

Questions and Answers from Edgar Colomb, President of The Funding Stop

WHO IS THE FUNDING STOP?

The Funding Stop is a specialty finance company that provides funding for video gaming terminal (VGT) markets opening nationwide. We are a direct lender with broad industry expertise in the gaming space. We have more comprehensive niche VGT experience—over 20 years—than any other lender serving the Illinois market, including direct street-level development and management experience.

WHY CHOOSE THE FUNDING STOP FINANCING?

Two reasons: We are an *independent* VGT finance company, and we are a *full-service* finance company, meaning we can offer financing for all of the ancillary equipment that you'll need: vaults, security systems, network communications and construction—most of which will be required for a successful VGT location and may be required by the Illinois Gaming Board.

Being independent means you are free to choose the equipment that is best for the location. If it's an IGB licensed machine, chances are you can get it from us. If you're tied in with only one distributor's financing, you won't have the flexibility to get the variety of machines your customers are looking for.

The Funding Stop is simply the best one-stop shop for comprehensive VGT financing.

WHAT DO I NEED FOR FUNDING APPROVAL?

We have a comprehensive underwriting policy requiring a standard application process and client questionnaire. We then follow up with a customer visit. Companies passing this basic overview will be presented to our formal credit committee for approval.

We require:

- Completed TFS documentation
- 2 years of financial information
- Documented business plans and profit/loss projections
- A site tour of your proposed VGT location(s)

If your company is approved and we come to terms on equipment financing, we will then issue a binding term sheet.

The timing of a complete underwriting can take 3-4 weeks. With the IGB application process requiring proof of financing, we encourage operators to contact us immediately.

HOW MUCH MONEY DO I HAVE TO PUT DOWN?

The down payment, along with the financing terms, is dependent on each customer's needs and ability to pay. If approved, we'll provide a preliminary, non-binding term sheet. The initial term sheet is not a commitment on our part. That can be done only after our credit committee approves your transaction. We believe a binding term sheet will be required for the IGB application process.

In most cases, the operator's down payment will hover around 10%. We also require operators to have tangible book equity (e.g. money in the bank) so they have room for any unforeseen bumps in the road as this initiative kicks off.

WHY NOT JUST FIND AN INVESTMENT PARTNER WHO ALREADY HAS THE MONEY?

Equity is the most expensive financing you can obtain. Partners you take on now, will be yours for the life of your business, whereas after 36, 48, 60 or 72 months—whatever the term of your financing

agreement—we're out of your business. Since we require a relatively low down payment along with making a large investment in your new VGT business, we view our role in your operation as the alternative to raising equity. Due to the higher risk associated with this type of financing, operators should not expect single digit interest rates, but this rate will be your partner for a shorter term than an actual investment partner.

WHEN DO I NEED TO SECURE MY FUNDING?

To apply for an Illinois Video Gaming Operator license, applicants **MUST SHOW PROOF OF FUNDING**. We believe operator applications will come out in May, which means securing a financing commitment now is of paramount importance. Remember, the underwriting process takes 3-4 weeks. Savvy operators are contacting us now to ensure they have committed financing in place for their application process.

HOW DO I CONTACT THE FUNDING STOP

Call me at (630) 320-3166 or email me at edgar.colomb@thefundingstop.com

Learn more about The Funding Stop at www.thefundingstop.com.