

Foreign Ownership Decision Tree

Step 1

Are 100% of direct and/or indirect owners U.S. Citizens, U.S. Nationals, or Lawful Permanent Residents?

Yes

No

Proceed with Loan

Proceed to Step 2

Step 2

Are any of those individuals an "Ineligible Person"?

Yes

No

Is there an Ineligible Person who does not have Conditional LPR Status?

Is the individual or aggregate Foreign Ownership **greater** than 5%?

Yes

No

Loan is not eligible

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Yes

No

Loan is not eligible

Proceed with Loan

Yes

No

Loan is not eligible

Proceed with Loan

Ineligible Person: An Ineligible Person includes, but is not limited to:

1. Undocumented aliens who are in the U.S. illegally;
2. Individuals granted asylum, refugees, visa holders, nonimmigrant aliens under 8 U.S.C. § 1101(a)(15), those under Deferred Action for Childhood Arrivals (DACA). Note: For purposes of the 5% foreign ownership exception set forth in Section A, Ch. 1, Para. F individuals with Conditional LPR status who fall into any of the categories in this subclause are not considered an Ineligible Person;
3. A business concern or entity that was created, organized, or incorporated outside of the United States, its territories, or possessions; or
4. An individual who has a Principal Residence in or is a citizen of the People's Republic of China or is an individual who has a Principal Residence in or is a citizen of the Special Administrative Region of Hong Kong.
5. An individual, business concern, or entity on the Office of Foreign Assets Control (OFAC) sanctions list. See Paragraph J of this Chapter.

This decision tree has been prepared for illustrative purposes only and may not capture every scenario that a Lender encounters. For questions on individual transactions involving foreign ownership, please contact 7aQuestions@sba.gov.