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Alt Lender Fountainhead Secures SBA Loan License

BY **PYMNTS**
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Small Business Administration (SBA) loans have found a new avenue through which they can reach small businesses.

A press release issued on Wednesday (Feb. 13) said that alternative lender Fountainhead Commercial Capital can now offer SBA loans through its platform after securing a Small Business Lending Company (SBLC) loan program license from American Business Lending. The company noted that it has also received final approval from the SBA. According to Fountainhead, the SBA has only issued 14 of these licenses since the mid-1970s.

SBA loans can be used for working capital, acquisitions, equipment financing, startup financing, debt refinancing and other small businesses finance purposes.

“After years of championing the SBA 504 loan program, we are pleased to expand our financing influence by acquiring an SBLC license for the 7(a) Loan Program,” said Fountainhead CEO Chris Hurn in a statement. “We view this acquisition as a natural evolution for our company, [which] will offer tremendous benefits for the entrepreneurs and ‘Main Street’ businesses that we serve.”

Small businesses can obtain SBA loans of between $200,000 and $5 million through the Fountainhead platform, the company noted, with the SBA backing the 7(a) loan for up to 85 percent of its value.

The recent government shutdown forced the Small Business Administration to stall its lending operations. At the time, Reliant Funding, another alternative finance company, announced the launch of its SBAXpress program, which linked small businesses to up to $250,000 in “bridge” financing while borrowers waited for their SBA loans.

Typically, SBA funding can take up to 90 days to arrive, Reliant Funding said in an announcement last month. During the government shutdown, Biz2Credit CEO Rohit Arora said that it could take months for banks that process and issue SBA loans to relieve the backlog.

“With all the political quarreling in Washington, little has been reported about the impact on small businesses because SBA lending has stalled,” he said within Biz2Credit’s December 2018 Small Business Lending Index announcement. “The government shutdown really has begun to hurt small companies in search of capital.”

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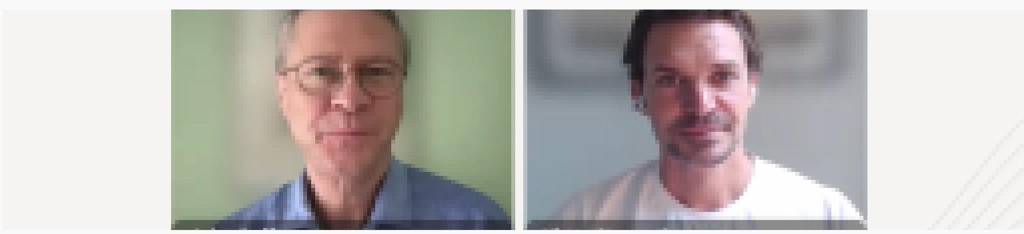

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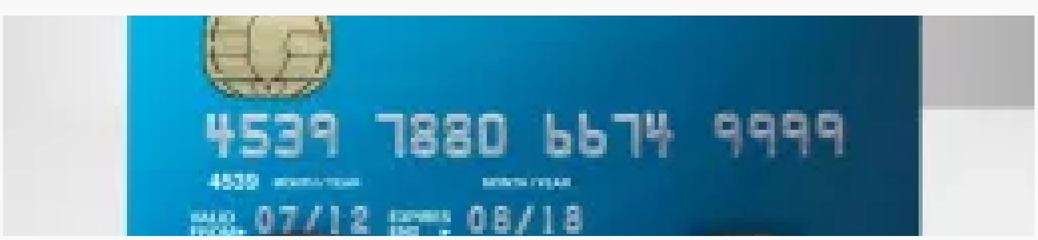

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