

INSTRUCTIONS FOR USE OF SBA FORM 2462 ADDENDUM TO FRANCHISE AGREEMENT

SBA has issued a revised version of the Addendum to Franchise Agreement (SBA Form 2462) which became effective February 14, 2017. SBA Policy Notice 5000-1941 explains updates made to the franchise review process for the 7(a) and 504 loan programs.

SBA Form 2462 has **three** locations with drop down menu options at the beginning of the form (see example below). Once a drop down option is chosen (i.e. #1 “Franchise” #2 “Franchisor” and #3 “Franchisee”), the user must hit “tab” key to automatically populate the appropriate term in all fields.

Example of Drop-Down Options

The image shows a portion of the SBA Form 2462. On the left is the SBA logo. The main text reads: "ADDENDUM TO Franchise AGREEMENT". Below this, there is a drop-down menu with options: Franchise, License, Distributor, Membership, and Other. A red box with the number "1" points to this menu. Below the menu, the text continues: "THIS ADDENDUM ("Addendum") is made _____, 20____, by and between _____ ("Franchisor _____"), located at _____, and _____ ("Franchisee _____"), located at _____". Red boxes with numbers "2" and "3" point to the "Franchisor" and "Franchisee" drop-down menus respectively.

Once the drop down options have populated in all three locations, the remaining fillable fields must be completed manually (see example below). These fields will either be blank or contain the language “(Enter type of)” or “(type of agreement).” When completing SBA Form 2462, the text may not be altered except to insert the information required to complete the form.

Example of Fillable Fields to be Completed Manually

FORCED SALE OF ASSETS

- If Franchisor _____ has the option to purchase the business personal assets upon default or termination of the Franchise _____ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee _____ owns the real estate where the franchisee _____ location is operating, Franchisee _____ will not be required to sell the real estate upon default or termination, but Franchisee _____ may be required to lease the real estate for the remainder of the (enter type of) _____ term (excluding additional renewals) for fair market value.



Note to Parties: This Addendum only addresses “affiliation” between the Franchisor _____ and Franchisee _____. Additionally, the applicant Franchisee _____ and the (type of agreement) _____ system must meet all SBA eligibility requirements.

