

Steve Berry
First foundation Bank

April 10, 2020

RE. ATHERSTONE FOODS INC. PPP APPLICATION UNDER THE CARES ACT

I am writing to request that you forward this memo along with my PPP Application to the SBA again. I have set out a number of points that support my Application for funding under the PPP provisions of the CARES Act.

It is my understanding that the SBA have records of 4 SBA loans against my name and that 2 of them are non-performing. This information is not correct. My SBA loan history is as follows:

- Atherstone Foods Inc, the Applicant under the PPP, received an SBA 7A loan in 2008 for \$380,837.23 which was paid with timely instalments and closed when paid in full.
- TEA Investments LLC, my property holding company and landlord for the Applicant Atherstone Foods Inc., received an SBA 504 loan in 2010 for \$1,905,000 which was paid with timely instalments and closed when paid in full upon a refinancing.
- The 3rd SBA loan is a 7A loan to a company in which I am an investor. This Company has its own management structure and is located in a different location in California some 2 to 3 hours away from my business. I am a guarantor for the company because I am an investor with an interest over 20%. I understand that this business has experienced liquidity issues but was advised that it had requested deferment payments under its 7A loan and was not therefore delinquent. However, I have learned through my bankers that it has a "In Liquidation Disbursed" status which means the loan funds were fully disbursed to the borrower but a problem exists due to a number of missed payments. I have talked to the Company's Management and they have informed me that they discussed and requested deferment, and that as at March 31, 2020 the loan of \$2,309,277 was secured by a 1st UCC-1 and 1st Deed of Trust over assets amounting to \$14,975,565. I cannot see a risk of loss here to the SBA given the significant asset coverage. Further, the management of the company have advised me that they believe they have a deferment in place and that they continue to work with the lender Newtek to resolve their problems and bring the loan up to date.
- I have never been a party to a 4th SBA loan and SBA loan number 9655395005 should be removed from my record as it has nothing to do with me.

As a businessman I have always conducted myself properly with regard to my Company's business debts making payments in a timely and proper manner to bankers and to vendors for over 20 years. My business Atherstone Foods is a food manufacturing business based in a low employment area in California and most of my 152 employees are blue collar workers without

the skills, mobility and financial resources to secure alternative employment. I am seeking financial assistance under the PPP loan for their sake. I have lost 60% to 70% of my business as a manufacturer of fresh foods for grocery and for corporate and campus dining and restaurant services, but this business will return when shelter in place regulations are lifted and people can return to their workplace and leave home. More emphatically my Company is presently engaged in developing new products with new customers and is due to expand this summer and hire additional numbers of employees; expansion that the US economy vitally needs this year. A Company with a successful record and a bright future such as Atherstone Foods should be supported at this time of crisis and not deliberately discarded.

The government of this country are clearly attempting to provide job support to companies like mine through this exceptionally unusual crisis with the Covid-19 pandemic. That is clear from their public pronouncements and also from a reading of the CARES Act. The Act requires assistance to be provided to businesses with operations and jobs based in the US with under 500 employees, that were in business on February 15, 2020, and who had employees for whom salaries and payroll taxes were paid, and for which the uncertainty of the Covid-19 crisis makes it necessary to apply for a loan, and that those loan funds be used for payroll, mortgage, lease and utility payments. Atherstone Foods Inc clearly qualifies under the provisions of the Act for a PPP loan. My bankers inform me that the SBA regulations are disqualifying Atherstone Foods Inc from the PPP loan but surely guidance from the SBA as a government agency should not overrule the laws of this Country.

I trust I have made the case that Atherstone Foods Inc is a qualifying applicant under the CARES Act to receive a PPP loan. If the only reason for not approving my Company for a PPP loan is not the law but the SBA guidance to lenders I trust that I have qualified the matter of non-performing loans; one of which is not mine and the other of which I am only a guarantor because of my status as an investor, and for knowledge of which I must rely on others as managers. In fact, as a borrower through my companies Atherstone Foods Inc. and TEA Investments LLC I have been an exemplary borrower under both SBA 7A and 504 programs.

Sincerely,

Thomas Atherstone, President
for Atherstone Foods Inc.
Employer of 152 people in the USA