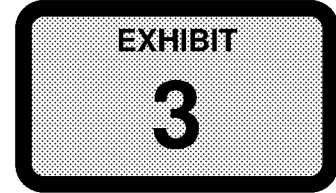


**TODD W. MENSING**  
 BOARD CERTIFIED-CIVIL TRIAL LAW  
 TEXAS BOARD OF LEGAL SPECIALIZATION  
 DIRECT 713.600.4904  
 MAIN 713.655.1101  
 FAX 713.655.0062  
 TMENSING@AZALAW.COM

July 7, 2023



**Via Email & Certified Mail – Return Receipt Requested**

Tom Kirkendall (bigtkirk@hey.com)  
 The Law Office of Tom Kirkendall  
 2 Violetta Ct.  
 The Woodlands, TX 77381

Re: Third Amended and Restated Loan Agreement (dated as of June 3, 2018)

Mr. Kirkendall:

I write again regarding the Loan Agreement dated as of June 3, 2018 (lender reference VL1032-E) (“Loan Agreement”) by and among F. Kenneth Bailey Jr., P.C. (“Borrower”), F. Kenneth Bailey Jr. (the “Guarantor” and together with the Borrower, the “Loan Parties”), and Lender.

Because of the Loan Parties’ Events of Default under the Loan Agreement, Lender immediately accelerates the outstanding Obligations under Section 8.2 of the Loan Agreement. The Borrower and the Guarantors must now pay the Obligations due of \$84,504,966.37 (the “Balance”) to Lender by July 14, 2023. This includes the accelerated default interest under Section 2.6 of the Loan Agreement. As you know, Borrower and Guarantor are jointly and severally liable to Lender for the payment and performance of the Obligations under the Loan Agreement. The Balance due to Lender should be wired to the following account:

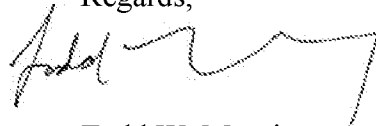
Bank Name: JP Morgan Chase Bank, N.A.  
Bank Address: 4041 Ogletown Rd.  
 Newark, DE 19713  
Account Name:  
Wire Routing Number:  
Account Number:  
Remittance Information:

To avoid imminent litigation, please pay the Balance or have the Loan Parties sign the attached Tolling Agreement by July 14, 2023.

Please contact me directly with any questions.

Tom Kirkendall  
July 7, 2023  
Page 2

Regards,

A handwritten signature in black ink, appearing to read 'Todd W. Mensing', with a stylized flourish at the end.

Todd W. Mensing

cc: F. Kenneth Bailey

CAUSE NO. \_\_\_\_\_

VIRAGE SPV 1 LLC	§	IN THE DISTRICT COURT OF
	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	HARRIS COUNTY, TEXAS
	§	
F. KENNETH BAILEY JR., P.C. & F.	§	
KENNETH BAILEY JR.	§	
	§	_____ JUDICIAL DISTRICT
<i>Defendant.</i>		

---

**PLAINTIFF'S ORIGINAL PETITION**

---

**I. DISCOVERY CONTROL PLAN**

1. Discovery will be conducted under Level 2 of Texas Rule of Civil Procedure 190.

**II. PARTIES**

2. Plaintiff Virage SPV 1 LLC ("Virage") is a Delaware limited liability company. Virage's sole manager is Virage Capital Management, LP. Virage Capital Management, LP's principal place of business is in Harris County, Texas.

3. F. Kenneth Bailey Jr., P.C. is a Texas law firm with its principal place of business in Harris County, Texas and may be served with process through its registered agent F. Kenneth Bailey Jr. at 440 Louisiana, Suite 1900, Houston, Texas 77002 and/or 56 E. Broad Oaks Drive, Houston, Texas 77056.

4. F. Kenneth Bailey Jr. is a resident of Texas and may be served with process at his residence at 56 E. Broad Oaks Drive, Houston, Texas 77056, his place of business at 5555 San Felipe Street, Suite 900, Houston, Texas 77056, or wherever he is found.

### III. JURISDICTION AND VENUE

5. The Court has subject matter jurisdiction over Virage's claims because the amount in controversy is within the jurisdictional limits of the district court. *See* Tex. Const. art. V, § 8; Tex. Gov't Code § 24.007(b).

6. This Court has personal jurisdiction over F. Kenneth Bailey Jr., P.C. because it is organized under the laws of Texas and has its principal office in Harris County, Texas. *See* Tex. Civ. Prac. & Rem. Code § 15.002(a)(3). This Court has personal jurisdiction over F. Kenneth Bailey Jr. because he resides in Harris County, Texas. *See id.* at § 15.002(a)(2).

7. Personal jurisdiction and venue are proper for all Defendants in Harris County, Texas because the June 3, 2018 Third Amended and Restated Loan Agreement (the "Loan Agreement") and the June 3, 2018 Security Agreement (the "Security Agreement") (collectively, "the Agreements") specify any Texas State court sitting in Houston as the appropriate venue. *See id.* at § 15.035(a). These Agreements are valid and enforceable agreements among Virage, F. Kenneth Bailey Jr., and F. Kenneth Bailey Jr., P.C. The Loan Documents include the Loan Agreement, the First Amendment to the Loan Agreement, the Second Amendment to the Loan Agreement, the Security Agreement, the Promissory Note, the Collateral Documents, and each other instrument or document to be delivered in connection with the Loan ("Loan Documents").

8. Personal jurisdiction and venue are proper for all Defendants in Harris County, Texas because all or a substantial part of the events or omissions giving rise to Virage's claims occurred in Harris County, Texas. The place for the performance and payment of the Agreements is Harris County, Texas; Texas law governs the Agreements; and the Agreements were executed, performed, breached, and enforced in Harris County, Texas. *See id.* at § 15.002(a)(1).

## IV. FACTUAL BACKGROUND

### A. *The Loan Documents*

9. Virage is a litigation finance company that lends to law firms for various business purposes, including marketing, case expenses, overhead, and growth.

10. F. Kenneth Bailey, Jr. (“Bailey”) is a Houston-based attorney specializing in personal injury and mass tort litigation. Bailey is the managing partner of F. Kenneth Bailey, P.C. (“the Firm”, and together with Bailey, the “Loan Parties”).

11. On June 3, 2018, Virage, the Firm, and Bailey executed a Loan Agreement with Virage as “Lender,” the Firm as “Borrower,” and Bailey as “Guarantor.” Ex. 1, Loan Agreement. Under the Loan Agreement, Virage agreed to refinance the Loan Parties’ existing debt (the “Existing Balance”) and advance an additional \$5,250,000 (the “New Advance”). Proceeds from the New Advance would be used for law firm and commercial purposes. Ex. 1 § 5.3.

12. In exchange, the Loan Parties agreed “to pay principal and interest on the Loan, all fees and charges payable [on the Loan], and all other payment obligations . . . arising under or in relation to” the Loan Documents (the “Obligations”). Ex. 1 § 1.1. Bailey personally “unconditionally and irrevocably” guaranteed “the due and punctual payment” of these Obligations. Ex. 1 § 9.1.

13. The Firm granted Virage a security interest in the Firm’s Case Proceeds (“Case Proceeds”) to secure payment and performance of its Obligations under the Loan Agreement. Ex. 1 § 10.1; Ex. 2 § 1, the Security Agreement. Case Proceeds include the Firm’s attorneys’ fees and reimbursed expenses paid in connection with its work on Eligible Cases (“Eligible Cases”) and Eligible Collateral Cases (“Eligible Collateral Cases”). Ex. 1 § 1.1. Eligible Cases are “all legal matters (whether filed or unfiled) in which [the Firm] or [Bailey] currently has or hereafter acquires a legal interest (except for the Eligible Collateral Cases).” Ex. 1 § 1.1. The Eligible Cases in which

the Firm or Bailey had a legal interest as of June 3, 2018 are included in Schedule 1.1 to the Loan Agreement. Ex. 1, Schedule 1.1. The Eligible Collateral Cases are enumerated in Schedule 1.2 of the Loan Agreement. Ex. 1, Schedule 1.2.

14. As part of their Obligations during the term of the Loan Agreement, the Loan Parties must additionally make Mandatory Prepayments (“Mandatory Prepayments”) to Virage each and every time an Eligible Case or Eligible Collateral Case resolves favorably and results in payment of Case Proceeds directly or indirectly to the Loan Parties or any Affiliate (“Affiliate”). Ex. 1 § 2.4(b). The Loan Parties are required to pay Virage at least 55% of the Firm’s Case Proceeds resulting from the resolution of any Eligible Case. *Id.* When an Eligible Collateral Case settles or is favorably adjudicated, the Firm must pay Virage at least 75% of the Firm’s resulting Case Proceeds. *Id.*

15. The Security Agreement grants Virage a security interest in the Firm’s interest in each of the following categories of Collateral, “whether now owned or existing or hereafter created [or] acquired” (collectively, the “Collateral”). Ex. 2 § 1.

(a) Accounts and General Intangibles (including Payment Intangibles) arising out of any Eligible Case or any Eligible Collateral Case (as defined in the Loan Agreement) and any other property constituting Case Proceeds (as defined in the Loan Agreement);

(b) Any Assigned Accounts into which any of the Collateral described in clause (a) above is deposited; and

(c) Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof;

Ex. 2 § 1.

16. Virage’s security interest in the Collateral attached upon: (a) Virage agreeing to refinance the Existing Balance under the Loan Agreement; (b) Virage agreeing to advance and advancing the New Advance of \$5,250,000 under the Loan Agreement; (c) Virage and Defendants executing the Agreements, which describe the Collateral as Case Proceeds from the Eligible Cases

and the Eligible Collateral Cases; and (d) Defendants maintaining and/or obtaining rights in each Litigation Matter. *See* Tex. Bus. & Com. Code § 9.203(a).

17. Virage’s security interest automatically perfected upon execution of the Agreements. *Id.* § 9.309(2). Virage also perfected its security interest by filing a UCC-1 financing statement with the Texas Secretary of State. Ex. 4, UCC-1 Financing Statement. Since its original UCC-1 filing, Virage has maintained the perfection of its security interest. Ex. 5, UCC-1 Financing Statement Continuation filed Nov. 3, 2021.

18. The Collateral for Virage’s attached and perfected security interest includes all funds contemplated in the definition of “Case Proceeds” under the Loan Agreement:

“Case Proceeds” means, with respect to any Eligible Case or Eligible Collateral Case, all funds and other property or value received directly or indirectly by or on behalf of the Borrower or an Affiliate (and not the client’s share) on account of (i) any and all gross, pre-tax monetary awards, damages, recoveries, judgments or other property or value awarded to or recovered by or on behalf of (or reduced to a debt owed to) the client on account or as a result or by virtue (directly or indirectly) of an Eligible Case or Eligible Collateral Case, whether by negotiation, arbitration, mediation, diplomatic efforts, lawsuit, settlement or otherwise, and includes all of the Borrower’s legal and/or equitable rights, title and interest in and/or to any of the foregoing, whether in the nature of ownership, lien, security interest or otherwise; (ii) any consequential, recessionary, punitive, exemplary or treble damages, pre-judgment interest (including damages comparable to pre-judgment interest), post-judgment interest, penalties, and attorneys’ fees (including, without limitation, common benefit fees) and other fees and costs awarded or recovered on account thereof; (iii) any expense reimbursement; and (iv) any recoveries against attorneys, accountants, experts, directors, officers or other related parties in connection with any of the foregoing or the pursuit of the Eligible Case or Eligible Collateral Case and amounts received on account of fees and expenses in connection with any of the foregoing. “Case Proceeds” includes (without limitation) any and all of the foregoing in the form of cash, real estate, negotiable instruments, intellectual or intangible property, choses in action, contract rights, membership rights, subrogation rights, annuities, claims, refunds and any other rights to payment of cash and/or transfer(s) of things of value or other property (including property substituted therefor), whether delivered or to be delivered in a lump sum or in installments, in relation to any Eligible Case or Eligible Collateral Case or negotiation with any Person in relation to the Eligible Case or Eligible Collateral Case, in all events only to the extent such value is actually received by the Borrower or such Affiliate.

Ex. 1 § 1.1.

19. Under Sections 9.203(f) and 9.315(a) of the Texas Business and Commerce Code, the Collateral for Virage’s attached, perfected security interest also includes: “(A) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral; (B) whatever is

collected on, or distributed on account of, collateral; (C) rights arising out of collateral; (D) to the extent of the value of the collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to the collateral; [and] (E) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to the collateral.” See Tex Bus. & Com. Code §§ 9.203(f), 9.315(a) & 9.102(65).

20. Virage has a first priority, attached, and perfected security interest in the Case Proceeds. Ex. 1 § 10.1, Ex. 2 § 3(e).

### **B. Events of Default**

21. Virage performed its obligations under the Loan Agreement on June 3, 2018 by, among other things, refinancing the Existing Balance and lending the New Advance of \$5,250,000.

22. Since the date of closing, the Loan Parties have materially and repeatedly breached the Loan Agreement. Each of the below breaches (defined as “Events of Default” by the Loan Agreement) caused financial harm to Virage.

- a. *Reports.* The Loan Agreement requires the Firm to provide Virage with complete and accurate reports regarding the Eligible Cases and Eligible Collateral Cases on a quarterly basis. Ex. 1 § 7.3(a). Despite Virage’s requests during the Loan term, the Firm has not provided these reports consistent with Exhibit E of the Loan Agreement. *Id.* This is an Event of Default. Ex. 1 § 8.1(c), (d).
- b. *Mandatory Prepayments.* During the term of the Loan Agreement, the Firm has favorably resolved Eligible Cases and Eligible Collateral Cases, resulting in payments of Case Proceeds to the Firm and its Affiliates. However, the Loan Parties have failed to make Mandatory Prepayments of those Case Proceeds to Virage as



required by Section 2.4(b) of the Loan Agreement, resulting in multiple Events of Defaults. Ex. 1 §§ 2.4(b), 8.1(a).

- c. *Financial Information Regarding the Loan Parties.* Under the Loan Agreement, Virage has reasonably requested “information regarding the operations, business affairs and financial condition” of both the Firm and Bailey. Ex. 1 §§ 5.4, 7.3(e), 7.4. The Loan Parties have failed to provide such financial information in response to these requests, resulting in Events of Default under Sections 8.1(b) and (c) of the Loan Agreement. Ex. 1 § 8.1(b), (c).
- d. *Compliance with KPMG Audit.* In April 2021, Virage engaged KPMG to inspect the books and records of the Firm under Section 7.4 of the Loan Agreement. Ex. 1 § 7.4. Virage notified the Firm that KPMG would “evaluate the [B]orrower’s compliance with applicable terms of the Loan Agreement and any applicable Lender policies and procedures.” Ex. 6, April 20, 2021 Letter. Despite Virage’s efforts to collaborate with the Firm to compile the necessary information, the Firm failed to provide KPMG with data sufficient to conduct and complete its inspection. The Firm’s lack of compliance with KPMG’s requests for access to its books and records is an Event of Default. Ex. 1 § 8.1(b), (c).
- e. *Solvency.* From 2022 on, Bailey’s counsel confirmed that the Firm and Bailey are insolvent and unable to pay their debts in violation of the Loan Agreement. Ex. 1 §§ 5.5, 5.14. The financial conditions of the Loan Parties constitute Events of Default under the Loan Agreement. Ex. 1 § 8.1(c), (d), (i).
- f. *Repudiation of Loan Agreement.* From 2022 on, Bailey’s counsel stated that the Collateral is insufficient to repay the Loan balance and that the Loan Parties do not

plan to repay Virage. The Loan Parties' repudiation of their Obligations under the Loan Agreement is an Event of Default. Ex. 1 § 8.1(e)(iv).

- g. *Other Debts and Judgments.* From 2022 on, the Loan Parties defaulted on one or more debts in excess of \$25,000 and one or more proceedings have now been initiated against the Loan Parties in violation of the Loan Agreement. Ex. 1 § 8.1(f), (g).

23. Because of these Events of Default, on July 7, 2023, Virage accelerated the then-existing \$84,504,966.37 balance of the Loan Agreement and presented its demand for payment to the Firm and Bailey. Ex. 3, Notice of Acceleration at 1. The Loan Parties did not pay the accelerated balance. This is another Event of Default. Ex. 1 § 8.1(a).

## **V. CONDITIONS PRECEDENT**

- 24. All conditions precedent have been met, have occurred, or have been waived.

## **VI. CAUSES OF ACTION**

### **A. DECLARATORY JUDGMENT**

- 25. Virage fully incorporates the preceding paragraphs as if stated herein.

26. An actual and justiciable controversy exists: (a) among Virage, the Firm, and the Guarantor regarding Virage's security interest; (b) among Virage, the Firm, and the Guarantor regarding whether a default occurred under the Loan Agreement; (c) between Virage and the Guarantor regarding the validity, application, and scope of the Guarantor's personal guarantee; and (d) among Virage, the Firm, and the Guarantor regarding Virage's rights as a perfected, secured creditor to obtain payment.

27. Under Chapter 37 of the Texas Civil Practice and Remedies Code, Virage seeks declarations that:

- i. Virage's security interest in the Firm's right to payment of all Case Proceeds from any Eligible Case or Eligible Collateral Case, including all of the Firm's later

acquired cases, is attached, perfected, and has priority in the Case Proceeds over any other claim from Defendants or a third party, including, but not limited to, a third-party handling firm.

- ii. Virage has the right to direct third parties to pay 100% of Case Proceeds without input from or notice to the Firm.
- iii. F. Kenneth Bailey Jr.'s personal guarantee of the Loan Agreement is an unconditional guarantee of payment. Bailey must pay to Virage the full balance (including accrued interest and fees) of the Loan Agreement.
- iv. Virage's Loan to the Firm and Bailey is recourse debt.

28. Because awarding attorney's fees and costs to Virage is equitable and just under Chapter 37 of the Texas Civil Practice and Remedies Code, Virage is entitled to costs and attorney's fees. Virage also is entitled to attorney's fees and expenses under Section 9.607(d) of the Texas Business and Commerce Code and under Section 11.3 of the Loan Agreement.

#### **B. CLAIM FOR BREACH OF CONTRACT AGAINST THE FIRM**

29. Virage fully incorporates the preceding paragraphs as if stated herein.

30. The Loan Agreement between Virage and the Firm is a valid, enforceable contract under which the Firm must repay its Obligations to Virage including, but not limited to, the principal and default interest on the Loan Agreement.

31. Virage has performed, tendered performance of, or is excused from performing all obligations under the Agreements.

32. The Firm defaulted and materially breached the Loan Agreement.

33. These breaches caused Virage injuries, including, but not limited to, actual damages, direct damages, indirect damages, incidental damages, consequential damages, and special damages.

34. Virage presented its claim to the Firm, and the Firm refused to pay. Virage now seeks reasonable and necessary attorneys' fees under Chapter 38 of the Texas Civil Practice & Remedies Code. Virage is also entitled to attorneys' fees, costs, and expenses under Section 9.607(d) of the Texas Business and Commerce Code and Section 11.3 of the Loan Agreement.

**C. CLAIM FOR BREACH OF CONTRACT AGAINST BAILEY**

35. Virage fully incorporates the preceding paragraphs as if stated herein.

36. The personal guarantee in Section 9 of the Loan Agreement is a valid, enforceable contract under which Bailey unconditionally guaranteed repayment of the Loan Agreement.

37. Virage has performed, tendered performance of, or is excused from performing all obligations under the Agreements.

38. Bailey defaulted and materially breached the Loan Agreement.

39. These breaches caused Virage injuries, including, but not limited to, actual damages, direct damages, indirect damages, incidental damages, consequential damages, and special damages.

40. Virage presented its claim to Bailey, and Bailey refused to pay. Virage now seeks reasonable and necessary attorneys' fees under Chapter 38 of the Texas Civil Practice & Remedies Code. Virage is also entitled to attorneys' fees, costs, and expenses under Section 9.607(d) of the Texas Business and Commerce Code and Section 11.3 of the Loan Agreement.

**VII. JURY DEMAND**

41. Virage demands a trial by jury.

**VIII. TEXAS RULE OF CIVIL PROCEDURE 47(c) STATEMENT**

42. Virage seeks monetary relief over \$1,000,000 in the form of declarations, actual damages, direct damages, indirect damages, incidental damages, consequential damages, special damages, interest, attorney's fees, and costs.

**IX. RULE 193.7 NOTICE**

43. Under Rule 193.7 of the Texas Rules of Civil Procedure, Virage gives notice to Defendants that Virage intends to use all documents exchanged and produced between the parties (including, but not limited to, correspondence, pleadings, records, and discovery responses) during the trial in this matter.

**X. PRAYER FOR RELIEF**

44. For these reasons, Virage asks for actual damages, direct damages, indirect damages, incidental damages, consequential damages, special damages, interest, attorneys' fees, costs, and all other relief to which Virage is entitled in law or equity.

Respectfully Submitted,

**AHMAD, ZAVITSANOS & MENSING, PLLC**

*/s/Todd Mensing*

Todd Mensing

Texas Bar No. 24013156

Cameron Byrd

Texas Bar No. 24097444

Justin Kenney

Texas Bar No. 24126702

1221 McKinney Street, Suite 2500

Houston, Texas 77010

Telephone: 713-655-1101

Facsimile: 713-655-0062

[tmensing@azalaw.com](mailto:tmensing@azalaw.com)

[cbyrd@azalaw.com](mailto:cbyrd@azalaw.com)

[ikenney@azalaw.com](mailto:ikenney@azalaw.com)

**ATTORNEYS FOR PLAINTIFF  
VIRAGE SPV 1 LLC**

### SECURITY AGREEMENT

This Security Agreement (the "*Agreement*") is dated as of June 3, 2018, between F. Kenneth Bailey Jr., P.C., a Texas Professional Corporation (the "*Debtor*"), with a mailing address of 4400 Louisiana Street, Suite 2100, Houston, Texas 77002 and Virage SPV 1 LLC (the "*Secured Party*"), with its mailing address of 1700 Post Oak Boulevard, 2 BLVD Place, Suite 300, Houston, Texas 77056.

### PRELIMINARY STATEMENT

A. The Debtor and the Secured Party have entered into a Third Amended and Restated Loan Agreement dated as of June 3, 2018 (the Loan Agreement and any agreements or notes issued in substitution and replacement thereof, all as may be amended or modified from time to time, including amendments and restatements thereof in its entirety, being referred to herein as the "*Loan Agreement*"), which evidences a loan or loans made by the Secured Party to the Debtor.

B. As a condition to extending credit, continuing to extend credit or otherwise making financial accommodations available to or for the account of the Debtor under the Loan Agreement, the Secured Party requires, among other things, that the Debtor grant the Secured Party a security interest in the Debtor's personal property described herein subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the benefits accruing to the Debtor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

*Section 1. Grant of Security Interest.* The Debtor hereby grants to the Secured Party a lien on and security interest in, and acknowledges and agrees that the Secured Party has and shall continue to have a continuing lien on and security interest in, all right, title, and interest of the Debtor, whether now owned or existing or hereafter created, acquired, or arising, in and to all of the following:

(a) Accounts and General Intangibles (including Payment Intangibles) arising out of any Eligible Case or any Eligible Collateral Case (as defined in the Loan Agreement) and any other property constituting Case Proceeds (as defined in the Loan Agreement);

(b) Any Assigned Accounts into which any of the Collateral described in clause (a) above is deposited; and

(c) Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof;

all of the foregoing being herein sometimes referred to as the "*Collateral*". All terms which are used in this Security Agreement which are defined in the Uniform Commercial Code of the State

of Texas as in effect from time to time ("UCC") shall have the same meanings herein as such terms are defined in the UCC, unless this Security Agreement shall otherwise specifically provide.

*Section 2. Obligations Hereby Secured.* The lien and security interest herein granted and provided for is made and given to secure, and shall secure, the payment and performance of (a) any and all indebtedness, obligations and liabilities of whatsoever kind and nature of the Debtor to the Secured Party (whether arising before or after the filing of a petition in bankruptcy) evidenced by the Loan Agreement, whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever held, evidenced or acquired, and whether several, joint or joint and several and (b) any and all expenses and charges, legal or otherwise, suffered or incurred by the Secured Party in collecting or enforcing any of such indebtedness, obligations or liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby (all of the foregoing being hereinafter referred to as the "*Obligations*").

*Section 3. Covenants, Agreements, Representations and Warranties.* The Debtor hereby covenants and agrees with, and represents and warrants to, the Secured Party that:

(a) The Debtor is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization. The Debtor shall not change its jurisdiction of organization without the Secured Party's prior written consent. The Debtor is the sole and lawful owner of the Collateral, and has full right, power and authority to enter into this Security Agreement and to perform each and all of the matters and things herein provided for. The execution and delivery of this Security Agreement, and the observance and performance of each of the matters and things herein set forth, will not (i) contravene or constitute a default under any provision of law or any judgment, injunction, order or decree binding upon the Debtor or any provision of the Debtor's organizational documents (e.g., charter, articles or certificate of incorporation and by-laws, articles or certificate of formation and limited liability company operating agreement, partnership agreement, or similar organizational documents) or any covenant, indenture or agreement of or affecting the Debtor or any of its property or (ii) result in the creation or imposition of any lien or encumbrance on any property of the Debtor except for the lien and security interest granted to the Secured Party hereunder. Schedule A is true and accurate in all material respects.

(b) The Debtor shall not move its chief executive office or maintain a place of business other than those specified on Schedule A without first providing the Secured Party thirty (30) days' prior written notice of the Debtor's intent to do so, provided that the Debtor shall at all times maintain its chief executive office in the United States of America and, with respect to any such new location, the Debtor shall have taken all action requested by the Secured Party to maintain the lien and security interest of the Secured Party in the Collateral at all times fully perfected and in full force and effect.

(c) The Debtor's legal name and jurisdiction of organization is correctly set forth on Schedule A. The Debtor has not transacted business at any time during the immediately preceding five-year period, and does not currently transact business, under any other legal names or trade names other than the prior legal names and trade names (if any) set forth on Schedule A attached



hereto. The Debtor shall not change its legal name or transact business under any other trade name without first giving thirty (30) days' prior written notice of its intent to do so to the Secured Party.

(d) The Collateral and every part thereof is and shall be free and clear of all security interests, liens, attachments, levies, and encumbrances of every kind, nature and description, whether voluntary or involuntary, except for the lien and security interest of the Secured Party therein and the rights of the depository bank with respect to any Deposit Account. The Debtor shall warrant and defend the Collateral against any claims and demands of all persons at any time claiming the same or any interest in the Collateral adverse to the Secured Party.

(e) The Debtor shall use commercially reasonable efforts to maintain the security interest of Secured Party hereunder in all Collateral as a valid, perfected lien, subject only to the right of the depository bank with respect to any Deposit Account; *provided*, it is the responsibility of the Secured Party to file UCC-1 Financing and Continuation Statements.

(f) The Debtor shall not, without the Secured Party's prior written consent, sell, assign, mortgage, lease or otherwise dispose of the Collateral or any interest therein.

(g) The Debtor shall at all times allow the Secured Party and its representatives free access to and right of inspection of the Collateral.

(h) The Debtor agrees to execute and deliver to the Secured Party such further agreements, assignments, instruments, and documents and to do all such other things as the Secured Party may deem necessary or appropriate to assure the Secured Party its lien and security interest hereunder, including, without limitation, (i) such financing statements, and amendments thereof or supplements thereto, and such other instruments and documents as the Secured Party may from time to time require in order to comply with the UCC and any other applicable law, and (ii) such control agreements with respect to Deposit Accounts and to cause the relevant depository institution to execute and deliver such control agreements, as the Secured Party may from time to time require. The Debtor hereby authorizes the Secured Party to file any and all financing statements covering the Collateral or any part thereof as the Secured Party may require. The Secured Party may order lien searches from time to time against the Debtor and the Collateral, and the Debtor shall promptly reimburse the Secured Party for all reasonable costs and expenses incurred in connection with such lien searches. In the event for any reason the law of any jurisdiction other than Texas becomes or is applicable to the Collateral or any part thereof, or to any of the Obligations, the Debtor agrees to execute and deliver all such instruments and documents and to do all such other things as the Secured Party in its sole discretion deems necessary or appropriate to preserve, protect, and enforce the lien and security interest of the Secured Party under the law of such other jurisdiction. The Debtor agrees to mark its books and records to reflect the lien and security interest of the Secured Party in the Collateral.

(i) On failure of the Debtor to perform any of the covenants and agreements herein contained, the Secured Party may, at its option, perform the same and in so doing may expend such sums as the Secured Party may deem advisable in the performance thereof, including, without limitation, the payment of any taxes, liens and encumbrances, expenditures made in defending against any adverse claims, and all other expenditures which the Secured Party may be compelled

to make by operation of law or which the Secured Party may make by agreement or otherwise for the protection of the security hereof. The Secured Party, in making any payment hereby authorized, may do so according to any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim. The Secured Party, in performing any act hereunder, shall be the sole judge of whether the Debtor is required to perform same under the terms of this Security Agreement.

*Section 4. Certain Perfection Requirements.* (a) The Debtor shall use commercially reasonable efforts to receive any funds paid as Case Proceeds and upon such receipt shall promptly pay to Secured Party any amounts owed to Secured Party in accordance with the Loan Agreement.

(b) Although it is the intention of the parties that the Debtor shall receive the funds referred to in clause (a) of this Section, if, in any particular instance, the Secured Party reasonably determines that such intention may not be realized, or in any other instance in which the Secured Party determines that the establishment of a Deposit Account is required or advisable for the perfection or further perfection of the Secured Party's security interest, the Secured Party may require the Debtor to establish a Deposit Account with any commercial bank having an office in the City of Houston, and to execute a control agreement, in form and substance reasonably satisfactory to the Secured Party, pursuant to which such depository bank agrees to comply with the Secured Party's delivery instructions with respect to any funds held in such account without further consent by the Debtor.

*Section 5. Power of Attorney.* In addition to any other powers of attorney contained herein, the Debtor hereby appoints the Secured Party, its nominee, and any other person whom the Secured Party may designate, as the Debtor's attorney-in-fact, with full power and authority upon the occurrence and during the continuation of any Event of Default (a) after receipt of any Case Proceeds (as defined in the Loan Agreement) has occurred, to ask for, demand, collect, sue for, recover, receive and give acquittance and receipts for moneys due and to become due in respect of any of the Collateral; and (b) to the extent necessary or desirable to effectuate the power set forth in clause (a), to endorse the Debtor's name on any checks, notes, acceptances, money orders, drafts and any other forms of payment or security that may come into the Secured Party's possession. The Debtor hereby ratifies and approves all acts of any such attorney and agrees that neither the Secured Party nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than such person's gross negligence or willful misconduct. The Secured Party may file one or more financing statements disclosing its security interest in any or all of the Collateral without the Debtor's signature appearing thereon. The Debtor also hereby grants the Secured Party a power of attorney to execute any such financing statements, or amendments and supplements to financing statements, on behalf of the Debtor without notice thereof to the Debtor. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Obligations have been fully paid and satisfied.

*Section 6. Defaults and Remedies.* (a) An "Event of Default" on the Loan Agreement shall constitute an "Event of Default" hereunder.

(b) Upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have, in addition to all other rights provided herein or by law, the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights or remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further the Secured Party may, without demand and without advertisement, notice, hearing or process of law, all of which the Debtor hereby waives, at any time or times, sell and deliver all or any part of the Collateral held by or for it at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as the Secured Party deems advisable, in its sole discretion and further may notify the account debtor or other person obligated on the Collateral to make payment or otherwise render performance to or for the benefit of Secured Party. In addition to all other sums due the Secured Party hereunder, the Debtor shall pay the Secured Party all costs and expenses incurred by the Secured Party, including reasonable attorneys' fees and court costs, in obtaining, liquidating or enforcing payment of Collateral or the Obligations or in the prosecution or defense of any action or proceeding by or against the Secured Party or the Debtor concerning any matter arising out of or connected with this Security Agreement or the Collateral or the Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code (or any successor statute). Any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Debtor in accordance with Section 11(b) hereof at least ten (10) days before the time of sale or other event giving rise to the requirement of such notice; *provided however*, no notification need be given to the Debtor if the Debtor has signed, after an Event of Default has occurred, a statement renouncing any right to notification of sale or other intended disposition. The Secured Party shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. The Secured Party may be the purchaser at any such sale. The Debtor hereby waives all of its rights of redemption from any such sale. The Secured Party may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale was postponed or the Secured Party may further postpone such sale by announcement made at such time and place. The Secured Party may sell or otherwise dispose of the Collateral without giving any warranties as to the Collateral or any part thereof, including disclaimers of any warranties of title or the like, and the Debtor acknowledges and agrees that the absence of such warranties shall not render the disposition commercially unreasonable.

(c) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have the right to exercise any and all rights with respect to all Deposit Accounts of the Debtor, including, without limitation, the right to direct the disposition of the funds in each Deposit Account to collect, withdraw and receive all amounts due or to become due or payable under each such Deposit Account.

(d) The powers conferred upon the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose on it any duty to exercise such powers. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equivalent to that which the Secured Party accords its own property, consisting of similar type assets. This Security Agreement constitutes an assignment of rights only and not an assignment

of any duties or obligations of the Debtor in any way related to the Collateral, and Secured Party shall have no duty or obligation to discharge any such duty or obligation. The Secured Party shall have no responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral. Neither the Secured Party nor any party acting as attorney for the Secured Party shall be liable for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct.

(e) Failure by the Secured Party to exercise any right, remedy or option under this Security Agreement or any other agreement between the Debtor and the Secured Party or provided by law, or delay by the Secured Party in exercising the same, shall not operate as a waiver; and no waiver by the Secured Party shall be effective unless it is in writing and then only to the extent specifically stated. The rights and remedies of the Secured Party under this Security Agreement shall be cumulative and not exclusive of any other right or remedy which the Secured Party may have.

*Section 7. Application of Proceeds.* The proceeds and avails of the Collateral at any time received by the Secured Party after the occurrence and during the continuation of any Event of Default shall, when received by the Secured Party in cash or its equivalent, be applied by the Secured Party as follows:

(i) first, to the payment and satisfaction of all sums paid and costs and expenses incurred by the Secured Party hereunder or otherwise in connection herewith, including such monies paid or incurred in connection with protecting, preserving or realizing upon the Collateral or enforcing any of the terms hereof, including reasonable attorneys' fees and court costs, together with any interest thereon (but without preference or priority of principal over interest or of interest over principal), to the extent the Secured Party is not reimbursed therefor by the Debtor; and

(ii) second, to the payment and satisfaction of the remaining Obligations, whether or not then due (in whatever order the Secured Party elects), both for interest and principal.

The Debtor shall remain liable to the Secured Party for any deficiency. Any surplus remaining after the full payment and satisfaction of the foregoing shall be returned to the Debtor or to whomsoever the Secured Party reasonably determines is lawfully entitled thereto.

*Section 8. Continuing Agreement.* This Security Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Obligations, both for principal and interest, have been fully paid and satisfied and all agreements of the Secured Party to extend credit to or for the account of the Debtor have expired or otherwise have been terminated. Upon such termination of this Security Agreement, the Secured Party shall, upon the request and at the expense of the Debtor, forthwith release its security interest hereunder.

*Section 9. Miscellaneous.* (a) This Security Agreement cannot be changed or terminated orally. All of the rights, privileges, remedies and options given to the Secured Party hereunder shall inure to the benefit of its successors and assigns, and all the terms, conditions,

covenants, agreements, representations and warranties of and in this Security Agreement shall bind the Debtor and its legal representatives, successors and assigns, provided that the Debtor may not assign its rights or delegate its duties hereunder without the Secured Party's prior written consent.

(b) All notices hereunder shall be given in accordance with the terms of the Loan Agreement.

(c) In the event and to the extent that any provision hereof shall be deemed to be invalid or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court, this Security Agreement shall to such extent be construed as not containing such provision, but only as to such locations where such law or interpretation is operative, and the invalidity or unenforceability of such provision shall not affect the validity of any remaining provisions hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(d) This Security Agreement shall be deemed to have been made in the State of Texas and shall be governed by, and construed in accordance with, the laws of the State of Texas. The headings in this Security Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.


(e) This Security Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument. The Debtor acknowledges that this Security Agreement is and shall be effective upon its execution and delivery by the Debtor to the Secured Party, and it shall not be necessary for the Secured Party to execute this Security Agreement or any other acceptance hereof or otherwise to signify or express its acceptance hereof.

(f) The Debtor hereby submits to the non-exclusive jurisdiction of the United States Federal or State court sitting in Harris County, Texas for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Debtor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient form. THE DEBTOR AND THE SECURED PARTY EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be duly executed and delivered, as of the date and year first above written.

**F. KENNETH BAILEY JR., P.C.**

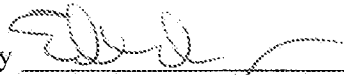
By:   
Name: F. Kenneth Bailey, Jr.  
Title: President and Director

Accepted and agreed to as of the date and year first above written.

**VIRAGE SPV 1 LLC**

By: **Virage Capital Management LP**, its  
manager

By: **Virage LLC**, its general partner

By:   
Name: Edward Ondarza  
Title: Manager

SCHEDULE A

This Schedule forms a part of the Security Agreement.

Complete for each entity Debtor

- (A) Full Legal Name, Type of Organization, Jurisdiction of Organization, Chief Executive Office/Sole Place of Business and Organizational Identification Number of each entity Debtor.

FULL LEGAL NAME	TYPE OF ORGANIZATION	JURISDICTION OF ORGANIZATION	MAIN OFFICE	ORGANIZATION I.D.#
F. Kenneth Bailey Jr., P.C.	Professional Corporation	Texas	<del>4400 Louisiana Street, Suite 2400 Houston, Texas 77002</del> 5500 San Felipe FMS Suite 900 Houston, TX 77056	92518902

- (B) Other Names (including any Trade Name or Fictitious Business Name) under which each entity Grantor currently conducts business:

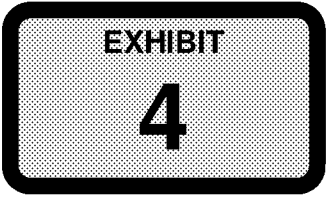
Bailey Peavy Bailey, PLLC

Bailey Peavy Bailey Cowan Heckaman, PLLC

- (C) Changes in Name, Jurisdiction of Organization, Chief Executive Office or Sole Place of Business and Corporate Structure within past five (5) years:

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS



<b>A. NAME &amp; PHONE OF CONTACT AT FILER (optional)</b> CSC
<b>B. E-MAIL CONTACT AT FILER (optional)</b>
<b>C. SEND ACKNOWLEDGMENT TO: (Name and Address)</b> Corporation Service Company 251 LITTLE FALLS DRIVE Wilmington, DE 19808 USA

**FILING NUMBER:** 18-0019899378  
**FILING DATE:** 06/07/2018 10:48 AM  
**DOCUMENT NUMBER:** 817701580001  
**FILED:** Texas Secretary of State  
**IMAGE GENERATED ELECTRONICALLY FOR XML FILING**  
**THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

1. DEBTOR'S NAME - Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	1a. ORGANIZATION'S NAME <b>F. Kenneth Bailey Jr., P.C.</b>			
	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS <b>440 Louisiana Street, Suite 2100</b>		CITY <b>Houston</b>	STATE <b>TX</b>	POSTAL CODE <b>77002</b>
COUNTRY <b>USA</b>				

2. DEBTOR'S NAME - Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	2a. ORGANIZATION'S NAME			
	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
COUNTRY				

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY) - Provide only one Secured Party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME <b>CORPORATION SERVICE COMPANY, AS REPRESENTATIVE</b>			
	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS <b>P.O. BOX 2576</b> <b>uccsprep@cscinfo.com</b>		CITY <b>SPRINGFIELD</b>	STATE <b>IL</b>	POSTAL CODE <b>62708</b>
COUNTRY <b>USA</b>				

4. COLLATERAL: This financing statement covers the following collateral:  
 All right, title, and interest of the Debtor, whether now owned or existing or hereafter created, acquired, or arising, in and to all of the following: (a) Accounts and General Intangibles (including Payment Intangibles) arising out of any Eligible Case (as defined in the Loan Agreement) and any other property constituting Case Proceeds (as defined in the Loan Agreement); (b) Any Assigned Accounts into which any of the Collateral described in clause (a) above is deposited; and (c) Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof. "Loan Agreement" means that certain Loan Agreement dated as of June 3, 2018 between the Debtor and lender for whom the Secured Party is acting as the agent, as the same may be amended, modified or restated from time to time. For more information regarding this security interest, please contact the Secured Party at the address above.

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  
 Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  
 Agricultural Lien  Non-UCC Filing

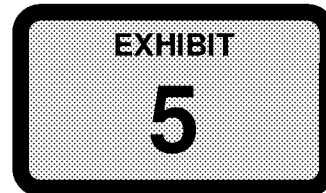
7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:  
 [147611282]



UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS



<b>A. NAME &amp; PHONE OF CONTACT AT FILER (optional)</b> CSC
<b>B. E-MAIL CONTACT AT FILER (optional)</b>
<b>C. SEND ACKNOWLEDGMENT TO: (Name and Address)</b> Corporation Service Company 251 LITTLE FALLS DRIVE Wilmington, DE 19808 USA

**FILING NUMBER:** 21-00488617  
**FILING DATE:** 11/03/2021 10:01 AM  
**DOCUMENT NUMBER:** 1091220420001  
**FILED:** Texas Secretary of State  
**IMAGE GENERATED ELECTRONICALLY FOR XML FILING**  
**THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

1a. INITIAL FINANCING STATEMENT FILE NUMBER <b>17-0000057646</b>		1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Filer: <u>attach</u> Amendment Addendum (Form UCC3Ad) <u>and</u> provide Debtor's name in item 13	
2. <input type="checkbox"/> <b>TERMINATION:</b> Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of the Secured Party authorizing this Termination Statement			
3. <input type="checkbox"/> <b>ASSIGNMENT</b> (full or partial): Provide name of Assignee in item 7a or 7b <u>and</u> address of Assignee in item 7c <u>and</u> also name of Assignor in item 9. For partial assignment, complete item 7 and 9 <u>and</u> also indicate affected collateral in item 8			
4. <input checked="" type="checkbox"/> <b>CONTINUATION:</b> Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law			
5. <input type="checkbox"/> <b>PARTY INFORMATION CHANGE:</b> Check <u>one</u> of these two boxes. This Change affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. <u>AND</u> Check <u>one</u> of these three boxes to: <input type="checkbox"/> CHANGE name and/or address: Complete item 6a or 6b; <u>and</u> item 7a or 7b <u>and</u> item 7c <input type="checkbox"/> ADD name: Complete item 7a or 7b, <u>and</u> item 7c <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b.			
6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only <u>one</u> name (6a or 6b)			
6a. ORGANIZATION'S NAME			
OR			
6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only <u>one</u> name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)			
7a. ORGANIZATION'S NAME			
OR			
7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY
8. <input type="checkbox"/> <b>COLLATERAL CHANGE:</b> <u>Also</u> check <u>one</u> of these four boxes: <input type="checkbox"/> ADD collateral <input type="checkbox"/> DELETE collateral <input type="checkbox"/> RESTATE covered collateral <input type="checkbox"/> ASSIGN collateral Indicate collateral:			
9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only <u>one</u> name (9a or 9b) (name of Assignor, if this is an Assignment) If this is an Amendment authorized by a DEBTOR, check here <input type="checkbox"/> and provide name of authorizing Debtor			
9a. ORGANIZATION'S NAME <b>CORPORATION SERVICE COMPANY, AS REPRESENTATIVE</b>			
OR			
9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
10. OPTIONAL FILER REFERENCE DATA:			

FILING OFFICE COPY



April 20, 2021

F. Kenneth Bailey, Jr., P.C.  
Attention: Kenneth Bailey  
555 San Felipe St #900  
Houston, TX 77056

Dear Mr. Bailey:

We, Virage Capital Management LP, the manager of Virage SPV 1 LLC (the "*Lender*"), are writing to inform you that we have engaged KPMG LLP ("*KPMG*") to conduct an inspection of the books and records of F. Kenneth Bailey, Jr., P.C. (the "*borrower*") pursuant to Section 7.4 of the Third Amended and Restated Loan Agreement dated as of June 3, 2018 (Lender reference VL 1032-E) among borrower, Lender and the guarantors a party thereto, as amended (the "*Loan Agreement*"), which provides that Lender or its authorized representatives shall be permitted to "visit and inspect any of its property, corporate books, and financial records, to examine and make copies of its books and other financial records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers, employees and independent public accounts."

The objective of the inspection is to evaluate the borrower's compliance with applicable terms of the Loan Agreement and any applicable Lender policies and procedures. This will include an assessment of the borrower's repayments to Lender and sources of funds for future repayments. The scope of our inspection will focus on various case types referenced in the Loan Agreement. Accordingly, we request access to financial records and a general accounting of those cases. The scope may be expanded based on the results of this analysis.

We would like to schedule a time to meet with you in person as soon as possible to discuss this further. After that meeting, we would plan the necessary field work with KPMG, pending the availability of books and records. Please confirm your availability for a meeting the week of April 26, 2021, for a meeting with the appropriate individuals to discuss the scope, timing, and logistics of the inspection.

Also, please provide the name and contact information of (i) the appropriate person(s) at F. Kenneth Bailey, Jr., P.C. (to include accounting personnel) who will assist KPMG throughout their review and (ii) the appropriate individual(s) who will be providing documents/responses via e-mail to KPMG's Evan Baird ([ebaird@kpmg.com](mailto:ebaird@kpmg.com)). Credentials will be provided to the identified individuals to access KPMG's FTP site to facilitate confidential document transmission.

Please confirm receipt of this notice letter. We appreciate your cooperation and assistance.

Sincerely,

Burke McDavid  
General Counsel

cc: Martin Shellist, Virage Capital Management LP  
Evan Baird, KPMG