

November 29, 2022

SBA Publishes Proposed Rule to Allow More Non-Depository Institutions, Including FinTechs, to Become 7(a) Lenders

By: [Michael Flynn](#)

On October 31, 2022, Buchalter posted a [Client Alert](#) regarding the Small Business Administration's (SBA) intent to lift its long-standing moratorium on adding more Small Business Lending Companies (SBLCs) that can make 7(a) program. An SBLC is defined as "a nondepository lending institution that is SBA licensed and is authorized by SBA to only make loans pursuant to section 7(a) of the Small Business Act and loans to Intermediaries in SBA's Microloan program." 13 CFR 120.10.

Subsequently, on November 7, 2022, SBA published a proposed rule to eliminate the moratorium restricting the number of SBLCs. The proposed rule may be found [here](#). Comments on the proposed rule must be received by January 6, 2023, and a final rule will be published at some time after that date.

As indicated in Buchalter's previous Client Alert, the purpose of the change is to increase the number of non-depository institutions, including FinTechs that can become 7(a) lenders. It is presumed that this will create more small dollar 7(a) lending, which it is anticipated would especially benefit entrepreneurs from disadvantaged communities.

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As a leading national law firm with 11 offices in the western United States, Buchalter is recognized for its ability to provide sophisticated counseling in the full range of corporate and commercial financing transactions and regulatory matters. We have extensive experience with SBA lending programs on both the lender and borrower side. Please feel free to contact any of the below attorneys if you have questions regarding SBA programs.



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