓ Debt-to-equity within industry norms
- ✓ No undisclosed tax liens, UCC conflicts, or insolvency risk

Red Flag:

- Cash burn without improving unit economics
 - Founder loans masking structural losses
-

2 Proven Revenue Model

Must demonstrate:

- Recurring or repeatable revenue streams
- Diversified customer base (no client >25% revenue)
- Clear pricing power
- Signed contracts or purchase orders (where applicable)
- Realistic sales pipeline supported by data

As a lender, you fund predictable cash flow — not projections.

3 Legal & Regulatory Compliance

Mandatory across automotive + energy ecosystem:

- Proper state and federal licensing
- Dealer licenses (if applicable)
- DOT compliance (transporters / fleets)
- EPA compliance (battery & recycling operations)
- UL / CE / safety certifications (hardware)
- FCC approvals (electronics & connected devices)
- Franchise agreements (franchise dealers)
- IP protection (patents, trademarks, ownership clarity)

Zero tolerance for regulatory gray areas.

4 Strong Leadership Team

Minimum expectations:

- Experienced executive leadership
- Clear role division
- No unresolved litigation history
- Strong operational management
- Demonstrated crisis management ability

Bonus:

- Founder maintains meaningful equity
 - Industry advisory board
-

5 Asset Backing or Collateral

Acceptable collateral types depending on industry:

- Vehicle inventory
- Charging hardware inventory
- Real estate
- Manufacturing equipment
- Contracts (fleet, SaaS, recurring energy agreements)
- Accounts receivable
- Patented IP

Unsecured lending requires:

- Higher interest rate
 - Personal guarantees strongly preferred
-

6 Scalable Business Model

Look for:

- Expanding geographic reach
- Replicable systems
- Growing total addressable market
- Technology leverage
- Network effects (platforms / charging networks)

Avoid:

- Single-location businesses with stagnant growth
-

7 Competitive Advantage

Must possess at least one:

- Exclusive supply agreements
- Unique IP
- Brand strength
- Regulatory advantage
- Strategic partnerships
- High switching costs

Commodity businesses = higher risk.

8 Clean Capital Stack

Understand:

- Senior vs subordinate debt
- Convertible notes
- Cap table clarity
- Existing liens
- Personal guarantees

If you are junior in stack → price accordingly.

9 Insurance Coverage

Mandatory coverage (as applicable):

- General liability
 - Product liability (manufacturers)
 - Cyber insurance (platforms / software)
 - Errors & Omissions (tech firms)
 - Garage liability (dealers)
 - Environmental insurance (battery / recycling)
-

10 Clear Use of Funds

Never fund:

- Payroll band-aids
- Covering prior bad debt
- Founder lifestyle

Acceptable uses:

- Inventory expansion
 - Equipment purchases
 - Facility expansion
 - Manufacturing scale-up
 - Working capital tied to contracts
 - Regulatory certifications
-

SECTOR-SPECIFIC UNDERWRITING REQUIREMENTS

Now tailored specifically to each of your 16 industries.

1–4: Dealerships & Auctions

(Wholesale Auctions, Dealer Groups, Franchise & Independent Dealers)

Must show:

- Inventory turn ratios above industry average
- Floorplan financing discipline
- Clean title management
- Arbitration loss ratios
- Service department profitability
- OEM compliance (franchise stores)

High risk if over-leveraged on floorplan debt.

5: Roadside Assistance Providers

Must demonstrate:

- Active service contracts
- Fleet asset ownership or lease clarity
- Response-time metrics
- Insurance coverage for roadside incidents
- Dispatch system efficiency
- Contracted partnerships with insurers or OEMs

Recurring B2B contracts preferred over retail-only models.

6: EV Charging Hardware Manufacturers

Must show:

- UL certification
- Manufacturing QA protocols
- Supply chain resilience
- Component sourcing agreements
- Warranty reserve allocation
- Field reliability data

High risk if dependent on single overseas supplier.

7: Charging Network Operators

Must demonstrate:

- Utilization rates per charger
- Host site agreements
- Grid interconnection approvals
- Software uptime metrics
- Payment processing stability
- Energy pricing strategy

Revenue predictability is key.

8 & 11: Energy Storage / Battery Manufacturers

Critical requirements:

- Fire suppression compliance
- Hazardous material licenses
- Thermal management validation
- Third-party safety testing
- Supply chain mineral sourcing transparency
- Recycling partnerships

Extremely high liability category → insurance essential.

9: Battery Disposal & Recycling Providers

Must demonstrate:

- EPA compliance
- Environmental audits
- Chain-of-custody documentation
- Material recovery efficiency
- Long-term disposal contracts

Environmental liability risk is substantial.

10: Autonomous & ADAS Firms

Require:

- ISO 26262 compliance
- Validation testing data
- OEM partnerships or pilots
- Cybersecurity certifications
- Defensive patent portfolio

High R&D burn = structure as hybrid debt + warrants.

12: Semiconductor & Electronics Suppliers

Must demonstrate:

- Fab relationships
- Long-term supply contracts
- Inventory resilience
- Strong IP defensibility
- Multi-customer diversification

High cyclical risk — stress test revenue.

13: Online Auto Retail Platforms

Look for:

- Gross profit per unit
- CAC vs LTV data
- Low churn
- Financing partnerships
- Regulatory compliance across states
- Scalable logistics

Avoid pure marketing arbitrage businesses.

14: Vehicle Importers / Exporters

Must show:

- Customs compliance
- Tariff exposure mitigation
- Currency risk hedging
- International contracts
- Clean logistics chain

Geopolitical risk factor required in pricing.

15: Fleet & Commercial Vehicle Sales

Require:

- Multi-year fleet contracts
- Service + maintenance add-ons
- Financing partnerships
- Vehicle lifecycle revenue strategy
- Strong remarketing capability

Fleet retention rate is key metric.

16: Software & Embedded Systems Providers

Must demonstrate:

- Annual Reoccurring Revenue growth
- Low churn (<10% ideal)
- Code ownership
- Clean architecture
- Scalable cloud infrastructure
- Cybersecurity protocols

Recurring SaaS revenue = lower lending risk.



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