

DATE:	April 23, 2025
TO:	NADCO Members – please distribute to all appropriate personnel
FROM:	Wayne Williams – EVP, Regulatory Affairs & Training
SUBJECT:	Issuance of SOP 50-10-8

Yesterday, SBA released [Information Notice 5000-866746](#) announcing the issuance of Standard Operating Procedure (SOP) 50-10-8. **The new SOP will be effective June 1, 2025.** SOP 50-10-7.1 continues in effect for all loan applications that are issued an SBA loan number through May 31, 2025.

SBA is largely re-implementing requirements that were in place before January 2021, including restoring 7(a) underwriting criteria, reinstituting the SBA Franchise Directory with streamlined procedures, re-affirming that SBA Lenders determine whether the Applicant is eligible for a loan guaranteed by SBA, and eliminating the “do what you do” philosophy from the SOP

SBA reviewed the major changes in the updated SOP on yesterday’s 7(a) Connect Call and released several resources to assist CDCs and SBA Lenders –

- [SOP 50-10-8 \(clean final version\)](#)
- [SOP 50-10-8 \(track changes/redline version\)](#)
- [Slide deck](#) from 7(a) Connect Call

The NADCO team is still reviewing the updated SOP and will provide additional training and information for the industry. We will also cover the SOP updates in multiple sessions at the upcoming NADCO Spring Summit in Washington, DC May 4-7, 2025.

Below is a quick recap of **some** of the major updates –

CORE – Section A

- Franchise guidance added back, including bringing back the franchise directory
- Prior detailed narrative on ineligible business models added back, including clarity on passive businesses (including ghost kitchens, office suites, salons, etc.), gambling businesses, marijuana and hemp businesses, and prior loss/delinquent federal debt
- New citizenship requirements recently implemented via Notice have been incorporated into SOP
- Prior guidance on credit elsewhere has been added back, including a requirement that the CDC and SBA Lender must include a determination in its credit memo that some or all the requested loan is not available from the liquidity of 20% or greater owners and the Applicant itself
- 6-month lookback language for personal guarantees has been added back
- Hazard insurance waiver on loans of \$500,000 or less has been removed and replaced with prior guidance requiring hazard insurance on loans of \$50,000 or more
- Removed waiver of PFS for supplemental guarantor – personal financial statements required for all guarantors
- Environmental procedures recently implemented via Notice have been incorporated into SOP

7(a)-specific – Section B

- Extensive changes in this section – NADCO encourages CDCs participating in the Community Advantage SBLC program to review all changes for 7(a) Small Loans up to \$350,000

504-specific – Section C

- SBA will prioritize processing loans for veterans and encourages CDCs and Third-Party Lenders to do the same
- All recent changes to 504 debt refinance programs have been incorporated into SOP
- “Other Secured Debt” must be current for 12 months – an increase from 6 months – we believe SBA intended this to be 12 months or life of loan if the loan has been in existence for less than 12 months – NADCO will seek clarity in any technical changes that SBA issues
- Clarified existing guidance that an appraisal is required at application for any project involving a business acquisition / non-arm’s length change of ownership projects
- Clarified existing guidance that for non-arm’s length change of ownership projects, the purchase price is limited to the lesser of as-is appraised value or the purchase price of the 504-eligible fixed assets – no appraisal shortfall allowed
- Added existing guidance on ALP Express
- Re-implemented a cap of \$16.5 million in outstanding gross debentures for 504 Eligible Energy Public Policy Projects

IMPORTANT – NADCO encourages everyone in the industry to review the updates and provide feedback – we anticipate that SBA will publish technical changes as needed.

To access this TI Memo via the NADCO website, please click below.

TI Memo 20-25

[SBA Information Notice 5000-866746](#)