



## *What are STAR loans?*

STAR, Supplemental Terrorist Activity Relief, is the SBA designation for loans made under the Defense Appropriations Act of 2002, which reduced SBA's on-going guaranty fee charged lenders on new 7(a) loans made to small businesses that were "adversely affected" by the September 11, 2001, terrorist attacks and the aftermath. Under the new law, SBA's on-going fee for qualifying STAR loans is reduced from 50 basis points to 25 basis points for the life of the loan.

## *Which of my loans are eligible for the reduced fee?*

Loans approved by SBA between January 11, 2002 and January 10, 2003 that lenders determine are being made to small businesses that were adversely affected by the terrorist attacks of September 11<sup>th</sup> are eligible. The loan approval period is subject to an approximate \$4.5 billion program limit. Please refer to SBA Procedural Notices 5000-775 and 5000-779 at [www.sba.gov/banking/indexnotices.html](http://www.sba.gov/banking/indexnotices.html) for further information on loan eligibility, and the required steps to submit a STAR program application.

## *How will the reduced fee be collected?*

Lenders should remit the SBA 25 basis points for STAR loans in the Total to FTA column of their monthly SBA Form 1502 sent to Colson Services Corp. SBA will provide to Colson a list of STAR loans that are subject to the reduced fee. All other SBA Form 1502 guidelines still apply. For further instructions on how to complete SBA Form 1502, please visit our web site at [www.colsonservices.com](http://www.colsonservices.com) under the tab SBA Program Services/1502 Reporting/1502 Filing Information.

## *How is SBA's 25 basis points fee calculated?*

For unsold STAR loans, lenders must calculate and remit the SBA 25 basis point fee based upon the following:

For fully disbursed term loans, the fee is computed as follows:

$$[\text{Guaranteed Portion Opening Balance}] \times [.0025] \div [\text{Calendar Basis}] \times [\# \text{ of days}]$$

(For example:  $\$450,000 \times .0025 \div 360 \times 30 = \$93.75$ )

For partially disbursed term loans and loans with revolving features, the fee is computed as follows:

$$[\text{Guaranteed Portion Interest Received}] \times [.0025] \div [\text{Interest Rate \%}]$$

(For example:  $\$2,250 \times .0025 \div .06 = \$93.75$ )

A modified version of the Solution # 3 Template – 1502 Fee Calculator in Excel format can be found on our web site at [www.colsonservices.com](http://www.colsonservices.com) under the tab SBA Program Services/1502 Reporting/1502 Filing Information. A modified version in Lotus format is currently being designed. If you would like to receive the modified template on diskette, please call Colson's Customer Service Department at (212) 266-7998 or (877) 245-6159, or e-mail us at [info@colsonservices.com](mailto:info@colsonservices.com).

For STAR loans sold on the SBA Secondary Market, Colson deducts the SBA 25 basis point fee from the interest remitted by the lender, so a separate fee remittance for sold loans is not necessary.

***Do I still have to pay SBA's 50 basis points fee on my loans that are not eligible for the SBA STAR program?***

Yes. All SBA 7(a) guaranteed loans that are not eligible for the STAR program and approved on or after October 12, 1995 are subject to SBA's 50 basis point fee. Note – Microloans are not subject to SBA's fee but are subject to loan status reporting on SBA Form 1502.



**Got e-mail?**

If so, we would like to get connected. Colson Services Corp. is currently accepting e-mail addresses from lenders to populate our database. It is our objective in the near future, to begin distributing data accuracy reports via e-mail, rather than fax, to participating lenders. Lenders that do not provide an e-mail address will still receive this information by the current method.

The e-mail address provided should be the one designated by the lender to receive this type of information. E-mail addresses may be sent to [emailus@colsonservices.com](mailto:emailus@colsonservices.com) along with your current Colson Lender ID number(s). (Note – Your Colson Lender ID can be found on the coversheet accompanying this bulletin.) Modifications to lender contact person's name and phone/fax number(s) may also be submitted. Colson reserves the right, on a case-by-case basis, to request e-mail address verification in writing.