

# Primrose Schools and Colorado National Bank



“ Primrose views the Bank Credit Report as part and parcel of our overall franchise finance program. The BCR enables us to provide lenders with a due diligence tool which satisfies in very transparent and clear terms a lender’s underwriting needs for a franchise brand. It also helps that having an in-depth analysis done is commonly considered a positive indicator that our brand is serious about providing support not only to lenders but also to our franchisees. ”

— John Teat, Managing Director, Franchise Finance, Primrose

Primrose Schools is a system of accredited early education and care schools headquartered in Georgia. The first early childhood education system in the United States to receive the Advanced Corporation Systems Accreditation under the new Standards for Quality Early Learning Schools, Primrose now operates over 300 schools in 23 states. Between 2012 and 2014, the number of franchised Primrose Schools locations grew at a rate of 7.2%, outperforming both its peers and the child care services sector as a whole.

In 2009, Primrose schools hired a new Managing Director of Franchise Finance to source and maintain reliable lending solutions for new and existing franchise owners.

## LENDER-FRANCHISOR RELATIONSHIP

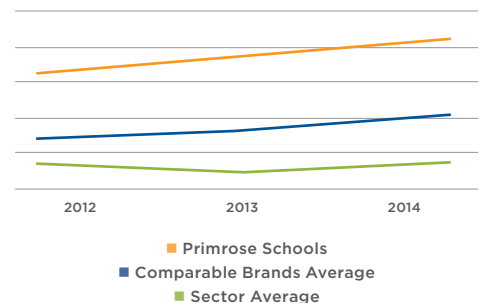
Colorado National Bank (CNB) is based in Palisade, Colorado with a nationwide lending territory and an asset size worth \$70M.

Primrose Schools has a long-standing history of collaboration with CNB. The bank is currently financing 5 Primrose units in the Colorado area and has plans to pursue more opportunities with Primrose in the near future. Primrose’s lender relationships focus more on working with boutique lenders due to their close contact to decisions makers who are better able to ensure that issues, if any, are quickly resolved—this shared ideals between both CNB and Primrose have lead to many positive outcomes with both parties looking forward to growing the relationship even further.

### Primrose’s Lender Friendliness Checklist:

- ✓ Dedicated knowledgeable resources that focus on assisting franchisees
- ✓ Actively pursues long-term lender relationships
- ✓ Bank Credit Report (BCR)
- ✓ SBA Affiliation Certifications on the Franchise Registry

### AVERAGE FACILITY REVENUES



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## INCREASING LENDING LIMITS

Primrose has consistently proven itself to be a strong brand within CNB's SBA portfolio. As a longtime lending partner of Primrose Schools, CNB was reaching critical portfolio concentration. This would have ended their ability to further finance the brand's franchisees or prospective franchisees. Thus, CNB took proactive steps to increase their lending limit for Primrose Schools. During their discussions with their Board of Directors, CNB heavily leveraged Primrose School's Bank Credit Report (BCR). The Bank Credit Report (BCR) objectively assesses the brand on more than 20 financial and system metrics while also provides an industry level perspective of how Primrose Schools stacks against its peers. This information gave their board an in-depth view of the brand on a level impossible to match through internal research.



## BENEFITS OF THE BANK CREDIT REPORT

- The Bank Credit Report contained all of the analysis and information necessary for CNB's board to make a decision on expanding credit limits
- Primrose was able to pro-actively continue expansion of lending opportunities with CNB
- Funding sources not cut-off for prospective franchisees during a period of high growth

## ABOUT THE BANK CREDIT REPORT

### BCR BANK CREDIT REPORT

The Bank Credit Report™ looks at a franchise brand's actual performance history to create a comprehensive standardized credit risk analysis that allows lenders to underwrite loans with better data.

The results are more approvals and better terms for franchisees. In fact, history has proven that brands with BCRs grow faster than brands who do not use a BCR in their development process. For more information on the Bank Credit Report, call us at 800.485.9570 or email us at [franchiseregistry@franchiseregistry.com](mailto:franchiseregistry@franchiseregistry.com).

“ We prefer brands with Bank Credit reports. Being able to show a Franchise Brand's performance and financial strength does bring weight to the deal. Having a BCR simply makes it easier for a lender to do business™ with a brand and helps us prove portfolio strength for the long run. ”

— Pamela K. Scott, EVP, SBA Program Manager, Colorado National Bank