

Am I Qualified for a Loan?

Get a “fast no or reliable yes.”

The FranFund team understands one loan size does not fit all. Our franchise funding experts will work with you to identify and customize the best capitalization solution(s) for your business. The first step towards being pre-qualified is the FranScore® Report, which utilizes the latest credit scoring and business evaluation technology. Your FranScore, along with a detailed consultation with one of our Lending Specialist, will give you the confidence to pursue business ownership or expand your existing business.

4 Main Qualifiers

It's all about balancing the “buckets.”

Credit

A good credit score of 680+ with an established, favorable history is very important to lenders. This typically means no current credit collections, recent bankruptcies, foreclosures, charge-offs, repossessions, or short sales unless credit has been rebuilt.

Equity

Your down payment or cash injection based on a percentage of the total project cost needed to open the business. Funds from the FranPlan (401(k)/IRA rollover) can be used to satisfy this requirement.

Collateral

Lenders can require business and personal collateral to help secure the loan from owners with 20% or more ownership in the business, who are also required to sign a personal guaranty.

Burn Rate & Post-Loan Close Liquidity

Lenders prefer strong outside income and/or strong liquidity to help cover your personal life and the new business loan payments for up to 12 months.

What is FranFund's Value?

Did you know that only 32% of applicants are approved by their local bank? For an all-inclusive fee of \$2,500, FranFund provides the following services that maintain our high approval rate of 99%:

- ▶▶ Unlimited consultations with your Lending Specialist, making sure you are well-prepared with no surprises.
- ▶▶ Required loan templates and checklist to package your loan request, including tailored business plan & projections templates.
- ▶▶ Professional review & guidance of your loan package.
- ▶▶ Constant communication, acting as a liaison between all parties involved.
- ▶▶ Presentation of loan request to our large network of top, preferred status lenders.
- ▶▶ Quick answer of approval.
- ▶▶ Continued guidance through the closing process, until the loan is closed and begins funding.

What Are FranFund's Top Lending Products?

The FranFund Lending Team will assist you in determining the most appropriate funding option for your specific situation.

	SBA 7(a)	SBA Small Loan
Purpose	Startup, Acquisition, Expansion, Working Capital	Startup, Acquisition, Expansion, Working Capital
Loan Amount	\$500,001 to \$5,000,000	\$100,000 to \$500,000
Equity Injection	10-30%	10-30%
Collateral	Business & personal assets; may also require life insurance policy	Business assets only in most situations; may also require personal collateral and/or life insurance
Interest Rate	Prime Rate + 2% - 2.75%	Prime Rate + 2% - 2.75%
Terms	10 years*	10 years*
Approval Turnaround*	5-15 business days*	5-15 business days*
Closing Turnaround*	30+ business days*	30+ business days*
Benefits to Borrower	Long-term financing; improved cash flow; fixed maturity; no balloons; no prepayment penalties (if term under 15 years); Veteran incentives may apply	Long-term financing; improved cash flow; fixed maturity; no balloons; no prepayment penalties; no personal collateral; Veteran incentives may apply

*May vary if purchase of real estate involved

** Average time frames may be more or less, depending on the lender, time to secure a business location (if applicable), complexity of the loan package and timeliness of required documentation provided.

Typically, banks require a minimum score of 680 to qualify for an SBA loan. If you don't meet this criteria, you should consider other funding options including including 401(k) business funding. Our trusted funding consultants can talk with you to determine the best funding solution for you. If you don't have your funding consultant's contact info handy, you can [connect with us here](#).