

## **SBA U.S. Small Business Administration**

### **The Facts About ...**

#### **The New SBA Franchise Registry**

The SBA Franchise Registry is a national registry of franchise programs whose franchisees and prospective franchisees receive expedited loan processing when applying for SBA financial assistance. The Registry eliminates the lengthy document review process otherwise associated with a franchisee's application for SBA financial assistance.

The Franchise Registry enables the SBA and its participating lenders to check a franchise's eligibility at [www.franchiseregistry.com](http://www.franchiseregistry.com) resulting in a reduction of paperwork, time and costs.

Participation in the Franchise Registry is voluntary. A franchise program's presence or absence from the Registry should not be construed as either an endorsement by the SBA or an indication of the franchise program's quality or profitability.

Franchisors, franchisees and lenders all benefit from franchisor participation in the Franchise Registry.

### **FOR FRANCHISORS**

#### **Streamlined Eligibility Review**

If you are on the Registry, the only thing a lender or the SBA needs to do to determine franchise eligibility is look you up on the Registry. The only thing you do is submit a Certification of No Change or Non-Material Change to the lender or the SBA stating that you continue to comply with the SBA's eligibility guidelines. If you are not on the Registry, the lender and/or the SBA must review your franchise agreement, review all other related documents, and negotiate changes with you if the lender or SBA loan officer concludes your agreement violates the SBA's guidelines.

#### **The Benefits To You**

- Consistent eligibility decisions;
- Faster loan turnaround, leading to quicker unit openings; and
- SBA-approved promotional language for use in your marketing materials.

#### **Who May Register?**

The Franchise Registry is available to any company whose method of doing business fits the Federal Trade Commission's definition of a franchise, including both business-format and product-name franchisors.

#### **How Do I Apply?**

First, complete a worksheet on the Registry Web site at [www.franchiseregistry.com](http://www.franchiseregistry.com).

- Certify that your franchise documents comply with the SBA's eligibility guidelines; and
- Identify key provisions in your contract that support this determination.

Then submit your application electronically to FRANDATA, the SBA's contractor and Registry operator, along with:

- An electronic copy of all agreements which franchisees must execute; and
- An application fee of \$2,500. (See address at end.)

FRANDATA reviews the worksheet and documents, and submits recommendations to the SBA's senior franchise counsel, who then approves the documents or works with FRANDATA and the franchisor to resolve any outstanding issues. The average turn-around time is five business days.

### **What Happens After My Application Is Approved?**

The SBA registers your program on the public portion of the Franchise Registry Web site and loads your franchise agreements onto the private portion of the Web site.

Only the SBA, SBA-participating lenders, certified development companies and other SBA-approved intermediaries have access to the private portion of the Registry.

### **Recertifications**

If you make changes to your franchise agreement or related documents that affect the eligibility guidelines, you need to apply for a recertification by submitting to FRANDATA:

- A new worksheet;
- Amended documents, electronically or on disk;
- Redlined versions of documents — electronically, on disk or by hard copy;
- A Certification of Material Change; and
- A \$500 fee. (See address at end.)

FRANDATA reviews the changes and recommends whether the franchisor's registration should remain eligible.

### **Updates**

If you make changes to your franchise agreement that do not affect the eligibility guidelines, and therefore do not require recertification, you need to file an update by submitting the following to FRANDATA:

- Amended documents — electronically or on disk;

- Redlined versions of documents — electronically, on disk or by hard copy;
- A Certification of No Change or Non-Material Change; and
- A \$150 fee. (See address at end.)

### **State Registrations**

You will not need to recertify after each state registration renewal, unless the changes to the contractual terms contained in your Uniform Franchise Offering Circular would affect your SBA eligibility.

### **Master Franchisors**

If you operate as a master franchisor, subfranchisor or regional franchisor for a franchise program already on the Registry and wish to register separately, you may do so for a \$150 fee if:

- Your franchise agreement and related documents are similar enough to the registered franchisor's documents that they result in the same worksheet responses and meet SBA eligibility requirements; and
- You submit to FRANDATA a completed worksheet, an electronic copy of your franchise agreement and related documents, and the \$150 fee. (See address at end.)

### **FOR FRANCHISEES**

The Franchise Registry ensures timely and consistent processing of applications. Once a franchise program is registered (see For Franchisors), no additional review is necessary. This saves you, the franchisee, significant time and effort.

### **Who Is Eligible for an SBA Loan?**

By law, SBA programs are only for small businesses. In general, the SBA defines a small business as a company with a net worth of \$18 million or less and an average net (after-tax) income for the preceding two years of not more than \$6 million, though standards vary from industry to industry. A firm's parent, subsidiaries and affiliates are also considered to determine whether a business qualifies.

### **How Do I Apply for SBA Assistance if the Franchise Program Is on the Registry?**

Submit the following materials to your SBA-approved lender:

- A loan application and all requested financial information; and
- A Certification of No Change or Non-Material Change, obtained from the participating franchisor, stating there have been no revisions to relevant provisions in the franchise agreements you will be signing.

Since the agreements already have been deemed eligible by the SBA, the lender can rely on the certification without further review. If there have been changes to the agreement or related documents, the lender will forward a Certification of Material Change to FRANDATA. The franchisor, not you, must then document the changes with FRANDATA. (See Recertifications and Updates.)

### **Does Participation in the Franchise Registry Cost Me Anything?**

No. All costs associated with participation in the Franchise Registry have been covered by your franchisor.

### **How Do I Find Out if My Franchisor Is on the Registry?**

All registered franchise programs are listed on the public portion of the SBA's Web site, found at [www.franchiseregistry.com](http://www.franchiseregistry.com), along with the date of the franchisor's initial registration and date of latest recertification or update. You can also ask your SBA participating lender.

### **What if My Franchise Program Is Not on the Registry?**

Franchisor registration does not affect the acceptance of your application. If your franchise program is not yet on the Registry, you may want to suggest that the program apply to the Franchise Registry. Otherwise, you will need to submit the franchise agreement and all other agreements that you must sign to your lender or local SBA office, and recognize that review and approval may take several weeks.

## **FOR LENDERS**

SBA lenders and certified development companies have access to the private portion of the Franchise Registry Web site, [www.franchiseregistry.com/private](http://www.franchiseregistry.com/private). Simply enter your username and password. Passwords are available from your local SBA district office. (Preferred Lender Program and SBA*Express* lenders and Premier Certified Lender Program CDCs should contact the SBA's Sacramento, Calif., Loan Processing Center.)

### **What's Involved in Reviewing a Loan Application?**

Lenders no longer have to review franchise agreements for franchisee loan applications from registered programs. If the franchise program is on the Registry, you may accept a Certification of No Change or Non-Material Change indicating that there have been no changes to the contract in lieu of reviewing the contract.

If an eligible program files a Certification of Material Change indicating material changes, or a Certification of No Change or Non-Material Change indicating non-material changes, you must forward the certification to FRANDATA.

Make sure you get the appropriate certification from the applicant. The SBA will not process a loan application without a certification.

If a franchise program is not on the Registry, you must:

- Review the franchise agreement;
- Review all other related documents; and
- Negotiate changes with the franchisor if you conclude the agreement violates the SBA's guidelines.

If you determine a program to be ineligible, you must notify the SBA's senior franchise counsel and state the reason for ineligibility. The e-mail address is: [michele.courneya@sba.gov](mailto:michele.courneya@sba.gov).

**Partial List of Registry Participants**

Blimpie's	Howard Johnson
Carvel	Kiddie Academy
Cash America	Meineke
Cendant Corp.	Precision Tune
Dairy Queen	Ramada
Days Inn	SUBWAY
Dollar Discount Stores	Taco John's
Grease Monkey	Thrifty Rent-A-Car
Great Harvest Bread	U.S. Franchise Systems
Grow Biz	

**For More Information**

Please refer to SBA Procedural Notice No. 5000-575 for further details on the Franchise Registry Program.

For the SBA office nearest you, call 1-800 U ASK SBA.

You may contact FRANDATA through the Web site, [www.frandata.com](http://www.frandata.com), or call 202-659-8640.

Send Payments to:

FRANDATA  
1730 M Street, N.W.

Suite 800  
Washington, DC 20036

SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under “U.S. Government” in your telephone directory, or contact:

- SBA Answer Desk: 1-800 U ASK SBA
- Fax: 202-205-7064
- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-888-REG-FAIR
- OnLine Electronic Bulletin Board (modem and computer required)  
1-800-697-4636 (*limited access*)  
1-900-463-4636 (full access)  
202-401-9600 (Washington, D.C., metro area)
- Internet  
*Home page:* [www.sba.gov](http://www.sba.gov)  
*Gopher:* <gopher.sba.gov>  
File transfer protocol: <ftp.sba.gov>  
*Telnet:* <telnet.sba.gov>  
U.S. Business Advisor: [www.business.gov](http://www.business.gov)

### **SBA Affiliates**

Inquire at your local SBA office for the location nearest you.

- BICs — Business Information Centers
- TBICs — Tribal Business Information Centers
- OSCSs — One Stop Capital Shops
- SCORE — Service Corps of Retired Executives
- SBDCs — Small Business Development Centers

- USEACs — U.S. Export Assistance Centers
- WBCs — Women's Business Centers

### **SBA Publications**

- *The Resource Directory for Small Business Management* — a listing of low-cost business management publications and videotapes
- *The Facts About ... SBA Publications* — a listing of free SBA publications

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

SBA no. FS-0082 (04/99)