SBA Procedural Notice

TO: All SBA Employees, Surety Bond Companies, and Surety Bond Agencies

CONTROL NO.: 5000-877355

PUBLICATION: March 9, 2026

SUBJECT: Update to SOP 50 45 4 – Surety Bond Guarantee Program Citizenship Requirements

EFFECTIVE: April 1, 2026

The purpose of this notice is to announce that SBA is incorporating into Standard Operating Procedure ("SOP") 50 45 4, Surety Bond Guarantee (SBG) Programs, recent policy changes issued in SBA Policy Notice 5000-877134, Citizenship Requirements. The updated policy requirements that 100% of all direct and/or indirect 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; or be U.S. Citizens or U.S. Nationals applying for an SBA bond guarantee for work located in an extraterritorial area under U.S. jurisdiction.

These changes will apply to all surety bond guarantees approved (i.e., issuance of the SBA guarantee number) on or after **April 1, 2026**.

This Notice removes from SOP 50 45 4 the SBG Program eligibility of Businesses with ownership of any percentage by individuals who are:

1) Foreign nationals;
2) Legal Permanent Residents (LPRs); or
3) U.S. Citizens and U.S. Nationals whose Principal Residence is outside the United States, its territories, or possessions except when applying for an SBA bond guarantee for work located in an extraterritorial area under U.S. jurisdiction.

SOP 50 45 4 Chapter 5, section 5(c) "Businesses Owned by Non-Citizens" is amended as follows:

c. Businesses Ownership Eligibility

1) Businesses eligible to receive a surety bond guarantee are limited to businesses owned 100 percent by U.S. Citizens and U.S. Nationals that have their Principal Residence in the United States, its territories, or possessions. Principal Residence is defined by IRS Publication 523. Eligible businesses also include those owned 100% by U.S. Citizens or U.S. Nationals that are applying for an SBA bond guarantee for work located in an extraterritorial area under U.S. jurisdiction. A business owned by an ineligible person is not eligible to receive a surety bond guarantee. Ineligible persons include, but are not limited to, foreign nationals, those granted asylum, refugees, visa holders, nonimmigrant aliens under 8 U.S.C. § 1101(a)(15), those under Deferred Action for Childhood Arrivals

(DACA), undocumented aliens who are in the U.S. illegally, lawful permanent residents (LPRs), and U.S. Citizens or U.S. Nationals whose Principal Residence is outside of the United States, its territories, or possessions except when applying for an SBA bond guarantee for work located in an extraterritorial area under U.S. jurisdiction.

2) U.S. Citizens born in an American territory: Generally, those born in an American territory are U.S. citizens. This includes but is not limited to the fifty U.S. states, the District of Columbia, Guam, Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, but does not include outlying possessions of the United States. U.S. Citizens must have their Principal Residence in the United States, its territories, or its possessions except when applying for an SBA bond guarantee for work located in an extraterritorial area under U.S. jurisdiction.
3) People born in American Samoa and Swains Island are considered U.S. Nationals at birth but are not automatically U.S. citizens. 8 U.S.C. § 1408 and 8 U.S.C. § 1101(a)(29). When writing a surety bond to a business owned by a non-citizen U.S. National, the Surety/Agent must collect and retain evidence of the person's status as a U.S. National (e.g., birth certificate or passport), Primary Residency, and must enter the U.S. National's Social Security Number on the application and into eApps. U.S. Nationals must have their Principal Residence in the United States, its territories, or its possessions except when applying for an SBA bond guarantee for work located in an extraterritorial area under U.S. jurisdiction.
4) Businesses owned by Naturalized Citizens are eligible when their Primary Residence is in the United States, its territories, or its possessions. No further status verification is required if an individual is reflected as a U.S. Citizen on the SBA application.
5) Businesses owned by Lawful Permanent Residents (LPRs) are ineligible, regardless of percentage of ownership.
6) SBA Form 994 Part V must include individual certifications from 100 percent the individuals who own the concern directly or indirectly through another entity. For an indirect ownership example, if Jane Doe owns 100 percent of ABC, Inc., and ABC, Inc. owns 50 percent of the Applicant, Jane Doe is the beneficial owner of 50 percent of the Applicant.
    a. In the event of ownership by a trust, the trustee will certify SBA Form 994 on behalf of the beneficiaries of the trust. To collect 100% ownership in a scenario of trust ownership, the trust's TIN and name should be entered on SBA Form 994. Part V is completed on behalf of the beneficiaries. The information will be electronically collected on the Principal Information screen in SBA's online application system. Should any individual owners (direct or beneficial) of the trust be ineligible under this section, the trust makes the Business ineligible in the same manner as the individual. Employee Stock Ownership Plans (ESOPs) are considered a trust for the purpose of program requirements.

Questions

Questions concerning this Notice may be directed to SuretyBonds@sba.gov.

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