

## COLLATERAL/SECURITY

### Acceptable Collaterals/Securities are:

- Real Estate Mortgage
- Chattel Mortgage
- Deed of Assignment of Hold-out on Deposits, Government Securities, Government-issued Bonds
- Deed of Assignment of Inventories, Letters of Credit, Receivables, Validated Purchase Orders, Acceptable Investments
- Deed of Assignment of insurance, surety, and/or guarantee cover
- Deed of Assignment of Lease Rights
- Joint and Solidary Signature (JSS) of principal or key officers/co-maker
- Assignment of Franchise

### Security Enhancers

- Post Dated Checks

## DOCUMENTARY REQUIREMENTS

Standard Bank requirements for each type of client, type of facility and project plus:

### Pre-Release Requirement for Franchisee-Borrower

- Duly executed Franchise Agreement or Contract with franchisor

For more information, contact:

### Programs Management Department II

27th Floor, LANDBANK Plaza

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Visit the nearest LANDBANK Lending Center:



# LANDBANK

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## Franchising Lending Program

The LANDBANK Franchising Lending Program was crafted to provide credit assistance to qualified players in the franchising industry, particularly the franchisees and franchisors.

This will also enable the Bank to support the franchising sector and promote inclusive growth.

## ELIGIBLE BORROWERS

### New and existing franchisees with valid contract or franchise agreement with franchisor

- Franchisee-borrower may be a unit franchisee, area franchisee or area developer, or a master franchisee
- Franchisor-partner of franchisee must be duly registered and member in good standing of existing franchisor/franchise association

### New and existing franchisors

- Franchisor-borrower must be duly registered and member in good standing of existing franchisor/franchise association

## ELIGIBILITY REQUIREMENT

Borrower must be registered with appropriate agencies as, either:

- Single Proprietorship (Filipino citizen)
- Partnership (100% Filipino)
- Corporation (at least 60% Filipino-owned)

## LOAN PURPOSE

- Fixed Asset Acquisition/Capital Expenditure/Expenditures for the franchise business such as, but not limited to:
  - a. Construction, expansion, renovation/improvement, repair, upgrading of structure/facilities including offices, commissaries, and warehouses, transport facilities
  - b. Acquisition of systems, equipment, utensils, instruments, transport facilities other logistics support
  - c. Payment of franchise investment package and pre-operating overhead cost, or initial investment including site development
  - d. Payment of franchise renewal fee, long term lease of site/facility
- Working Capital

## LOANABLE AMOUNT

- Up to 80% of the project cost or the repayment capacity of borrower, whichever is lower
- Minimum loanable amount of P100,000

## LOAN TENOR

### Short Term Loan/Line

- Via up to 360-day PN, depending on the borrower's/ project's cash flow as assessed by the Lending Unit

### Term Loan

- Based on projected project's/ borrower's cash flow, or:
  1. For Fixed Asset Acquisition/ Capital Expenditure/ Payment of franchise investment package and pre-operating overhead cost, or initial investment – Maximum of 10 years, inclusive of grace period of up to three (3) years on principal repayment
  2. Permanent Working Capital – Maximum of three (3) years without grace period on principal repayment

*For franchisees, tenor of term loan should not exceed the term or the remaining term of the Franchise Agreement or Contract.*

## MANNER OF RELEASE

### For Unit Franchise:

- One-time credit to borrower's account

### For Area Franchisee/Developer, Master Franchisee, and Franchisor:

- One-time credit to borrower's account or on staggered basis, depending on loan purpose and business needs.
- For construction/infra purposes and other capital expenditures related to the franchise business, the mode of release should be based on progress billing following existing LANDBANK policy, and in accordance with the provisions of the Franchise Agreement.

## REPAYMENT TERMS

### For Short Term Loan/Line:

- Monthly interest payment, collected in arrears. Principal shall be payable on PN maturity date

### For Term Loan:

- Interest and principal shall be payable monthly or quarterly depending on the borrower's cash flow

## FEES AND CHARGES

- Standard fees and charges required by LANDBANK shall apply for loans funded by internal funds
- Applicable fees and charges shall apply for loans funded by special funds