



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-982

SUBJECT: Purchase Requests for 7(a)
Loans Made to Small
Businesses Adversely Affected
by the September 11, 2001
Terrorist Attacks and their
Aftermath (STAR Loans)

EFFECTIVE: 12/19/2005

SBA Procedural Notices 5000-775 and 5000-779 advised that legislation signed into law on January 11, 2002, reduced the on-going annual fee charged to lenders on new 7(a) loans made to small businesses that were “adversely affected by the September 11, 2001, terrorist attacks and their aftermath.” This fee reduction is effective for the full term of eligible loans approved by SBA during the one year period beginning January 11, 2002 and ending January 10, 2003. Loans with the fee reduction are known as “Supplemental Terrorist Activity Relief” (“STAR”) loans.

As indicated in the above notices, the term “adversely affected small business” for purposes of the STAR program means a small business that suffered economic harm or disruption of its business operations as a direct or indirect result of the terrorist attacks perpetrated against the United States on September 11, 2001.

Some examples of economic harm cited in the notices are: difficulty in making loan payments on existing debt; difficulty in paying employees or vendors; difficulty in purchasing materials, supplies, or inventory; difficulty in paying rents, mortgages, or other operating expenses; and, difficulty in securing financing. This list was not all-inclusive and SBA anticipated that there would be other circumstances that would be appropriate to illustrate that a business suffered economic harm or a disruption of its business operations. A loan to a start-up business may qualify for the STAR program if, for example, the business planned to commence operations earlier, but its ability to do so was hampered by the terrorist actions and their aftermath.

In order to qualify for the reduced fee, a lender must: 1) find that the loan applicant was adversely affected by the terrorist events of September 11, 2001; AND 2) prepare and maintain in its loan file a write up summarizing its analysis and its conclusion that the loan is eligible for the STAR program. A lender will not be found to have met its responsibility for determining that a borrower was adversely affected if the lender statement merely states that conclusion without providing a narrative justification demonstrating the basis for the conclusion.

This is a reminder that for the guaranty purchase of any STAR loan, lenders are required to submit the documentation concerning the loan’s STAR eligibility, as set forth both above and in more detail in the referenced notices. Without this documentation, SBA will be unable to process the lender’s purchase request.

EXPIRES: 3/1/2005

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Questions should be directed to James Hammersley at (202) 205-7505, or Walter Intlekofer at (202) 205-7543.

James E. Rivera
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for Financial Assistance