

MAKING FRANCHISE LENDING EASIER - FOR STARTERS: LET'S HAVE FRUNS!

Here's an update on a new numbering system franchise information provider FRANdata has provided the SBA to more accurately identify franchise concepts. If you're considering franchise lending - and I encourage you to do so - read on!

So let's have FRUNS!

Effective October 1, 2013, the SBA will be using the FRANdata Unique Number System - FRUNS - a new coding system that uniquely identifies brands associated with franchising in the United States. [SBA Procedural Notice 2000-280](#) dated August 22, 2013 details all requirements and search procedures, including sample screen shots. In our recent conversation with FRANdata's Vice President of Client Services Edith Wiseman, CFE and COO Paul Wilbur, they likened the system to Dun & Bradstreet's DUNS system that identifies incorporated businesses.

So what's new?

FRUNS numbers replace previous coding references to franchise brands used by SBA lenders and are necessary in the application process for all SBA loans. The previous system had numerous issues, including duplicate numbers on some franchises that made the data unreliable. How could this happen? The good folks at FRANdata gave us a possible scenario: Over time, some requests for code numbers were made under variations of a franchiser's name, often by different people at different times. So it was possible that fast-food franchisor Sonic could be assigned separate code numbers under "Sonic" and "Sonic Drive-Ins."

That's in the past. FRUNS takes care of it. *Now, every franchise that's operating in the United States has one unique franchise number, regardless of when they became a franchise.* FRUNS is on the public pages of the [Franchise Registry](#) and is searchable by a FRUNS number or a franchise name. It provides each company's code number, brand name, and the most recent confirmed date of franchising and business activity. FRUNS is constantly being updated. In fact, if you suspect you're working with a new franchise, or the franchise doesn't show up on the list, you may submit it to FRANdata to be verified and have a FRUNS number issued.

If you're an SBA lender and already have a login (if you don't have a login, you may request one), you can do a Brand Search on the private portion of the Franchise Registry for a company profile and performance history of brands listed as franchisors. This includes information such as

the company's FRUNS number, number of loans and dollar amounts, and failure and charge-off percentages. Using the Sonic example, under the old system, if you wanted to check out Sonic and entered "Sonic," you'd get results for that name, but not for "Sonic Drive-Ins" - results that could have made a difference in your loan decision! Under the new system, if you're unsure of the exact company name, you can search using a key word, e.g., entering "burgers" will bring up every company in the system with "burger" in its name.

It's important to note that the existence of a FRUNS merely identifies franchises; it does not imply eligibility for an SBA loan. The SBA Procedural Notice underscores this: "Franchise eligibility is governed by SBA regulations and the guidance provided in SOP 50 10. Franchise eligibility is the lender's responsibility and a franchise analysis will be required as part of a purchase request."

Shortcuts to franchise info

Checkout the Short Cuts on [FRANdata's corporate website](#) or visit the [Franchise Registry](#) for links to key resources including:

- FRANdex Franchise Market Index: Quarterly recap of franchise market performance
- Franchising in the Home Healthcare Sector
- Bank Credit Reports - Financial Risk Assessments
- Search FDDs/UFOCs: FRANdata's 20+ years of archived franchise documents
- The SBA Franchise Registry
- Chart of Industries/Sectors

I hope this information has been helpful and will stimulate your franchise lending. FRANdata has a lender support system available to help answer your questions about franchise lending. Call 800.485.9570 or email franchiseregistry@frandata.com

And for all things SBA: Contact [J.R. Bruno & Associates](#)! Or you may call me at 626.688.2125. We look forward to discussing your organization's SBA lending needs.

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