



Derek Ladgenski Comments on Remodeling Costs for Restaurant Franchises

February 23, 2017

Commercial Finance partner Derek Ladgenski was quoted in a *Franchise Times* article on restaurant franchises financing their remodeling costs. "It's a sunk cost. In many ways it's a company expenditure that a company has not had to deal with, and that can be tough," he said. "Companies need to find lenders out there who understand the cost, but also understand the upside of the reimagining or rebranding." The article highlights how brands just starting a reimagining program need to outline the performance possibilities. "Let's say you're a pizza shop franchisor and you know that the hot little concept has been brick oven. If you're reimagining to something more akin to that, you're going to look for comps down the road not just in the brand but what it's trying to get to," Derek stated. "Look at Wendy's. It's a classier look for Wendy's. It looks more like Smashburger, so pull your comps from there."

With regards to how loans for franchise renovations are more complex compared to standard term loans, Derek explained, "A development line of credit is a much more nuanced instrument. It's something that's typically only used in the restaurant and franchise space." He added, "You can basically borrow over time, but they do what we call 'term out' over time. So you borrow as you go, maybe you're allowed 10 bites at the apple to draw down dollars, and every year or so it goes to an amortization schedule as well." ("[Lenders Tell How To Fund Renovations](#)," February 23, 2017)

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Derek F. Ladgenski

+1.312.902.5485

dl@katten.com

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2026 Katten Muchin Rosenman LLP.

All rights reserved. Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at katten.com/disclaimer.