SBA Procedural Notice

TO: All SBA Employees and Microloan Program Intermediaries

CONTROL NO.: 5000-877356

SUBJECT: Updated SOP 52 00 B Microloan Program Citizenship Requirements

PUBLICATION: March 13, 2026

EFFECTIVE: April 1, 2026

The purpose of this notice is to announce that SBA is incorporating into Standard Operating Procedure ("SOP") 52 00 B, Microloan Program, recent policy changes issued in SBA Policy Notice 5000-877232 – Citizenship Requirements. The SBA is requiring that 100% of all owners of a small business applicant be U.S. Citizens or U.S. Nationals who have their Principal Residence in the United States, its territories, or possessions.

These changes will apply to all loans beginning on or after **April 1, 2026**.

MICROLOANS (SOP 52 00 B)

SBA hereby revises the Microloan Program Standard Operating Procedure (SOP) 52 00 B procedures related to businesses owned by non-U.S. citizens. Consistent with Executive Order 14159 "Protecting the American People Against Invasion," SBA is requiring that at the time of application, the microloan Intermediary must document 100% of the business owners' citizenship to confirm that the business is eligible.

Beginning on the effective date of this Procedural Notice, Intermediaries may only make SBA microloans to businesses owned 100% by U.S. Citizens or U.S. Nationals who have their Principal Residence in the United States, its territories, or possessions. Principal Residence is defined by IRS Publication 523.

Intermediaries must document in their loan files that no business owner is an Ineligible Person. Ineligible Persons include, but are not limited to: (i) undocumented aliens who are in the U.S. illegally; (ii) an individual granted asylum, a refugee, a visa holder, a non-immigrant alien under 8 U.S.C. § 1101(a)(15), those under Deferred Action for Childhood Arrivals (DACA); (iii) an individual, including a visa holder, who is not a U.S. Citizen, or U.S. National (non-resident

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aliens); (iv) an individual (including U.S. Citizens and U.S. Nationals) who has their Principal Residence outside of the United States, its territories, or possessions; (v) business concern or entity that was created, organized, or incorporated outside of the United States, its territories, or possessions; (vi) an individual who is a citizen of the People's Republic of China, or the Special Administrative Region of Hong Kong; and (vii) Lawful Permanent Residents (LPRs) (commonly referred to as "green card holders"), including individuals with permanent (Unconditional) LPR status, and Conditional LPR status.

SOP 52 00 B Section 2.21. "Microborrower" is amended as follows (Page 13):

"An individual or small business concern that borrows SBA Microloan Program funds from an Intermediary for the purpose of starting, continuing, or growing a business. Microborrowers must be 100% owned by (or in the case of sole-proprietors, the individuals must be) U.S. Citizens or U.S. Nationals, who have their Principal Residence in the United States, its territories, or possessions, and are also subject to the general requirements for borrowers referenced in 13 CFR Part 120. Principal Residence is defined by IRS Publication 523. All entity owners (whether direct or indirect) must be created, organized, or incorporated in the United States, its territories, or possessions."

SOP 52 00 B Section 3.F.3 "Ineligible types of businesses" subsection (u) is amended as follows (Page 48):

"u) Any business with an owner who is NOT a U.S. Citizen or U.S. National or has an Associate that is an Ineligible Person. Ineligible Persons include, but are not limited to: (i) undocumented aliens who are in the U.S. illegally; (ii) an individual granted asylum, a refugee, a visa holder, a non-immigrant alien under 8 U.S.C. § 1101(a)(15), or those under Deferred Action for Childhood Arrivals (DACA); (iii) an individual, including a visa holder, who is not a U.S. Citizen, or U.S. National (non-resident aliens); (iv) an individual (including U.S. Citizens and U.S. Nationals) who has their Principal Residence outside of the United States, its territories, or possessions; (v) business concern or entity that was created, organized, or incorporated outside of the United States, its territories, or possessions; (vi) an individual who is a citizen of the People's Republic of China, or the Special Administrative Region of Hong Kong; and (vii) Lawful Permanent Residents (LPRs) (commonly referred to as "green card holders"), including individuals with permanent (Unconditional) LPR status, and Conditional LPR status.

SOP 52 00 B Section 3.F.5. "Microloans to Businesses owned by Non-Citizens" is amended as follows (Page 49):

"Businesses eligible to receive SBA Microloans are limited to businesses owned 100% by U.S. Citizens or U.S. Nationals and comply with the requirements in this paragraph. Intermediaries must document in their loan files that no business owner is an Ineligible Person as defined in Section 3.F.3.

<u>Microloan Training and Technical Assistance:</u>

SOP 52 00 B Section 2.12. "Grant" is amended to read as follows (Page 11):

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"A Federal award of money, or property in lieu of money, to an eligible grantee that must account for its use in accordance with its Notice of Award. For Microloan Program purposes, funds are to be expended for the provision of training and technical assistance to program funded Microborrowers and to some extent, prospective eligible Microborrowers."

SOP 52 00 B Section 2.40. "Technical Assistance (TA)" is amended to read as follows (Page 15):

"Counseling or training services provided to current or prospective eligible Microborrowers under a TA grant. TA includes assistance in marketing, management, business counseling and training. Counseling may include giving advice, guidance, or instruction specifically tailored to an individual or a group of individuals associated with a single business. Topics must include information necessary to start, manage, market, and/or operate a small business. Information delivery media may vary and expand beyond person-to-person oral communication to include teleconferencing, electronic media, printed materials, or any like delivery mechanism provided it is effective in assisting clients to reach their training goals."

SOP 52 00 B Section 3.E.1 "General Guidelines", the first paragraph is amended to read as follows (Page 38):

"SBA is authorized to provide grants to Intermediaries for the purpose of providing intensive marketing, management, and technical assistance to small businesses that are current borrowers or eligible prospective borrowers under the Agency's Microloan Program. This technical assistance may not be provided to businesses that do not meet the eligibility requirements for a microloan at the time the assistance is provided."

SOP 52 00 B Section 3.E.8. is amended by adding as subsection (5) the following (Page 42):

"5. Intermediaries may only use SBA grant funds to provide TA to individuals or businesses owned by U.S. Citizens or U.S. Nationals. Intermediaries are restricted from providing TA to individuals or businesses owned by persons who include, but are not limited to: (i) undocumented aliens who are in the U.S. illegally, (ii) an individual granted asylum, a refugee, a visa holder, a non-immigrant alien under 8 U.S.C. § 1101(a)(15), or those under Deferred Action for Childhood Arrivals (DACA); (iii) an individual, including a visa holder, who is not a U.S. Citizen, or U.S. National (non-resident aliens); (iv) an individual (including U.S. Citizens and U.S. Nationals) who has their Principal Residence outside of the United States, its territories, or possessions; (v) business concern or entity that was created, organized, or incorporated outside of the United States, its territories, or possessions; (vi) an individual who is a citizen of the People's Republic of China, or the Special Administrative Region of Hong Kong; and (vii) Lawful Permanent Residents (LPRs) (commonly referred to as "green card holders"), including individuals with permanent (Unconditional) LPR status, and Conditional LPR status."

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SOP 52 00 B Section 3.F.22. "Technical Assistance and Training Provision, Design, and Limitations", the first paragraph is amended to read as follows (Page 56):

"Intermediaries must provide Technical Assistance (TA) to Microborrowers. Intermediaries may also provide TA to prospective eligible Microborrowers."

Questions

Questions concerning this Notice may be directed to James (Chris) Webb, Acting Chief, Microenterprise Development Division at james.webb@sba.gov.

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