

Practice Update

SBA Franchise Directory Returns June 2025 with New Certification Rules

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By [Dale Alexandra Cohen](#), [Emily N. Doan](#), [Kevin Hein](#), [Warren Lee Lewis](#), [Marc A. Lieberstein](#), [Trish Barrett MacAskill](#), [William W. Sentell](#), and [Madison Thibeaux-Brown](#)

The U.S. Small Business Administration confirmed this week that it will reinstate the SBA Franchise Directory on June 1, 2025, reversing the 2023 decision to sunset the program. The Directory has long been the primary reference lenders consult to confirm whether a franchise brand is eligible for SBA-guaranteed financing.

Under the updated framework, franchised brands will no longer use the familiar SBA Addendum (Form 2462 or a negotiated addendum). Instead, each brand must execute a new [SBA Certification](#) that expressly affirms compliance with the eligibility conditions for Directory listing. Brands already on the Directory may maintain their status by filing certifications along with their current FDDs on or before July 31, 2025. Until that date, lenders may continue to close loans using the familiar SBA addendum, but SBA records will flag each brand as “Certification Pending.” On August 1, 2025, any brand that has not submitted a certification will be removed from the Directory, and its franchisees will become ineligible for SBA-backed financing until the brand is re-listed. There is no fee for a directory listing and certifications may be submitted to the SBA at no cost.

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The SBA has signaled a return to more stringent eligibility standards embedded in earlier Standard Operating Procedures. Passive-investment concepts, such as salon-suite or flexible-office models, must demonstrate genuine ownership control and active operational management by the franchisee.

Franchisees will again be required to represent that they provide services to both men and women, and lenders must document that representation in the loan file. In addition, management agreements will face heightened scrutiny; arrangements in which franchisor-employed managers run day-to-day operations could trigger affiliation and therefore disqualify the loan if not structured correctly.

Please contact your regular relationship Akerman attorney with any questions you may have.

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