

Image not found or type unknown

## SBA Citizenship Policy Tightens Loan Eligibility in USVI, Where Small Businesses Depend on Capital

**While U.S. citizens and U.S. nationals in the Virgin Islands remain eligible for SBA-backed financing, the new federal rule closes the door on non-citizen applicants, including some who may previously have qualified for assistance.,**

Business / **Published On March 10, 2026 05:54 AM /**

Staff Consortium **March 10, 2026**

Image not found or type unknown



A new U.S. Small Business Administration policy could affect access to federally backed business financing in the U.S. Virgin Islands by shutting out business owners who are not U.S. citizens or U.S. nationals, including applicants seeking support through programs that are actively offered through the SBA's Puerto Rico and U.S. Virgin Islands District.

While the rule does not change eligibility for citizens and U.S. nationals in the Virgin Islands, it does tighten access in a territory where SBA-backed capital remains part of the small-business landscape. SBA data shows the territory has 2,098 small businesses with employees, and the SBA's district office says it provides help with funding programs, counseling, contracting certifications, and disaster recovery.

The SBA announced this week that it has issued a new policy notice banning foreign nationals and non-citizens from accessing SBA-guaranteed small business loans. The agency said the latest notice applies to its Surety Bond and Microloan Programs and expands on a policy change made earlier this month that rendered any small business owned in whole or in part by a foreign national ineligible for the agency's flagship 504 and 7(a) loan programs. According to the SBA, small business owners applying for any SBA loan program must now be U.S. citizens or U.S. nationals with their principal residence in the United States. The agency said the new policy takes effect 30 days after publication, with separate guidance pages showing an April 1, 2026 effective date for the updated Microloan and Surety Bond citizenship requirements.

Because the SBA's district office serving Puerto Rico and the U.S. Virgin Islands continues to promote 7(a), 504, and microloan access in the territory, the change is relevant locally even though the SBA has not publicly broken out how many Virgin Islands borrowers would be affected. What is clear from the federal announcement is that the restriction is broader than a ban on undocumented applicants. It also reaches foreign nationals and non-citizens, meaning some lawful permanent residents who might previously have qualified for assistance are now excluded under the revised rules.

The agency framed the move as part of an effort to reserve federally guaranteed lending for Americans.

"The Trump SBA is committed to driving economic growth and job creation for American citizens," said SBA Administrator Kelly Loeffler. "Last month, we made it clear that SBA would not allow foreign nationals to access our core small business loan programs – and today, we are expanding that policy to include all SBA-guaranteed loans. With our lending authority capped annually by Congress and amid record demand for access to capital, our responsibility is clear: the limited resource of SBA financing must prioritize American citizens who are building businesses and creating jobs here at home."

The SBA said that in Fiscal Year 2025, it approved 3,358 loans for small businesses owned in part by a lawful permanent resident, a group the agency said accounted for 4 percent of its 85,000 total loan approvals. The agency said those approvals occurred largely during the Biden Administration. Citing limited lending authority and what it described as record demand for capital, the SBA said it is now prioritizing guaranteed loan access for American citizens.

For the Virgin Islands, the change arrives in a small-business environment where access to capital matters broadly. The SBA Office of Advocacy's 2025 profile says small businesses account for 96.1 percent of employers in the territory and 77.5 percent of employees. The same profile says reporting banks issued \$12.9 million in loans in 2023 to territory businesses with revenues of \$1 million or less, while total reported new lending through loans of \$1 million or less reached \$60.5 million. That lending data is not limited to SBA-backed loans, but it underscores the importance of financing channels for small firms in the territory.

The SBA said the policy is part of a broader series of changes under Loeffler. According to the agency, it implemented citizenship verification across its loan programs last year to block illegal

aliens from receiving loans. The agency also said it has moved to relocate field offices out of sanctuary cities that do not comply with U.S. Immigration and Customs Enforcement, saying those jurisdictions jeopardize the safety of SBA employees and small business owners.

The immediate effect in the Virgin Islands, based on the rule the SBA published, is not a blanket disruption to the territory's business community. Instead, it is a narrower but still significant eligibility change: businesses owned by U.S. citizens and U.S. nationals with a principal residence in the United States remain eligible to seek SBA-backed financing, while foreign nationals and non-citizens no longer can. In a territory with an active SBA presence and continuing demand for capital, that means some business owners who may once have qualified for federally backed loans will now be locked out.

© Viconsortium 2026