

MAKING MORE AND BETTER FRANCHISE LOANS: BIG CHANGES TO FRANCHISE REGISTRY GIVE LENDERS GREAT NEW TOOLS

This is the second in our series on franchise lending. As we've communicated, franchise lending is a great way to increase your SBA loan portfolio. FRANdata Vice President of Client Solutions Edith Wiseman recently walked us through new tools on the just-launched enhanced Franchise Registry website. Here's an overview:

Franchise Lending Accelerator

Developed with input from franchisors and lenders who use the [Franchise Registry](#), the Franchise Lending Accelerator is an array of tools to help you find good brands and prospective franchisees and to help you underwrite franchise loans - all aimed at helping you make more and better loans to franchisees.

"In addition to improving the existing SBA approval process, the new Franchise Registry adds two areas that will improve and accelerate lenders' ability to screen franchise brands, find franchisee borrower prospects, and improve the chances that the loan will be made," Wiseman says. "Every lending process has a goal of finding a qualified small business. In franchising that happens one of two ways: 1) a lender sorts through lots of brands and when one meets their set of underwriting criteria (their credit box) it forms a lending relationship with a franchisor or; 2) a franchisee and a lender (usually a local institution) try to find each other in local markets. The new Franchise Registry is designed to help lenders find deals in both ways."

How It Works

The Lenders Section of the Franchise Registry is divided into two channels. Just click on the option that fits your needs:

1. Business Development

This section is for lenders looking for franchise lending opportunities. It gives you the tools to find deals that fit your credit box.

- Log in using your password
- Enter criteria relevant to your credit box, e.g., geographical area, industry, number of franchised stores, gross sales, minimum number of years in business, performance outcomes and many other criteria. Enter as few or as many criteria as you like.
- View a list of brands that fit your criteria
- Search a brand. Once into a brand, there's a brand profile showing how the brand is performing, e.g., the typical loan amount, the franchise's growth over time, SBA performance data and an associated accuracy assessment.

"By providing information about a brand's performance and the franchisor's franchisee qualification criteria, lenders will find franchise brands that fit their credit box," says Wiseman. "For individual loans, franchisors have the ability to list their prospective franchisee candidates early in the franchise development process. A lender can view specific prospect information like FICO score, net worth, liquidity and industry experience. If they identify a viable prospect, the lender can send an inquiry to the franchisor from the site to gain direct access to that potential borrower."

2. Underwriting

Your underwriter says, "I have a deal in front of me. To get a complete underwriting package, I need information about how this brand has performed and how well it trains and supports its franchisees." This section is for your underwriters to check out a brand's credit worthiness by analyzing its performance history. From the site, underwriters have access to the brand's SBA data (and associated confidence rating), and the brand's franchise disclosure document. After signing a non-disclosure agreement electronically, they'll have immediate access to that brand's detailed Bank Credit Report. To check out the prospect's SBA eligibility, your underwriter enters the year the relevant franchise agreement was signed and gets immediate access to the loan certificate and related addenda.

Reminder from Edith Wiseman:

To find out if a franchise is in review for SBA Franchise Eligibility on the Franchise Registry:

Provide to FRANdata:

- Name of the franchise brand
- Date of the executed franchise agreement (or date to be executed) for your borrower.
- Closing deadline (or the date you need the Certificate and Addendum)

Information to expect from FRANdata:

- Whether the listing for the agreement is in process/not submitted
- If it's in process, you'll get an idea of how long it will be until it's approved
- If it has not been submitted, FRANdata will contact the franchisor within a week to see if they'll be able to submit the agreement for review. FRANdata will provide you a status update at the end of the week or any time before then when they have new information.

FRANdata is hosting webinars for lenders to learn how to use the new tools. To sign up for a webinar and for more information on all things related to franchising, contact FRANdata at 800.485.9570 or visit www.frandata.com.

I hope this information has been helpful and will stimulate your franchise lending. And for all things SBA: contact J.R. Bruno & Associates!
We look forward to discussing your organization's SBA lending needs.

Joanna

Joanna Bruno
President
J.R. Bruno & Associates
870 Market Street, Suite 462
San Francisco, CA 94102
415.362.1200
joanna@jrbrunoassoc.com

Visit us at www.jrbrunoassoc.com