



U.S. Small Business  
Administration

# NEWS RELEASE

## NATIONAL

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**Contact:** [SBA Media Team](#)

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### **SBA Overhauls Reckless Biden-Era Lending Program** **Agency Ends Expansion of “Mission Based” Community Advantage Loans**

**WASHINGTON** — Today, the [U.S. Small Business Administration](#) (SBA) announced an overhaul of the Community Advantage Small Business Lending Company (SBLC) program – a Biden-era program designed to grant government-backed 7(a) loans to “underserved communities” through “mission-based lenders.” As with other Biden-era schemes, lax oversight of the program has resulted in alarmingly high rates of loan default. Effective immediately, the agency has issued a moratorium on the expansion of the program – and through a new standard operating procedure (SOP), will require existing lenders to meet prudent financial stability standards as a condition of further participation.

“Community Advantage is a perfect example of how the last Administration weaponized government programs to tip the scale against deserving small businesses and toward preferred groups and political allies, even when it meant greater risk to American taxpayers,” **SBA Administrator Kelly Loeffler said.** “This Administration is putting a stop to reckless lending experiments and restoring safeguards to protect both taxpayer dollars and the integrity of the 7(a) loan program for America’s entrepreneurs.”

As a program built on a network of unregulated non-depository lenders, Community Advantage generated a 7% default rate over the last 12 months – more than double that of the overall 7(a) loan portfolio. Additionally, the portfolio is disproportionately stressed, with multiple lenders generating early problem loan rates above 30%.

Community Advantage began as a pilot program under the Obama Administration when the SBA licensed a constellation of non-bank, non-regulated organizations to distribute the funds, including nonprofits and fintechs. Understanding the risk of this arrangement, the Trump Administration issued a moratorium on the approval of new Community Advantage lending licenses in 2018.

However, in 2023, the Biden Administration revived Community Advantage and approved more than 140 new, unregulated lenders for the program, selectively certifying groups including

“The Progress Fund,” “PeopleFund,” and “Black Business Investment Fund.” It then attempted to increase the loan limit for the program from \$250,000 to \$500,000 – or up to \$2 million to fund climate-related projects in support of the Green New Scam.

The SBA has reinstated the moratorium on the approval of new Community Advantage lending licenses. Additionally, among other mandates, the new SOP will require existing lenders to dramatically increase their capital reserves as a condition for continued program participation – to mitigate the taxpayer risk and high default rates associated with “mission-based lenders” operating outside the federal banking regulatory system.

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### **About the U.S. Small Business Administration**

The U.S. Small Business Administration helps power the American dream of entrepreneurship. As the leading voice for small businesses within the federal government, the SBA empowers job creators with the resources and support they need to start, grow, and expand their businesses or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit [www.sba.gov](http://www.sba.gov).