

SUBORDINATION AGREEMENT IN FAVOR OF LENDER

The **U.S. Small Business Administration**, an agency of the Government of the United States of America (hereinafter referred to as "SBA"), hereby represents that it is the holder of a lien on certain collateral (described below and hereinafter referred to as the "Collateral Security") of _____ (hereinafter referred to as "Debtor").

SAID LIEN was created to secure SBA Loan Number _____ by Debtor's execution and delivery of a Security Agreement dated _____, and perfected by the filing of a UCC-1 Financing Statement on _____ as File Number _____ with the State of _____ (hereinafter referred to as "SBA Loan"). SBA Loan Number _____ is also secured by the Note(s) dated _____ in the principal amount of _____. The Collateral Security is more fully described and set forth in said Security Agreement and UCC-1 and described below:

The Collateral in which this security interest is granted includes the following property that Borrower now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest Borrower grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

DEBTOR has requested **SBA to subordinate in favor of the Debtor's lender, _____**, located at _____

(hereinafter referred to as "**Lender**"), the SBA's lien on the following Collateral Security: **books, records, data, equipment, accounts receivables, invoices, inventory, general intangibles, and proceeds thereof relating to such accounts receivables** (hereinafter referred to as "Subordinated Collateral") in order for Lender to obtain a first priority ownership interest or security interest in accounts that Lender purchases or is granted a security in or upon from the Debtor under an agreement between Lender and Debtor, and a first priority security interest in the Subordinated Collateral to secure the Debtor's monetary and non-monetary obligations to Lender under the agreement between Lender and Debtor dated as of _____ ("**Lending Facility**"). The Lending Facility secures a revolving accounts receivable purchase facility or an asset based revolving credit facility in the maximum sum of _____. SBA has agreed to subordinate its Subordinated Collateral in favor of Lender *so long as SBA retains its Subordinated Collateral priority with regard to all other legal and equitable interests other than as set forth herein.*

NOW THEREFORE, for and in consideration of the following agreement, or other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as set forth in this

Subordination Agreement, **SBA does hereby subordinate** its lien on the Subordinated Collateral in favor of Lender, and SBA and Lender agree as follows:

1. This Subordination Agreement, including the SBA's subordination of its right in the Subordinated Collateral in favor of Lender, is limited to the Debtor's obligations to Lender due or that become due under the Lending Facility. The Lending Facility is not cross-collateralized with any other financing provided by Lender to Debtor.
2. The SBA's agreement to subordinate the Subordinated Collateral in favor of Lender in order to secure the Debtor's obligations under the Lending Facility shall not in any other respects adversely affect the SBA's lien on the Subordinated Collateral and its priority position as to all other liens on said property not specifically subordinated herein, and SBA's lien on the Subordinated Collateral and its priority position as to all other liens on said property not specifically subordinated herein remains in full force and effect.
3. Lender agrees to provide SBA written notice of the following by overnight or two (2) day mail delivery to the SBA address identified below: (1) any action as to the Subordinated Collateral as a result of default on the Lending Facility at least (30) days prior to such action, including any foreclosure action, and (2) any sale of the Subordinated Collateral at least thirty (30) days prior to the sale of such collateral, provided however, this section in no way seeks to impair the Lender's right to exercise any rights to collect on Subordinated Collateral after an event of default and apply the proceeds thereof to satisfy debtor's obligations to Lender under the Lending Facility. Moreover, Lender shall not be required to wait 30 days to exercise its rights in the Subordinated Collateral under this section if Lender reasonably believes that such delay is likely to decrease the value of the Subordinated Collateral or otherwise impair its ability to collect the Subordinated Collateral. Notice of sale is not required for perishable items. MAIL NOTICE OF DEFAULT/SALE TO:

US Small Business Administration

El Paso Disaster Loan Servicing Center
1545 Hawkins Blvd, Suite 202
El Paso, TX 79925-2652

4. SBA makes this Subordination Agreement on the condition that Lender will return a signed Subordination Agreement to SBA at EDLSCUCCFilings@sba.gov within five (5) business days after Lender signs the Subordination Agreement.
5. Failure to satisfy the agreements set forth herein will render the Subordination Agreement null and void.
6. This Subordination Agreement will terminate upon (1) termination of the Lending Facility and payment in full of all amounts owed to Lender under the Lending Facility; or (2) payment in full of the SBA Loan, unless otherwise agreed to in writing by Lender and SBA.
7. This Subordination Agreement shall be interpreted under the laws of the United States. SBA and Lender may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes, but by using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax, or liability. Lender may not claim or assert against SBA any local or state law

to deny any obligation of the Debtor or defeat any claim of SBA with respect to the Collateral Security.

8. This Subordination Agreement is executed by authorized representatives of U.S. Small Business Administration and Lender, and the person signing this Subordination Agreement on behalf of such party has the requisite power and authority to bind that party to this Subordination Agreement.

U.S. SMALL BUSINESS ADMINISTRATION

Date: _____ By: _____

_____, Attorney

LENDER

Date: _____ By: _____

Printed Name: _____

Title: _____