A temporary SBA 7(a) change for veterans buying a business

What changed around Veterans Day 2026, who it applies to, and where to get free official help. This is general information, not a loan offer and not a grant application.

Information current as of November 25, 2026. Check SBA.gov for updates. NeighborSpan is not a lender or SBA affiliate; this is general information, not financial or legal advice.

What changed, in plain words

On November 9, 2026, the first day of National Veterans Small Business Week, the U.S. Small Business Administration announced a temporary change to the **7(a) Loan Program** for veterans who are **buying an existing small business**.[1][2]

SBA already requires buyers of an existing business to provide an equity contribution equal to **at least 10% of total project costs**.[1] Before this change, certain outside sources — SBA's press release names seller standby notes, investor capital, and external equity contributions — could provide **no more than half** of that 10%.[1]

What is new: for a qualifying "Veteran Business Acquisition," those limited outside sources may now provide **up to 100%** of the required equity injection, so a veteran buyer may not have to use personal savings for that 10%.[1][3] SBA's press release calls this "100% Capital Structuring Flexibility" and says it "will remain in place through Fiscal Year 2027 (FY27)."[1]

What did not change: the 10% requirement itself is still there. SBA Procedural Notice 5000-883564, the rule lenders follow, is explicit: "This flexibility changes only the permitted mix of equity sources. It does not reduce the minimum equity injection required… including that for Initial Acquisitions the required equity injection cannot be reduced or eliminated."[3] If the purchase price is higher than the business valuation, that gap must still be funded with equity.[3]

This is a change to how a 7(a) **acquisition loan** can be structured. It is **not a new grant** and **not free money**.[4] You still apply through an SBA 7(a) **lender**, not through SBA itself.[5] The notice took effect on **November 11, 2026** (Veterans Day). It applies only to loans that receive an **SBA loan number by 11:59 p.m. Eastern Time, September 30, 2027** (8:59 p.m. Pacific Time). Applying, or even closing, is not enough if the loan number has not been issued by that cutoff.[3]

Who qualifies

The notice defines a Veteran Business Acquisition as a **change of ownership** in which, immediately after the transaction, one or more Veterans (as defined in SOP 50 10 8.1, Appendix 3) will directly or indirectly own, individually or collectively, **at least 50%** of the applicant — and of the operating company, if there is one.[3]

- This flexibility is for **buying an existing business**, not for starting a brand-new company from scratch, and not for ordinary working-capital needs of a business you already own, unless that deal is itself a qualifying change of ownership.[3][5]
- The 50% is measured **after** the purchase. Direct and indirect ownership both count, including interests held through holding companies, trusts, or limited partnerships. Interests of more than one Veteran are added together.[3]
- That 50% test is **not** the same as SBA Veteran-Owned Small Business (VOSB) certification, which uses a 51% ownership-and-control standard. You do not have to be VetCert-certified for this loan flexibility. Contracting certification is a separate, free process at veterans.certify.sba.gov.[3][6]
- The notice uses "Veteran" as defined in **SOP 50 10 8.1, Appendix 3**. SBA's lender page points lenders to that SOP, including Appendix 15 on changes of ownership.[3][7] A current official PDF of Appendix 3 was not posted on SBA.gov when this explainer was written. In federal statute, 38 U.S.C. § 101(2) defines "veteran" as "a person who served in the active military, naval, air, or space service, and who was discharged or released therefrom under conditions other than dishonorable."[8] **Ask your lender or VBOC to confirm how the SOP definition applies to your service.**
- Ordinary 7(a) rules still apply. SBA's 7(a) page says eligible businesses must, among other things, be an operating business, operate for profit, be located in the U.S., be small under SBA size requirements, not be an ineligible type of business, be unable to obtain the desired credit on reasonable terms from non-government sources, and be creditworthy with a reasonable ability to repay.[5]

What still applies — this is not "no money down"

- **The 10% equity injection is still required** for an initial acquisition. The new rule only changes **where** that 10% may come from.[1][3]
- **Permitted outside sources are narrower than a casual "second loan" pitch.** Under the notice, the limited sources that may now fund up to 100% of the required injection are **standby debt**, **seller debt on full standby**, and **non-controlling minority equity investments**. Each source must still meet the SOP's existing requirements for that type.[3]
- **Full standby means no payments.** Standby debt and seller debt used this way must be on full standby: no payments of principal or interest for the **entire term of the 7(a) loan**. The provider of standby debt **may not also take an equity investment** in the business.[3]
- **Minority investors have tight limits.** Each non-controlling minority equity investor must hold **less than 20%** of the equity, exert **no control** over the operating business, and may receive **only tax distributions** until the 7(a) loan is paid in full.[3]
- **Lenders still underwrite the deal** — creditworthiness and a reasonable ability to repay.[5] SBA's Lender Match checklist also flags credit history, financial projections, collateral, a clear use of funds, and (while not required) industry experience.[9] Veteran status alone is not an approval.
- The lender must report each owner's veteran status, state that the loan is a Veteran Business Acquisition relying on this flexibility, and identify **each equity source** by type, provider, and amount.[3]

Some social-media posts have called this "no down payment" or "no money of your own." That overstates it. Someone still has to come up with the 10% equity injection, in a form the SOP allows. Closing costs and other loan conditions can still require the buyer's own funds. Go by the notice and your lender, not a headline.

What this is not

- **Not a grant, and not free money.** SBA states: "SBA does not provide grants for starting and expanding a business."[4] A 7(a) loan is a loan you repay; SBA guarantees a portion of it for the lender.[5]
- **Not a new SBA loan product** — it is a temporary change to equity-source rules inside the existing 7(a) program.[1][3]
- **Not an automatic approval,** and not a VA benefit. Lender Match cannot guarantee a match or a loan.[9]
- **Not a program for starting a new business from scratch,** and not a cash fund for a shop you already own, unless the transaction is a qualifying 7(a) change of ownership under the notice.[3]

How to get started

You apply with an **SBA 7(a) lender**. You will work with that lender, not with SBA, on the application.[5]

1. **Use SBA Lender Match (free).** SBA says you can answer a few questions in as little as five minutes. SBA prepares a summary of interested lenders **two business days** after you submit a request. You can then talk to lenders and apply with them. Using Lender Match **does not guarantee** a match or a loan; it is a finder tool, not a loan

application. More than 800 lenders participate, in all 50 states and U.S. territories. Start at sba.gov/loans/lender-match or lending.sba.gov/lender-match. Questions: lendermatch@sba.gov.[9]

2. **Get counseling from a Veterans Business Outreach Center (VBOC).** SBA and its partners offer free or low-cost counseling and training.[10] VBOCs serve service members, veterans, National Guard and Reserve members, military spouses, and family members who want to start or grow a small business. They offer workshops, training, counseling, and mentorship, and can refer you to a partner, lender, or SBA program. They can also help with business-plan work.[11][12] Official locator, listed by state and region: sba.gov/vboc.[11][12] Or search by ZIP code for a VBOC, Small Business Development Center (SBDC), SCORE mentor, or other partner: sba.gov/counseling/local-assistance.[10] SBA's current list includes, among others: **Northern California** (counties north of Santa Barbara, Ventura, Los Angeles, and San Bernardino), Oregon, and Washington — PNW Regional VBOC, norcalvboc.org, 916-527-8400, info@norcalvboc.org; and **Ohio** — ECDI's VBOC of Ohio, ecdi.org/vboc, 1-888-210-3039, vboc@ecdi.org.[11] If you live elsewhere, use the official list.
3. **Talk to your SBA district office** if you have questions about applying.[5] Directory by state: sba.gov/about-sba/sba-district-offices. Examples: California — Sacramento District and Ohio District. Confirm the office that covers your county on that directory.[13] SBA's Answer Desk: 1-800-827-5722 or answerdesk@sba.gov, Monday–Friday 9:00 a.m. to 6:00 p.m. ET, closed on federal holidays.[14] Questions about this 7(a) notice may also go to 7aQuestions@sba.gov, the contact listed on the notice.[3]
4. **Ask your lender what documents they need.** SBA's 7(a) page says the contents of the application **vary** with loan size and the lender's processing method, and that **your lender will help you determine which documents you'll need**.[5] There is not one official public checklist for every 7(a) purchase. What SBA does publish: **SBA Form 1919 (Borrower Information Form) is required for every 7(a) loan**.[7] Lender Match's abbreviated "get ready" list includes a business plan (especially for startup funding; SBA has a free guide), a clear amount and use of funds, credit history, financial projections (including how you will repay), and, often, collateral. Industry experience is not required but can help.[9] For this policy, the lender must be able to document each source of the 10% equity injection and each owner's veteran status. If seller or other standby debt is part of that 10%, the paperwork must show it is on **full standby** for the entire 7(a) term.[3] Do not send discharge papers, tax returns, or bank records to a stranger who cold-called you. Share them with the lender you chose, or with a VBOC counselor you reached through the official SBA list.

Watch out for scams and paid "helpers"

- **No one can guarantee** that SBA or a lender will approve your loan. Lender Match itself is not a guarantee of a match or a loan.[9]
- SBA does not charge you a fee to apply for a 7(a) loan through this policy, and SBA does not award "free government grants" to start or expand a business.[4][5] Be wary of anyone who says you were selected for government funding you did not apply for, or who asks you to pay a fee by gift card, wire, cash, or cryptocurrency to "release" a grant. Federal grant-scam guidance is: you never have to pay a fee to apply for or receive a federal grant. Report suspected fraud at ReportFraud.ftc.gov or 1-877-FTC-HELP.[4][15] SBA says it only emails from addresses ending in **@sba.gov**.[4]
- **Legitimate help is already available at little or no cost** through VBOCs, SBDCs, SCORE, and SBA district offices.[10][11][12]
- **If you hire a loan packager or other agent** to prepare an SBA application, SBA requires a **Fee Disclosure and Compensation Agreement (SBA Form 159)**.[16][17] Federal regulations require that agreement, and if SBA later finds the fee unreasonable, the agent must reduce it and refund the excess to you.[17] Get any fee in writing, and ask your lender about Form 159, before you pay. NeighborSpan is not a loan packager and will not prepare or submit a 7(a) application for you.

Key dates

November 9, 2026	SBA announced the policy, at the start of National Veterans Small Business Week.[1][2]
November 11, 2026	Notice effective date (Veterans Day).[3]
December 15, 2026, 11:59 p.m. EDT (8:59 p.m. Pacific Time)	Deadline for a **separate** opportunity: the Hiring Our Heroes 2027 Small Business Grant Program, below. Not an SBA deadline.[18]
September 30, 2027, 11:59 p.m. ET (8:59 p.m. Pacific Time)	Last time a loan may **receive an SBA loan number** and still use this 7(a) equity flexibility. Plan backward from this date.[3]

Another opportunity (separate from this SBA policy)

The **Hiring Our Heroes 2027 Small Business Grant Program** is a different program, sponsored by the U.S. Chamber of Commerce Foundation with support from FedEx — not by SBA.[18] It will award **five** for-profit small businesses: **four $10,000 grants and one $25,000 grant**. Apply only through the official site by **11:59 p.m. EDT on December 15, 2026**.[18]

Eligibility is specific. In short, the official rules require legal residence in the 50 states; at least 51% ownership of a for-profit business by an honorably discharged veteran, a current National Guard or Reserve member, or a current military spouse; 3 to 20 employees including the owner and 1099 contractors; under $5 million in annual revenue; and a location in an economically vulnerable community (a zip code with a Distressed Communities Index "stress score" of 40 or greater) or a showing of financial need from hardship beyond the owner's control.[18] Only five awards will be made. This is a competitive program, not a benefit you are owed. Apply yourself on the official form. NeighborSpan cannot submit it for you and cannot promise an award.

Apply: hiringourheroes.org/small-business-grant. Official rules: hiringourheroes.org/small-business-grant/rules.[18]

We help local businesses get found on Google — free listing audit if you want one.

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Sources

1. SBA press release, Nov. 9, 2026 (7(a) equity flexibility for veteran acquisitions): sba.gov/sba-newsroom/…/sba-establishes-new-7a-equity-flexibility-veterans-small-business-acquisitions
2. SBA, National Veterans Small Business Week 2026 kickoff, Nov. 9, 2026: sba.gov/sba-newsroom/…/sba-opens-national-veterans-small-business-week-2026
3. SBA Procedural Notice 5000-883564, effective Nov. 11, 2026. A working SBA.gov copy was not found on Nov. 25, 2026; lender-circulated text: naggl.org (PDF). Confirm with your lender. Questions: 7aQuestions@sba.gov.
4. SBA, Grants ("SBA does not provide grants for starting and expanding a business"): sba.gov/loans/additional-funding-opportunities/grants
5. SBA, 7(a) loans: sba.gov/loans/7a-loans
6. SBA Veteran Small Business Certification (VetCert): veterans.certify.sba.gov
7. SBA lender resources (SOP 50 10 8.1, including Appendix 15; Form 1919 required for every 7(a) loan): sba.gov/sba-lenders
8. 38 U.S.C. § 101(2), official U.S. Code: govinfo.gov, Title 38 § 101
9. SBA Lender Match: sba.gov/loans/lender-match and lending.sba.gov/lender-match
10. SBA, Local assistance: sba.gov/counseling/local-assistance
11. SBA VBOC official list (short URL sba.gov/vboc): sba.gov/counseling/local-assistance/resource-partners
12. SBA, VBOC network expansion, Sept. 25, 2026: sba.gov/sba-newsroom/2026/09/25/sba-announces-49m-grant-awards-expand-vboc-network
13. SBA District Offices: sba.gov/about-sba/sba-district-offices; sba.gov/district/sacramento; sba.gov/district/ohio
14. SBA Answer Desk: sba.gov/about-sba/organization/contact-sba
15. HHS, "Avoid Grant Scams" (reviewed Nov. 20, 2026): hhs.gov/grants-contracts/grants/avoid-grant-scams. Report: ReportFraud.ftc.gov
16. SBA Loan Guaranty Processing Center (Form 159, Fee Disclosure and Compensation Agreement): sba.gov/about-sba/loan-and-guaranty-centers/loan-guaranty-processing-center
17. 13 CFR § 103.5: ecfr.gov, 13 CFR 103.5
18. Hiring Our Heroes 2027 grant (U.S. Chamber Foundation; not SBA): hiringourheroes.org/small-business-grant and rules