

SBA 7(a) or 504 Loans for Franchises

The SBA programs are the tool of choice for franchise investments.

- Roughly 10% of all SBA loans go to franchises, but not all franchises are eligible for SBA financing. The SBA must deem the franchise agreement to be “fair” for the franchise to be eligible.
- **Let Skyline handle the financing.** That’s what we do. We have the skills and knowledge to navigate the process, and we will be with you all the way. When it’s time to source the financing, **we have agreements with the best SBA lenders in the country.**



Features

- The SBA maintains a Franchise Directory that lists those franchises eligible for SBA funding.
- Funding to \$5,000,000
- 650+ standard preferred credit (lower credit may be considered).
- Rates start at Prime + 1.75% (+ 2.75% is standard pricing).
- 10 to 25-year amortizations depending on the useful life of the assets financed.
- Experience relevant to the franchise being financed is required.

Advantages & Benefits

- The SBA guarantee acts as collateral. Collateral requirements are thus more manageable resulting in a **smaller equity contribution.**
- **The 7(a) can finance “soft costs”** such as the franchise fee, working capital, and startup costs, which are almost impossible to finance with a conventional loan.
- Loan terms are significantly longer, and rates are often lower than conventional loans. So, your loan payments will be lower, and **your cash flow will be stronger.**

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