

Regalis Capital Explains the SBA's October 1 Equity Injection Rule for Buyers Who Planned to Put In Less Than 10%

A new SBA rule effective October 1 sets a hard 10% equity injection floor on acquisition loans and limits where that money can come from.

DOVER, DE, UNITED STATES, August 25, 2026 /EINPresswire.com/ -- Starting October 1, a buyer using an SBA 7(a) loan to buy a whole business must put at least 10% equity into the deal, and that 10% can no longer be reduced or eliminated. Regalis Capital, a done-for-you business acquisition service, is telling buyers who planned on less to rebuild their numbers now, because the new rule applies to any loan that is issued an SBA loan number on or after that date.

The change comes from SOP 50 10 8.1, the SBA's rewritten loan operating procedure, announced in [SBA Information Notice 5000-880695](#). Change of ownership rules move into a new Appendix 15. For a complete change of ownership, the minimum equity injection is 10%, and the procedure states plainly that it cannot be reduced or eliminated.

Where that 10% comes from is now split into two lists. The unlimited list is unborrowed cash, a personal loan to a guarantor that is repaid outside the business cash flow, and qualifying grants. The limited list is standby debt, seller debt that is on full standby and subordinated, and non-controlling minority equity, meaning an investor who holds under 20%, has no control, and takes no distributions except taxes until the loan is paid off. Added together, everything on the limited list can cover no more than half of the required injection. On a \$2,000,000 purchase, the required injection is \$200,000, and at most \$100,000 of that can come from a standby seller note or a qualifying minority investor. A new one lane rule also says the party providing standby debt may not also take an equity stake in the same deal.

Regalis Capital is not a lender. These figures are illustrative arithmetic based on the SBA requirements described above as of August 25, 2026, and are not an offer of credit or a commitment to lend. Actual terms are set by the lender and vary by borrower and deal. Two other changes in the same document land on acquisition buyers. The SBA sets hard debt service coverage floors of 1.25 to 1 for a complete change of ownership and 1.15 to 1 for a business expansion, so a deal has to show more cushion on paper than some buyers are used to modeling. And 7(a) Small loans can no longer be used for a change of ownership at all, which moves smaller acquisitions into the standard 7(a) process.

"The buyers who get hurt here are the ones who built a plan around an outside investor covering most of the cash. That door closes on October 1," said the Regalis Capital team. "If you start now, you have time to raise the cash, restructure the seller note, or look at a slightly smaller business."

If you wait until September 30, you are negotiating against a deadline.”

Buyers who want to see how the new floor changes the size of business they can pursue can run the numbers on the free Regalis Capital Deal Value Calculator at dealvaluecalc.regaliscapital.com. It is open to anyone, takes a few minutes, and asks for no signup.

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