

United States Senate

WASHINGTON, DC 20510

December 18, 2025

The Honorable Kelly Loeffler
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Loeffler,

Restrictive citizenship requirements recently issued by the Small Business Administration (SBA) are cutting off access to SBA loans for American entrepreneurs, which is hurting the U.S. economy, small businesses, and immigrants lawfully in the U.S. These changes and others made by SBA contributed to a significant 46% reduction in small business lending from June-August 2025.¹ We write with questions about the impact of these ill-conceived requirements on SBA lending and urge the SBA to restore its previous guidance.

On June 1, 2025, the SBA implemented harmful changes to two of its main lending programs, the 7(a) and 504 loan programs.² These draconian changes prevent loans from going to small businesses whose owners, investors, or key employees are foreign nationals; have deferred action, such as recipients of Deferred Action for Childhood Arrivals (DACA); or have certain kinds of lawful noncitizen status, including refugees, asylees, visa holders, and conditional green card holders—even if the business is majority-owned by U.S. citizens. The new requirements reverse at least a quarter century of SBA policy that allowed small businesses to receive SBA loans if they were majority-owned by U.S. citizens, nationals, and lawful permanent residents.

We have heard concerns that these requirements unduly bar small businesses with certain lawfully present, noncitizen owners and employees from receiving financing. For example, entrepreneurs stand to lose eligibility for SBA loans if they accept a small amount of start-up funding from friends or family members who aren't U.S. citizens. Despite the Trump administration's solicitation of foreign investment in the United States, small businesses with even one percent of foreign ownership can no longer receive an SBA loan. In some instances, businesses that previously received SBA loans have lost eligibility solely based on these new requirements. Lenders have informed us that borrowers may not even bother applying due to confusion or fear around the new requirements.

Below are examples of how these requirements are affecting small businesses:

- A small manufacturer, which produces components to retrofit vans for disabled individuals, has received three SBA loans that created jobs. Two minority shareholders

¹ The analysis of loan data is based on publicly available FOIA data on the 7(a) program and SBA's 7(a) Activity Report.

² *Lender and Development Company Loan Programs*, U.S. Small Bus. Admin., <https://www.sba.gov/document/sop-50-10-lender-development-company-loan-programs>.

who are not citizens own 13% of the business, making the business ineligible for another loan.

- A third-generation, family-owned manufacturing business relocated from Canada to the United States to expand its American manufacturing operations. The business was an eligible borrower when it applied for a loan but is no longer eligible under the new requirements because Canadian citizens have a minority stake in the business. As a result, the family's plans to invest in their manufacturing operations in the United States have been halted.
- A small business planned to use an SBA loan to help acquire another U.S. small business whose owner is retiring. Although two of the three owners of the acquiring business who own a majority of the business are U.S. citizens, the third is waiting to receive a green card—making the business ineligible for a loan.
- A small business owner interested in an SBA loan was likely eligible as a green card holder, but their lawyer recently advised against applying out of fear that submitted paperwork “could be used against them.”

In sum, these new requirements hurt *any* small business owned or operated even in small part by noncitizens, even when the business employs Americans and operates wholly in the United States. Small businesses use SBA loans to create jobs and invest in their operations. Unfortunately, the Trump administration is demonizing immigrant communities and picking winners and losers, rather than basing lending decisions on a small business's ability to repay a loan.

We urge the SBA to restore its policy of allowing SBA financing for businesses that are majority-owned and controlled by U.S. citizens, nationals, and lawful permanent residents and ask for written responses to the following questions by January 8, 2026:

1. How many small businesses applying for SBA financing have been denied a loan because of the new citizenship verification requirements?
2. What has SBA communicated to its lenders about complying with these requirements and when will the agency update relevant borrower forms? Please provide any memoranda, guidance, or other documents that have been provided to SBA lenders on the citizenship verification requirements.
3. SBA's press release states that the new requirements are to “ensure only legal, eligible applicants can access SBA program . . . [and] confirm that applicant businesses are not owned in whole or in part by an illegal alien.”³ However, since 1994, the SBA has already prohibited the use of SBA funds for individuals not lawfully present in the United States.⁴

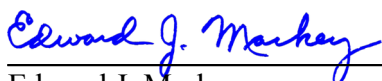
³ *SBA Highlights Range of New Measures to Stop Fraud*, U.S. Small Business Administration (Apr. 10, 2025), <https://www.sba.gov/article/2025/04/10/sba-highlights-range-new-measures-stop-fraud>.

⁴ 15 U.S.C. § 631(i).

Why has SBA made individuals with lawful immigration statuses, including several protected classes under the Immigration and Nationality Act,⁵ ineligible for SBA loans? Please provide any research, memoranda, or other documents detailing SBA's rationale for the citizenship verification requirements.

Without changes, the SBA's draconian citizenship verification requirements will continue to hurt small businesses, local communities, and the U.S. economy. We look forward to your response addressing these important concerns.

Sincerely,



Edward J. Markey
Ranking Member, Committee
on Small Business and
Entrepreneurship



Mazie K. Hirono
United States Senator



Adam B. Schiff
United States Senator



Tammy Duckworth
United States Senator



Christopher A. Coons
United States Senator



Jacky Rosen
United States Senator



Catherine Cortez Masto
United States Senator

⁵ 8 U.S.C. § 1324b(a)(3).



Kirsten Gillibrand
United States Senator



Martin Heinrich
United States Senator



Elizabeth Warren
United States Senator



Cory A. Booker
United States Senator



Jeanne Shaheen
United States Senator



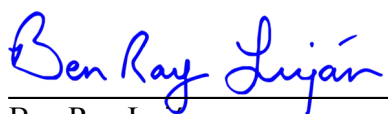
Richard Blumenthal
United States Senator



Alex Padilla
United States Senator



Patty Murray
United States Senator



Ben Ray Lujan
United States Senator



Richard J. Durbin
United States Senator



Maria Cantwell
United States Senator



John Hickenlooper
United States Senator