

SBA SOP 50 10 8.1 + Technical Policy Update

What changed for 7(a) business-acquisition lending | Effective October 1, 2026

EFFECTIVE DATE	GOVERNING DOCUMENT	ACQUISITION FOCUS
October 1, 2026	SOP 50 10 8.1 with Technical Updates	Appendix 15: Change of Ownership

Bottom line: SBA has made acquisition underwriting more explicit around transaction structure, verified earnings, valuation/QoE, equity, DSC and file evidence. The September technical update added flexibility, but not less documentation.

CORE SOP CHANGES

Appendix 15 now provides a dedicated framework for Initial Acquisitions, Business Expansions, Owner Buyouts, and ESOP/Cooperative transactions.

Initial Acquisitions generally require a 10% equity injection and 1.25x DSC. Business Expansions generally use 1.15x DSC, with more flexibility when post-close liquidity and financial strength are documented.

Independent Quality of Earnings is required for an Initial Acquisition or Business Expansion when the business purchase price is \$3 million or more, excluding owner-occupied real estate.

The credit file is expected to support a more defensible historical earnings baseline: normalization, cash proof, valuation, working capital, equity sources and underwriting assumptions.

TECHNICAL UPDATE: KEY CLARIFICATIONS

7(a) Small and SBA Express may be used for change-of-ownership transactions. For business purchase prices of \$350,000 or less, an internal valuation is permitted.

A previously prepared QoE may be reused with a reliance letter or secondary review by a different firm, but it cannot have been prepared by or for the seller.

Working-capital purchase-price true-ups are expressly permitted and are not treated as seller rebates.

PRACTICAL LENDER CHECKLIST

1 Classify transaction Appendix 15 category	2 Confirm economics Equity + DSC	3 Test QoE threshold \$3M+ purchase price
4 Confirm valuation path Internal vs. independent	5 Verify cash evidence Historical proof	6 Preserve the file Source-linked evidence

Source basis: SBA Information Notice 5000-882227, "Issuance of SOP 50 10 8.1 Technical Policy Updates" (Sept. 25, 2026), plus lender-industry summaries of Appendix 15. Always rely on the current SBA SOP and notices for transaction-specific requirements.

OTHER IMPORTANT CLARIFICATIONS

For businesses operating less than two years, cash proof must cover all years of operation.

Trust guaranty rules were clarified: where trusts collectively own at least 20% of the applicant, the trust must provide an unlimited guaranty and the Trustor must personally guarantee.

For mixed-purpose 7(a) loans, if at least 51% of proceeds are for real estate, maturity may extend to 25 years. Special-purpose property transactions received added structuring clarification.

Lenders must collect the information and certifications required by SOP 50 10 8.1 even while corresponding SBA forms are still being updated, and retain the evidence in the loan file.

WHY IT MATTERS

For lenders: acquisition credit is moving toward a clearer "as-underwritten" baseline: verified earnings, valuation/QoE where required, equity, DSC, working capital, collateral and source-linked evidence.

For Chief: valuation/QoE is increasingly part of the lender's formal acquisition-credit architecture, not just a standalone report. The opportunity is to convert that diligence into a structured Original Credit Thesis that survives closing and can be compared with actual borrower performance.