

U.S. Small Business Administration

The Supplemental Terrorist Activity Relief Loan Program

Loans may be used for any business purpose

For businesses adversely affected by the events of Sept. 11, 2001

With a lower lender annual fee

A special, limited-time SBA 7(a) business loan program

STAR –

- has \$4.5 billion available to assist small businesses.
- has an annual lender fee of only 25 basis points for the entire repayment period.
- has a maximum loan amount of \$2 million.
- provides a maximum SBA guaranty of \$1 million.

STAR is a unique, temporary addition to the SBA's 7(a) Loan Guaranty Program. It provides greater access to loans nationwide for small businesses affected by the terrorist activities of September 11, 2001, but not eligible to obtain loans under the SBA's disaster assistance program. STAR loans may be used for any business purpose. They follow all regular 7(a) loan program requirements. All the lender must do is include in its file a rationale for its determination that the business was adversely affected. Through legislation enacted in January 2002, the program has authority to provide such loan funds through January 10, 2003, or until the \$4.5 billion funds available under the program are expended, whichever comes first.

Benefits to Lenders

- The lender's on-going fee is cut in half. STAR's reduced annual fee is 25 basis points on the outstanding SBA-guaranteed share of a STAR loan, rather than the usual annual fee of 50 basis points for other 7(a) loans. This fee reduction is for the life of the loan.

- STAR loans can be processed using SBA lender options including the regular 7(a) loan program, the Preferred Lenders Program, the Certified Lenders Program, SBALowDoc, SBAExpress, or CommunityExpress.

Benefits to Small Business

- Small businesses adversely affected by the terrorist activities of September 11, 2001, that do not qualify for loans under the SBA's disaster assistance program may qualify under the STAR program.

- Although the annual lender fee of 25 basis points is not charged to the borrower, the SBA expects that lenders will pass on a portion of their savings to the borrower through an interest rate reduction.

Determination of "Adversely Affected"

A business will be considered to have been adversely affected if it has suffered economic harm or disruption of its business operations as a direct or indirect result of the terrorist attacks. Some examples of economic harm include difficulty in –

- making loan payments on existing debt;
- paying employees or vendors;
- purchasing materials, supplies or inventory;
- paying rents, mortgages or other operating expenses; or
- securing financing.

The lender is required to determine that the loan is being made to a small business adversely affected by the September 11, 2001 terrorist attacks and to summarize the basis for this decision in the borrower's loan file.

How To Participate in STAR

STAR, like all the 7(a) loan guaranty programs, provides financing to America's small businesses through private-sector lenders. The maximum loan size is \$2 million. The SBA can guarantee up to 85 percent of the loan, depending on the loan size and other factors. The agency's maximum guaranty under the program is \$1 million.

For More Information

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or contact:

- Phone: 1-800-U ASK SBA
- Fax: 202-481-6190
- E-mail: answerdesk@sba.gov

- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-888-REG-FAIR
- Internet:
SBA Home page: www.sba.gov
Gopher: www.sba.gov/gopher
U.S. Business Advisor: www.business.gov

SBA Resource Partners

Inquire at your local SBA office for the location nearest you.

- Business Information Centers (BICs)
- Tribal Business Information Centers (TBICs)
- Service Corps of Retired Executives (SCORE)
- Small Business Development Centers (SBDCs)
- U.S. Export Assistance Centers (USEACs)
- Women's Business Centers (WBCs)

The SBA – America's Small Business Resource

Did you know that in fiscal 2001 the SBA –

- backed more than \$16.5 billion in financing to America's small businesses?
- approved more than 50,000 small business loans totaling almost \$12.2 billion?
- invested \$4.5 billion in small businesses through its venture-capital program?
- provided more than 48,000 loans totaling more than \$1 billion to disaster victims
for residential, personal-property and business loans?
- gave management and technical assistance to an estimated 1.3 million entrepreneurs through its grant programs and resource partners?
- responded to almost a quarter million telephone and e-mail inquiries at the SBA Answer Desk?

Did you know that America's 25 million small businesses –

- employ more than 58 percent of the private work force?
- generate more than 51 percent of the nation's gross domestic product?
- are the principal source of new jobs?

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.