

RIA Case Study

Franchise Acquisition Financing

RIA Client Profile | **First Time Family Entrepreneurial Venture**

Utilizing the **Creative Planning Loan Marketplace**, powered by *Community Capital (CCT)*, the CCT team helps an RIA and a HNW client find tailored financing for the acquisition of multiple franchise locations.



THE CHALLENGE

Client required financing for a franchise acquisition, but was unsure of the best loan product for their needs

A Creative Planning client approached their advisor to discuss the client's first entrepreneurial investment. An adult son of the client had risen to the role of area general manager for a business that owns dozens of Dunkin' franchise locations in the Midwest. The client's son had been invited to invest in a new acquisition of multiple Dunkin' franchise locations, and the client was interested in co-investing along with his son in this venture.

The investment opportunity was somewhat complex. The client father and his two sons had set up a Limited Liability Corporation (LLC) which would retain an ownership percentage in the equity of a separate legal entity that owned the acquired franchise locations. As a result, the financing options required were somewhat unique in that the loan would ideally be unsecured, or secured by the stock in the LLC, not the franchise locations themselves.



THE RESULTS

- ✓ Spent time with the client to understand the specific business financing needs
- ✓ Identified that the need was atypical for traditional franchise finance lending
- ✓ Leveraged the Loan Marketplace to identify multiple interested lenders
- ✓ After a few discussions with different lenders, the borrower settled on financing provided by the private banking division within a regional bank

The client's Creative Planning wealth advisor contacted the Creative Planning Lending Team (CPLT) to explore financing options for their client. After discussing the opportunity with the client, the CPLT decided to leverage the Creative Planning Loan Marketplace powered by Community Capital (CCT) to help identify potential lenders.

CPLT and CCT met with the client and identified that several debt structures could be used for the acquisition financing. The client's desire was to optimize the cost of the financing while also minimize the amount of collateral required for a loan. CCT worked with the client to post the lending opportunity on the Loan Marketplace. *Note: All loan opportunities are listed anonymously on the Marketplace, and the identity of potential borrowers are only revealed to a bank after the bank indicates interest and the borrower requests an introduction to the interested bank.*

More than ten lenders indicated interest on the Marketplace, and the client started with introductions to three lenders. After deeper discussions, the client selected an unsecured personal loan provided by a private bank team within a larger regional bank. The structure and pricing of this loan matched well with the client's objectives.

For more information about the **Loan Marketplace**, powered by *Community Capital*, please contact:

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