



SBA Policy Notice

TO: All SBA Employees, 7(a) Lenders,
and 504 Certified Development Companies

CONTROL NO.: 5000-865754

SUBJECT: Policy updates to comply with
Executive Order 14159 regarding citizenship
requirements for obtaining 7(a) and 504
loans

EFFECTIVE: March 7, 2025

The purpose of this Notice is to revise Standard Operating Procedure (SOP) [50 10 7.1](#) for 7(a) Lenders and 504 Certified Development Companies (SBA Lenders) to comply with section 20 of [90 FR 8443](#), “Protecting the American People Against Invasion,” issued under the authority of the Immigration and Nationality Act (INA) ([8 U.S.C. § 1101 et seq.](#)) and section 301 of title 3, United States Code. [Executive Order 14159](#), “Protecting the American People Against Invasion,” The Executive Order directs SBA to identify and stop the provision of any public benefits to any illegal alien not authorized to receive them under the provisions of the INA or other relevant statutory provisions.

This Notice supersedes any conflicting guidance in SOP 50 10 7.1 or SBA forms.

Applicant businesses may not be owned in whole or part by undocumented (illegal) aliens. In order to comply with the EO, SBA is amending its procedures to require that at the time of application, the SBA Lender must document and enter into E-Tran at least 81% of Beneficial Owners (as defined by SOP 50 10 7.1), which includes both entity and individual owners with direct or indirect ownership, to confirm that the Applicant business is eligible.

SBA Lenders must certify in E-Tran that no Beneficial Owner is an ineligible person. 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), and undocumented aliens who are in the U.S. illegally.

Borrowers must (1) certify on the 7(a) and 504 application forms that none of the Beneficial Owners are ineligible persons and must (2) include a Lawful Permanent Resident’s alien registration number as applicable. Until the 7(a) and 504 application forms can be updated, as part of the loan application, SBA Lenders must include the above certification for Borrowers to sign and must collect all applicable alien registration numbers.

SOP 50 10 7.1 is amended as follows:

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EXPIRES: 3/1/26

SBA Form 1353.3 (4-93) MS Word Edition; previous editions obsolete

Must be accompanied by SBA Form 58

Section A, Ch. 1, Para. D. is amended to read as follows:

D. LOCATED IN THE UNITED STATES

120.100(c) The Applicant business must be located in the United States (including its territories and possessions).

1. The Applicant must be located and primarily operate in the United States (including its territories and possessions), be authorized to conduct business in the state, territory, or possession where it seeks SBA financial assistance, pay taxes to the United States, and to the extent practicable, purchase only American-made equipment and products with the proceeds of the SBA loan.
2. If an Applicant operates internationally, the loan proceeds must be used exclusively for the benefit of the U.S.-based Borrower (as a result, the business and its employees are subject to U.S. and local taxes).
3. Businesses involved in international trade are subject to U.S. trade restrictions.

Section A, Ch. 1, Para. G. is amended to read as follows:

G. Businesses Owned by Non-U.S. Citizens

SBA financing is limited to businesses with 100% Beneficial Ownership by citizens of the U.S., U.S. Nationals, or who are Lawful Permanent Residents (LPRs)(commonly referred to as “green card holders”), and comply with the requirements in this paragraph. SBA Lenders must certify in E-Tran that no Beneficial Owner is an ineligible person. 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), and undocumented aliens who are in the U.S. illegally.

The processing procedures will vary depending upon the status of the owners as assigned by the United States Citizenship and Immigration Services (USCIS).

SBA requires all participating SBA Lenders, including SBLCs, to comply with the U.S. Department of the Treasury regulations for Customer Identification Programs (CIP) for banks, savings associations, credit unions, and certain non-federally-regulated banks found at [31 CFR § 1020.220](#).

For 504 loans: SBA does not expect CDCs to duplicate the procedures of the Third Party Lender if the Third Party Lender is regulated by a Federal functional regulator (as defined in [31 CFR § 1010.100\(r\)](#)) and submits annual certifications to the CDC that it (the Third Party Lender or its agent) will comply with the CIP requirements of 31 CFR § 1020.220 with respect to all third party financings of 504 loans. Under these circumstances, it is acceptable to SBA if a CDC’s CIP states that the CDC will rely on the Third Party Lender to verify the identity of the SBA Applicant. The CDC has the option of performing its own verification of the identity of the SBA Applicant even if a Third Party Lender has already complied with [31 CFR § 1020.220](#). If the

Third Party Lender has not submitted the requisite annual certification to the CDC, the CDC must perform its own verification of identity.

1. 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.

2. 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 making a loan to a business owned by a non-citizen U.S. National, the SBA Lender must collect and retain evidence of the person's status as a U.S. National (e.g., birth certificate or passport) and must enter the U.S. National's Social Security Number on the application and into E-Tran.

3. Businesses owned by Naturalized Citizens are eligible, and the naturalized citizens are not subject to any special restrictions or requirements. No further status verification is required if an individual is reflected as a U.S. Citizen on the SBA application.

4. Businesses owned by Lawful Permanent Residents (LPRs) are eligible. LPRs may live and work in the U.S. for life unless their status is revoked through an administrative hearing.

a. The USCIS Form I-551 (551), Lawful Permanent Resident Card, commonly called the "green card," is evidence of LPR status. USCIS has two versions of the 551:

i. Resident Alien Card (issued through 1997); and

ii. Permanent Resident Card. (This is the most recent version and has been issued since 1997.)

iii. Because it can take up to a year for a newly arrived immigrant to receive a 551, new immigrants are issued an immigrant visa with a Customs and Border Protection (CBP) stamp evidencing their lawful permanent residence for a full year from the date the new immigrant entered the U.S. This visa with CBP stamp serves as evidence of LPR status, so long as the visa is not expired.

b. Since 1997, USCIS has issued the 551 with a 10-year validity, at which time it expires and must be renewed. A 551 issued between 1979 and August 1989, however, does not have an expiration date.

Replacing the 551 may be necessary if the 551 is lost, the individual changes his/her name, etc. Replacement of the 551 may take more than a year. The expiration of the immigrant's 551 does not affect the LPR status of the immigrant. Acceptable forms of evidence when the 551 has been submitted to USCIS for replacement or renewal upon expiration include the following:

i. Temporary I-551 stamps. A temporary stamp, issued by USCIS to replace lost or expiring 551s, either on the immigrant's unexpired foreign passport (that reads "Upon

endorsement, serves as temporary I-551 evidencing permanent residency for 1 year”), or in cases where there is no passport or it is expired, on [Form I-94](#) with passport photo;

ii. USCIS Form I-327, “Re-entry Permit,” issued to LPRs in lieu of a visa, which is valid for only 2 years (the I-327 is issued for LPRs who need to be overseas for longer than 1 year); or

iii. USCIS Form I-797, Notice of Action. Aliens with Conditional LPR status (those who married a U.S. citizen and were married for less than 2 years at the time of being granted LPR status) must file [Form I-751](#) to remove conditional status within 90 days of their 551 expiration. LPRs awaiting approval of their I-751 should be issued Form I-797, which along with the expired 551, is proof of current LPR status. Please note that there are numerous types of Form I-797 (e.g., I-797A, I-797-B, I-797C, etc.). For purposes of removing conditional status, only I-797 is acceptable.

c. SBA requires the 551 or an acceptable substitute be current at the time it is submitted with an application or it will be returned and not processed. SBA Lenders processing a loan under delegated authority or through a Pilot Loan Program must have a copy of the current 551 or acceptable substitute prior to requesting a loan number.

d. Verification of the status of an LPR is required if 6 months has elapsed since the last verification.

5. Documentation to evidence and verify the Applicant’s eligibility and any alien’s status.

a. The Lender must enter into E-Tran at least 81% of the Applicant’s Beneficial Owners, which includes entity and individual owners with direct or indirect ownership. Additionally, the following applies:

i. The individual must provide his or her alien registration number on the SBA application. If the individual does not have an alien registration number, he or she may provide an I-94 card/document which has a departure record number issued on the card.

ii. SBA Lenders must obtain a copy of the individual’s USCIS documentation and maintain all documentation in the loan file.

iii. SBA Lenders must request Document Verification from the Sacramento Loan Processing Center (SLPC).

a) In order to request Document Verification from the SLPC, all SBA Lenders must register designated personnel with the SLPC at Sacramento504Register@sba.gov.

b) The SLPC will respond to such requests by providing instructions on how to complete registration and to use the electronic verification process.

c) The SBA Lender submits a [USCIS Form G-845](#), “Document Verification Request,” (G-845) with supporting information to the SLPC. The SBA Lender must state on the G-845 that the request is for an SBA loan.

d) As required by USCIS, SBA will release information about the status of an alien to SBA Lenders or other non-governmental entities ONLY when a signed and dated authorization from the alien is attached to and submitted with the G-845 on that alien providing name, address, and date of birth.

e) As required by USCIS, SBA accepts either of the following authorization statements:

i) “I authorize the U.S. Citizenship and Immigration Services to release information regarding my immigration status to [name of SBA Lender], because I am applying for a U.S. Small Business Administration loan.”

ii) “I authorize the U.S. Citizenship and Immigration Services to release alien verification information about me to [name of SBA Lender], because I am applying for a U.S. Small Business Administration loan.”

iv. As required by USCIS, all verification requests must include an authorization with the original signature of the alien for SBA to release information to SBA Lenders on the status of a verification. The original Document Verification Request (G-845) and authorization for release must be maintained by the SBA Lender in the Applicant’s file for review by SBA and USCIS, if requested.

v. The authorization statement must not be on SBA or SBA Lender stationery.

vi. The information provided to SBA by the USCIS system is intended solely for the purpose of determining eligibility for SBA financial assistance. This information is governed by the Privacy Act, [5 U.S.C. § 552\(a\)\(i\)\(1\)](#), and any person who obtains this information under false pretenses or uses it for any purpose other than for determining eligibility may be subject to criminal penalties.

b. SBA Lenders must receive verification of the status of each individual required to submit USCIS documents prior to submission of the application to SBA or, for delegated processing, prior to submission of the request for loan number. The SBA Lender must document the findings in the loan file and delegated SBA Lenders must retain the notification from the SBA in the Borrower’s loan file.

Section B, 7(a) Loan Program Specific Requirements, is amended as follows:

The following enumerated requirements:

Section B, Ch. 1, Para. D., (Standard 7(a) Loans), page 119, second unnumbered paragraph;

Ch. 2, Para. D.1. (7(a) Small and SBA Express), page 148, second unnumbered sentence;

Ch. 3, Para. D.1. (CAPLines), page 172, third unnumbered paragraph;

Ch. 4, Para. A.5.a. (Export Express), page 210, first unnumbered sentence;

Ch. 4, Para. B.7.a. (Export Working Capital Program), page 226, second unnumbered paragraph; and

Ch. 4, Para. C.5.a. (International Trade), page 262, second unnumbered paragraph,

are amended to read as follows: Lender must list in E-Tran all Beneficial Owners of at least 20% of the Applicant and at least 81% of the total Beneficial Owners of the Applicant. Borrowers must (1) certify on SBA Form 1919 that none of the Beneficial Owners are ineligible persons and must (2) include alien registration numbers as applicable. 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), and undocumented aliens who are in the U.S. illegally.

Section C, 504 Loan Program Specific Requirements, is amended as follows:

Section C, Ch. 1, Para. F.2.a.i., page 319, is amended to read: [SBA Form 1244](#), “Application for Section 504 Loan.” CDC must list in E-Tran all Beneficial Owners of at least 20% of the Applicant and at least 81% of the total Beneficial Owners of the Applicant. (additional sheets may be attached to the Form 1244 if necessary). The Applicant is not eligible for a 504 loan if any Associate (as defined in 13 CFR § 120.10) responds “Yes” to the question regarding criminal history on SBA Form 1244. Borrowers must (1) certify on SBA Form 1244 that none of the Beneficial Owners are ineligible persons and must (2) include alien registration numbers as applicable. 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), and undocumented aliens who are in the U.S. illegally.

Questions:

Questions concerning this Notice may be directed to the Lender Relations Specialist in the [local SBA Field Office](#).

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