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SECURED FINANCE NETWORK

January 24, 2022

Mr. Daniel Krupnick
United States Small Business Administration
Washington, D.C.

Re: COVID-19 Economic Injury Disaster Loan Program

Dear Mr. Krupnick:

As you may recall, we previously contacted you on behalf of the Secured Finance Network ("SFNet") regarding the Small Business Administration's ("SBA") enforcement of its COVID-19 Economic Injury Disaster Loan program ("EIDL").

During our virtual meeting and in subsequent correspondence (attached), we raised several issues which we wished the SBA to consider with respect to the administration of the COVID-19 EIDL program. The first was the inconsistency in the terms required by many of the SBA's regional offices when agreeing to subordinate the EIDL to the borrower's private lender and the second was the necessity for certain specific terms to be included in the SBA's form of subordination agreement.

We are pleased to report that certain SBA regional offices appear to have adopted a uniform form of subordination agreement and we appreciate your efforts on our behalf.

Nevertheless, the SBA form of subordination still contains a provision that is detrimental to the SBA and to the private lender which we believe should be eliminated from the SBA's form of subordination. Specifically, the SBA requires that the private lender give the SBA 30 days prior notice before taking any post-default enforcement actions permitted by the private lender under its loan agreement. As a result, the private lender is deprived of being able to move quickly in its efforts to preserve and protect its collateral in order to maximize the return to both the private lender and the SBA who enjoys a junior lien on these assets. By eliminating this detrimental term of the SBA form of subordination, the SBA has the potential of increasing its recovery without forfeiting any of its rights. Certainly, in a situation where fraud is uncovered or the collateral is

perishable in nature we assume the SBA would want the private lender to act as expeditiously as possible.

We would appreciate your reviewing this comment and, if you agree we are asking for relief that not only benefits the private lender but also the SBA, we would ask that you raise this request with General Counsel.

Again, thank you for all of your efforts on our behalf.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Gumbrecht", with a horizontal line extending to the right.

Richard D. Gumbrecht
Chief Executive Officer
Secured Finance Network