

AM I FUNDABLE?

Check out these **3 Common Franchise Funding Options.**

SBA LOAN

- 20-30% of Loan Amount Required as **Cash Injection** (Money needed just to be approved for the loan)
- 20% (could be more) **Post Closing Liquidity** (The bank wants to see that you have the cash on hand to pay back the first several months of the loan without using the loan money to pay the loan)
- 700 Minimum **Credit Score** with a low debt ratio (% can vary but under 30% is ideal)
- Home Ownership may be required for higher end loans
- Interest Rate: Variable - usually a minimum of 2% over Prime
- Loan Origination Fee: 2-5%
- **Timeline** for the Loan:
 - 60-90 days from time of final approval.
 - The Franchise Agreement **MUST** be signed **BEFORE** the loan is funded.
 - If a lease is required for the franchise, the Lease Agreement must be signed **BEFORE** the loan is funded



FRANCOACH

Ready to learn more? **FranCoach** will connect you with the funding partner that matches your needs in addition to helping you find the best franchise for you to own.

UNSECURED LOANS / LINE OF CREDIT

- **No Cash Required** – either as a Cash Injection or Post Closing Liquidity
- 700 Minimum **Credit Score** with a low debt ratio (% can vary but under 30% is ideal)
- Home Ownership not required
- Interest Rate on Unsecured is typically a couple points higher than the SBA.
- Interest Rate on the Line of Credit can have 6-12 months at 0% before moving in line with the Unsecured rates
- Loan Origination Fee: 10-15% which comes out of the loan amount, not in cash.
- **Timeline:**
 - These can fund in roughly 10 days.

"ROBS" - ROLL OVER FOR BUSINESS START-UP

- The **ROBS** allows one to use their own retirement money to fund, or help fund, their new franchise (there are some stipulations to which retirement accounts can be used)
- There is no actual minimum you can roll over but we recommend at least \$75-100K to make it worth the cost.
- Credit Score does not matter
- Cost – \$4-5K upfront. There is an on-going monthly fee of \$100-125/month.
- There is no monthly debt service (loan payment) with the ROBS like there is with the Loan options.
- **Timeline** for the ROBS to be completed – typically this can be done in 30 days.



FRANCOACH