Guillen Pujol

Date: November 13, 2026

New 2026 SBA Loan Rules: What They Mean for Green Card Holders and Non-U.S. Citizen Owners

Share this post

By the Guillen Pujol CPA Group Newsroom

On February 2, 2026, the U.S. Small Business Administration (SBA) issued Policy Notice 5000-876441, signed by SBA Administrator Kelly Loeffler. Nine days later, on February 11, 2026, the SBA released Procedural Notice 5000-876626, signed by Thomas Kimsey, Associate Administrator of the Office of Capital Access.

Together, these notices significantly revise the eligibility requirements for SBA 7(a) and 504 loans, with changes taking effect on March 1, 2026.

At **Guillen Pujol CPA Group**, we have been discussing these updates with clients in recent weeks. The most common questions go beyond "What changed?" Business owners want to know:

- Will existing SBA loans be affected?
- Can we still apply for new financing?
- Do we need to restructure ownership to preserve access to SBA funding?

Below is what you need to understand.

What Changed Under the SBA's New Citizenship Requirements

Effective March 1, 2026, the SBA is revising the eligibility criteria for its 7(a) and 504 loan programs. The SBA now requires that 100% of direct and indirect owners, as well as any required guarantors, be U.S. citizens or U.S. nationals whose principal residence is in the United States, its territories, or possessions.

This requirement also excludes U.S. citizens who primarily reside outside the United States. If a citizen owner's principal residence is not in the U.S., the business will not qualify.

When ownership is held through entities—LLCs, S corporations, C corporations, or other structures—those entities must be created, organized, and incorporated in the United States.

New 2026 SBA Loan Rules: What They Mean for Green Card Holders and Non-U.S. Citizen Owners

In practical terms, for new SBA 7(a) or 504 loans, majority ownership by eligible individuals is no longer sufficient. The SBA has eliminated the prior exception that allowed up to 5% foreign or otherwise ineligible ownership—a rule introduced in December 2025 and reversed less than two months later.

Most importantly, lawful permanent residents (green card holders) are now entirely excluded from eligibility. They may not hold any ownership interest, even 1%, in a borrower seeking financing under these programs. A single 1% interest held by an LPR renders the business ineligible.

Why This Matters for Small Business Owners

The SBA 7(a) program is the federal government's primary small business lending program. It may be used for working capital, refinancing, equipment purchases, commercial real estate, and ownership transfers.

The 504 program provides long-term, fixed-rate financing for major fixed assets.

Losing eligibility for these programs directly limits access to some of the most favorable financing terms available to small businesses in the United States.

Are Existing SBA Loans Affected?

Not automatically. The notices are structured as eligibility changes for new approvals and applications submitted after the effective date. They do not expressly impose an automatic acceleration or immediate repayment requirement on loans that were properly approved and funded before March 1, 2026.

According to the Procedural Notice, the new rules apply to:

- 7(a) and 504 loans assigned an SBA loan number on or after March 1, 2026
- Delegated approvals issued on or after that date
- Non-delegated applications entering formal SBA review status (R1) on or after that date

Applications involving lawful permanent resident ownership that entered formal processing in the SBA's electronic system (E-Tran) before February 28, 2026, at 11:59 p.m. ET, will be processed under the prior rules.

New 2026 SBA Loan Rules: What They Mean for Green Card Holders and Non-U.S. Citizen Owners

There is only one narrow exception under the new framework: a non-eligible spouse may serve as a limited guarantor solely when jointly owned collateral (such as jointly titled real property) is pledged.

In practical terms, the urgency primarily affects new applications, refinancings, and future transactions—not existing performing loans. However, each business should review its specific loan documents and ownership structure with its lender and legal counsel.

Indirect Ownership and the Six-Month Lookback Rule

One of the most misunderstood aspects of the new rules involves indirect ownership.

The SBA does not examine only the immediate owners listed on the borrowing entity. It requires lenders to identify and document 100% of direct and indirect ownership, including ownership held through other entities.

If ownership flows through a parent company or holding structure, the SBA applies a “look-through” analysis. If any individual at any level of ownership fails to meet the citizenship and principal residence requirements, the loan will be denied.

Additionally, the Procedural Notice formalizes a six-month “lookback” rule. If an individual classified as an “Ineligible Person” held a direct or indirect ownership interest within the six months preceding the issuance of the SBA loan number, the applicant may be deemed ineligible—unless that individual fully divested prior to issuance of the loan number.

This means ownership restructuring cannot be treated as a last-minute adjustment. Businesses considering expansion, refinancing, or sale transactions involving SBA financing must plan well in advance.

When Ownership Restructuring May Be Necessary

If your business includes one or more owners who are now considered ineligible—such as a green card holder holding any percentage interest—you may need to evaluate whether an ownership restructuring is required to preserve future SBA eligibility.

This is not merely a lending issue; it also carries legal, tax, and operational implications.

Restructuring should be coordinated among:

- Your commercial lender
- Corporate or immigration counsel
- Your CPA or tax advisor

It is worth noting that the SBA defines “principal residence” by reference to IRS Publication 523, as expressly stated in the Procedural Notice.

What If Your Business No Longer Qualifies for SBA Financing?

Loss of SBA eligibility does not eliminate all financing options. It does, however, shift the analysis toward conventional commercial lending, private financing, or alternative capital structures.

If you are currently preparing an SBA application, you should speak with your lender immediately. Under the 7(a) program, applications are submitted directly through participating lenders, who guide borrowers through eligibility and documentation requirements.

What Your Legal, Tax, and Financial Team Should Review Before March

If your business has green card holders or non-citizen owners, now is the time to evaluate:

1. Whether future SBA applications are at risk under the new rules.
2. Whether ownership restructuring may be necessary.
3. Whether alternative financing strategies should be developed.

At **Guillen Pujol CPA Group**, we assist business owners in assessing whether any current ownership structure may trigger ineligibility under these updated rules. We also work alongside legal counsel to evaluate restructuring options and analyze the tax implications of ownership changes.

If your business no longer qualifies for SBA financing, we help identify financing strategies aligned with your current structure.

With over 35 years of experience in international tax planning, entity formation, and business advisory services, we work with business owners and executives navigating complex regulatory and financial decisions.

New 2026 SBA Loan Rules: What They Mean for Green Card Holders and Non-U.S. Citizen Owners

Next Steps

The first step is a complimentary discovery meeting. During this meeting, we gather information about your ownership structure and financing objectives to determine how these new SBA rules may affect your business and to outline potential service options.

This discovery session does not include the provision of technical tax or legal advice. If your situation requires immediate technical consultation, we also offer hourly advisory meetings.

[Schedule a Discovery Meeting]

Disclaimer: This content is provided for informational purposes only and does not constitute legal, tax, or financial advice. Before taking action, consult with your lender, attorney, and tax advisor regarding your specific circumstances.

Editor's Note: This post is part of the 'GPCPAs Info Hub,' an initiative dedicated to empowering you with the knowledge and strategies needed to navigate the complexities of the U.S. tax system and financial strategies. Visit our Information Hub, a curated resource offering the latest in tax, economic, and business news, alongside actionable guidance on tax strategies, accounting, and business advisory—because Planning Tomorrow starts *here*.

February 27, 2026

Share this post