

## SUBORDINATED BORROWER SECURITY AGREEMENT

THIS SUBORDINATED BORROWER SECURITY AGREEMENT (as amended, restated or supplemented, this "Agreement") is executed as of March 29, 2023, by SUBROGATION HOLDINGS, LLC, a Delaware limited liability company (the "Debtor"), for the benefit of HAZEL HOLDINGS I LLC, a Delaware limited liability company, acting in its capacity as agent for the Secured Party (as defined herein) pursuant to the below-defined Credit Agreement (together with its successors and permitted assigns in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, the Debtor, MSP RECOVERY, LLC, a Florida limited liability company (the "Owner Pledgor"), MSP Recovery Claims, Series LLC – Series 15-09-321, a registered series of MSP Recovery Claims, Series LLC, a Delaware limited liability company (the "Assignee"), HAZEL HOLDINGS I LLC, a Delaware limited liability company, as lender (together with its successors and assigns in such capacity, the "Lender" and, together with the Administrative Agent, collectively the "Secured Party") and Administrative Agent have entered into that certain Credit Agreement of even date herewith (as may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, Owner Pledgor, Debtor, Assignee, HAZEL PARTNERS HOLDINGS LLC, a Delaware limited liability company, as senior lender (in such capacity, together with its permitted successors and assigns, the "Senior Lender") and as Administrative Agent (in such capacity, together with its permitted successors and assigns, the "Senior Administrative Agent"; and together with the Senior Lender, the "Senior Secured Parties") have also entered into that certain Amended and Restated Credit Agreement of even date herewith (as may be amended, restated, supplemented or otherwise modified from time to time, the "Senior Credit Agreement");

WHEREAS, the Administrative Agent and the Lenders have required, as a condition, among others, to the effectiveness of the Credit Agreement and the other Credit Documents, that Debtor execute and deliver this Agreement.

WHEREAS, the Secured Party and the Debtor are parties to, or the Secured Party is the beneficiary of, certain other Credit Documents;

WHEREAS, the Debtor will derive substantial direct and indirect benefits from the transactions contemplated by the Credit Documents;

WHEREAS, this Agreement is given by the Debtor in favor of the Administrative Agent (on behalf of and for the benefit of the Secured Party) to secure the payment and performance of all of the Obligations; and

WHEREAS, the execution and delivery of this Agreement is a condition precedent to the obligations of the Secured Party to make financial accommodations to the Debtor under the Credit Documents.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

**SECTION 1. CERTAIN DEFINITIONS.**

(a) Each capitalized term used but not defined in this Agreement has the meaning given that term in the Credit Agreement. If the definition given a term in Article 9 of the UCC conflicts with the definition given that term in any other chapter of the UCC, the Article 9 definition shall control. The following terms shall have the meanings assigned to them in the UCC: "Accounts"; "Bank"; "Chattel Paper"; "Deposit Account"; "Documents" "Entitlement Order"; "Equipment"; "Financial Asset"; "General Intangibles"; "Goods"; "Inventory"; "Investment Property"; "Letter-of-Credit Rights"; "Money"; "Payment Intangibles"; "Proceeds"; "Records"; "Securities Account"; "Securities Intermediary"; "Security Entitlement" and "Supporting Obligations".

As used in this Agreement, the following terms have the meanings indicated:

"Administrative Agent" is defined in the preamble to this Agreement.

"Agreement" means this Agreement together with all schedules and exhibits and all amendments.

"Collateral" is defined in Section 2 of this Agreement.

"Courtesy Notice" means a prior written notice to Debtor or an Affiliate of Debtor, which may, at the election of the Administrative Agent, at the instruction of the Required Lenders to the extent required by the Credit Agreement, (i) be given pursuant to Section 11.1 of the Credit Agreement or (ii) may be given by an e-mail sent to Generalcounsel@msprecovery.com without any obligation of Administrative Agent to confirm that e-mail was actually received, *provided* that in the event the e-mail is returned as undeliverable, such attempted email shall satisfy any such notice requirement.

"Credit Agreement" is defined in the preamble to this Agreement.

"Debtor" is defined in the preamble to this Agreement.

"Instruments" shall mean, collectively, with respect to the Debtor, all "instruments," as such term is defined in Article 9, rather than Article 3, of the UCC, and shall include all promissory notes, drafts, bills of exchange or acceptances.

"Lender" is defined in the recitals to this Agreement.

"Secured Party" is defined in the recitals to this Agreement.

“Senior Administrative Agent” is defined in the recitals to this Agreement.

“Senior Credit Agreement” is defined in the recitals to this Agreement.

“Senior Credit Documents” means each of the documents, instruments or agreements included within the definition of Credit Documents (as such term is defined in the Senior Credit Agreement).

“Senior Lender” is defined in the recitals to this Agreement.

“Senior Loan” means the loan made pursuant to, and evidenced by, the Senior Credit Agreement and the other Senior Credit Documents.

"UCC" means the Uniform Commercial Code of the State of New York, as amended from time to time.

SECTION 2. LIEN. To secure the prompt, unconditional and complete payment and performance of the Obligations when due, the Debtor hereby grants to the Administrative Agent (on behalf of and for the benefit of the Secured Party), a lien on and continuing security interest in, all of the following property of the Debtor, wherever located and whether now or hereafter existing, whether now owned or hereafter acquired, whether tangible or intangible, of every kind and description (the "Collateral"; it being understood and agreed that for purposes of this Agreement, the Collateral shall not include any pledge of the Equity Interests of the Assignee (other than those described in clause (b) below) or any Claims):

(a) all HC Case Proceeds;

(b) (i) any right to receive the economic interests in respect of the Equity Interests in the Assignee, by contract or otherwise, including dividends or other distributions in respect of the Equity Interests in the Assignee and (ii) any proceeds arising or resulting from a sale, transfer, financing or monetization of the Equity Interest in the Assignee;

(c) the Borrower Operating Account, the Borrower Lockbox Account and the other Controlled Accounts (if any), together with all amounts from time to time on deposit therein;

(d) all books, correspondence, files and other Records, including, without limitation all tapes, disks, cards, and data in the possession of, or under the control of, the Debtor or any other Person from time to time acting for the Debtor, relating to the property described in clauses (a) through (c) of the foregoing;

(e) all proceeds, products, offspring, accessions, rents, profits, income, benefits, substitutions and replacements of and to any of the property of the Debtor described in the preceding clauses of this Section 2 (including, without limitation, any proceeds of insurance thereon and all causes of action, claims and warranties now or hereafter held by the Debtor in respect of any of the items listed above), in each case, for the avoidance of doubt, excluding any Claims; and

(f) to the extent not covered by clauses (a) through (d) of the foregoing, (i) all assets and personal property of Debtor in any way arising from, relating to, or pertaining to Debtor's right, title and interest in and to the foregoing; and (ii) all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to the Debtor from time to time with respect to any of the foregoing.

**SECTION 3. COLLATERAL SECURITY; NO ASSUMPTION OR MODIFICATION.** Neither the Administrative Agent nor the Secured Party assumes, nor shall the Administrative Agent or the Secured Party be liable for, the liabilities of the Debtor, duties or obligations under, or in connection with, the Collateral. The acceptance of this Agreement by the Administrative Agent and the Secured Party, or its or their taking any action in connection with this Agreement, does not constitute the Administrative Agent's or the Secured Party's approval of the Collateral or the Administrative Agent's or the Secured Party's assumption of any liability, duty or obligation under, or in connection with, the Collateral. This Agreement does not affect or modify the Debtor's obligations with respect to the Collateral.

**SECTION 4. SUPPLEMENTS; FURTHER ASSURANCES.**

(a) The Debtor shall at its sole expense take such further actions, and execute and/or deliver to the Administrative Agent such financing statements, amendments, assignments, agreements, notices, supplements, powers and instruments, lists, schedules, descriptions and designations of Collateral, confirmatory assignments, additional security agreements, conveyances, transfer endorsements, certificates, reports and other assurances, documents or instruments as the Administrative Agent may in its commercially reasonable judgment deem necessary or desirable in order to create, perfect, preserve or otherwise protect the security interest in the Collateral or any part thereof as provided herein and the rights and interests granted to the Administrative Agent (on behalf of and for the benefit of the Secured Party) hereunder and under the other Credit Documents, to carry into effect the purposes hereof or better to assure and confirm the validity, enforceability and priority of the Administrative Agent's (on behalf of and for the benefit of the Secured Party) security interest in the Collateral or permit the Administrative Agent (on behalf of and for the benefit of the Secured Party) to exercise and enforce its rights, powers and remedies hereunder and under the other Credit Documents, in each case subject to the terms of the Credit Agreement, including the filing of financing statements, continuation statements, amendments thereto and assignments thereof and other documents (including this Agreement) under the UCC (or other similar laws) in any applicable jurisdiction with respect to the security interest created hereby, all in form reasonably satisfactory to the Administrative Agent and in such offices wherever required by law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Administrative Agent (on behalf of and for the benefit of the Secured Party) hereunder, as against third parties, with respect to the Collateral. The Debtor shall file and shall promptly pay the reasonable costs of, or incidental to, any recording or filing of any such financing or continuation statements concerning the Collateral, subject to the terms of the Credit Agreement.

(b) Without limiting the generality of the foregoing clause (a), the Debtor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative

Agent (on behalf of and for the benefit of the Secured Party) from time to time upon reasonable request by the Administrative Agent such lists, schedules, descriptions and designations of the Collateral, confirmatory assignments, schedules, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, certificates, reports and other assurances or instruments as the Administrative Agent shall reasonably request. If an Event of Default has occurred and is continuing, the Administrative Agent (on behalf of and for the benefit of the Secured Party) may institute and maintain, in its own name (or, upon sending a Courtesy Notice, in the name of the Debtor) such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Debtor subject to the terms of the Credit Agreement.

**SECTION 5. REPRESENTATIONS AND WARRANTIES.** The Debtor represents and warrants to the Administrative Agent (on behalf of and for the benefit of the Secured Party) that:

(a) Each of the representations and warranties made by the Debtor in the Credit Agreement are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality or reference to Material Adverse Effect) on and as of the date made or deemed made.

(b) [Reserved].

(c) All financing statements, agreements, instruments and other documents necessary to perfect the security interest granted by it to the Administrative Agent (on behalf of and for the benefit of the Secured Party) in respect of the Collateral, to the extent requested pursuant to the terms of the Credit Agreement and hereunder, have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each relevant governmental, municipal or other office so requested.

(d) The Debtor has the lawful corporate or organizational power and authority to execute this Agreement and to grant the security interest and lien in its rights in the Collateral to the Administrative Agent (on behalf of and for the benefit of the Secured Party) and consummate the transactions contemplated hereby.

(e) The Debtor has no Deposit Accounts or other accounts, in each case, into which any Collections will be deposited, other than the Controlled Accounts and the other accounts identified on Schedule 1.1(b) to the Credit Agreement, as such Schedule 1.1(b) may be updated from time to time in accordance with the terms thereof.

(f) [Reserved].

(g) The execution and delivery of, and the performance by Debtor of its obligations under this Agreement do not and will not result in a breach or constitute a violation of, conflict with, or constitute a default under, the Credit Documents, any of the Organizational Documents of Debtor or the Assignee, or, in any material respect, any law, regulation, order or judgment applicable to Debtor or the Assignee or any agreement or instrument to which Debtor or the Assignee is a party or by which Debtor or the Assignee or any of their respective property

is bound in each case. The exercise by Secured Party of its rights and remedies hereunder does not violate any provision of the Organizational Documents of Debtor or the Assignee.

SECTION 6. COVENANTS. The Debtor covenants and agrees with the Administrative Agent (on behalf of and for the benefit of the Secured Party) that so long as the Credit Agreement is in effect and thereafter until all Obligations (other than contingent indemnification obligations for which no claim has been asserted) are indefeasibly paid in full in cash, the Debtor shall:

(a) Record of Collateral. Maintain at its place of business a current record of the location of all Collateral and permit the Administrative Agent (on behalf of and for the benefit of the Secured Party) or its representatives to inspect and make copies from such records pursuant to Section 7.12 of the Credit Agreement.

(b) Maintain Collateral. (i) At its sole cost and expense, maintain the security interest created by this Agreement in the Collateral as a perfected first priority security interest (ii) perform all of its obligations under or in connection with the Collateral in accordance with customary business practices, (iii) not amend, alter or modify, or permit the amendment, alteration or modification of, any portion (individually or collectively) of the Collateral, (iv) not do or permit any act which would impair any portion of the Collateral, (v) except as expressly permitted by the Credit Agreement, not sell, convey, assign or otherwise dispose of, or grant any option to, any of the Collateral, and (vi) maintain all Records in accordance with Section 6.9(c)(ii) of the Credit Agreement.

(c) Defense of Claims. The Debtor shall, at its own cost and expense, defend title to the Collateral it granted a security interest in hereunder and the Liens thereon granted to the Administrative Agent (on behalf of and for the benefit of the Secured Party) and the priority thereof against all claims and demands of all Persons at any time claiming any interest therein adverse to the Administrative Agent (on behalf of and for the benefit of the Secured Party), other than Permitted Liens. The Debtor shall not enter into any agreement or take any other action, that would restrict the transferability of any of the Collateral or otherwise impair or conflict with the Debtor's obligations or the rights of the Administrative Agent (on behalf of and for the benefit of the Secured Party) hereunder.

(d) Accounts. The Debtor shall not hereafter establish or maintain any Deposit Account or other account (other than the Controlled Accounts and the other accounts identified on Schedule 1.1(b) to the Credit Agreement, as such Schedule 1.1(b) may be updated from time to time in accordance with the terms thereof) without the prior written consent of the Administrative Agent.

SECTION 7. AUTHORIZATION TO FILE FINANCING STATEMENTS. The Debtor hereby irrevocably authorizes the Administrative Agent (on behalf of and for the benefit of the Secured Party) at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including the name of the Debtor (and any trustee, trust or other legal entity or subdivision referenced therein), the location of the Debtor,

whether the Debtor is an organization, the type of organization of the Debtor and any organizational identification number issued to the Debtor. The Debtor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon request. Any financing statement filed by the Administrative Agent (on behalf of and for the benefit of the Secured Party) may describe the Collateral in the same manner as described herein.

#### **SECTION 8. EVENT OF DEFAULT; REMEDIES.**

(a) General Remedies. Upon the occurrence and during the continuance of an Event of Default, upon sending a Courtesy Notice, the Administrative Agent may from time to time exercise in respect of the Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, the following remedies:

(i) Personally, or by agents, nominees or attorneys, immediately take possession of the Collateral or any part thereof, from the Debtor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon the Debtor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of the Debtor.

(ii) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to the Debtor, the Debtor shall hold all amounts received pursuant thereto in trust for the benefit of the Administrative Agent and shall promptly (but in no event later than one (1) Business Day after receipt thereof) pay such amounts to the Administrative Agent.

(iii) Withdraw all unencumbered moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of the Debtor constituting Collateral for application to the Obligations as provided in Section 8(d).

(iv) Retain and apply the proceeds of any sale or other disposition of the Collateral to the Obligations as provided in Section 8(d).

(v) Exercise any and all rights as beneficial and legal owner of the Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral.

(vi) Sell, assign, give option or options to purchase or otherwise dispose of Collateral as provided in Section 8(b).

(vii) Exercise all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) or any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement.

(viii) Deliver any instruction or Entitlement Order with respect to any Controlled Account and take any other action provided under the Credit Documents with respect to the Collateral.

(ix) Prior to the disposition of the Collateral as provided in Section 8(b), hold, use, collect, receive, assemble, store, process, repair or recondition the Collateral, or any part thereof, or prepare the Collateral for such disposition, in each case in any manner to the extent the Administrative Agent deems appropriate for the purpose of preserving the Collateral or the value of the Collateral, or for any other purpose deemed appropriate by the Administrative Agent.

(x) Bring suit or other proceedings before any Governmental Authority either for specific performance of any covenant or condition contained in any of the Credit Documents or in aid of the exercise of any right granted to Secured Party in any of the Credit Documents.

(xi) take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Controlled Account or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any and all such moneys due under any Controlled Account or with respect to any Collateral whenever payable.

(b) Sales of Collateral.

(i) During the continuance of an Event of Default, the Administrative Agent may in its sole discretion, without demand of performance or other demand, presentment, protest, advertisement or notice (except as otherwise specified herein or in the Credit Agreement), in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing). To the fullest extent permitted by applicable law, the Secured Party or any of its Affiliates may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of the Collateral or any part thereof payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of the Debtor, and the Debtor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not

be obligated to make any sale of the Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any such sale, whether public or private, or cause the same to be adjourned from time to time by announcement prior to or at the time and place fixed therefor, and such sale may, without further notice or publication, be made at the time and place to which it was so adjourned. The Administrative Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption of the Debtor, which right or equity of redemption is hereby waived or released.

(ii) The Administrative Agent may sell the Collateral without giving any warranties as to the Collateral and may specifically disclaim or modify any warranties of title or the like.

(iii) The Debtor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Collateral under this Section 8(b), to limit purchasers to those who meet the requirements of such Governmental Authority. The Debtor acknowledges that any such sales may be at prices and on terms less favorable to the Secured Party than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, the Secured Party shall have no obligation to engage in public sales.

(iv) The Debtor shall use its commercially reasonable efforts to do or cause to be done all such other acts as may be reasonably necessary to make any sale or sales of all or any portion of the Collateral pursuant to this Section 8(b) valid and binding and in compliance with any and all other requirements of applicable law.

(v) Section 9-610 of the UCC states that in certain circumstances the Administrative Agent is able to purchase certain Collateral only if the Collateral is sold at a public sale. The Administrative Agent or any other Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by Applicable Law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold. To the extent the rights of notice can be legally waived hereunder, they are hereby waived except as required by this Agreement, the Credit Agreement or the other Collateral Documents. To the extent the rights of notice cannot be legally waived hereunder, the Debtor hereby agrees that any requirement of reasonable notice shall be met if such notice, specifying the place of any public sale or the time after which any private sale is to be made, is personally served on or mailed, postage prepaid, to the Debtor in accordance with the notice provisions of Section 11.1 of the Credit Agreement at least 10 days before the time of sale or other event giving rise to the requirement of such notice. The Administrative Agent shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by Applicable Law, any Secured Party may be a purchaser at any such sale.

(vi) The Debtor agrees that the Administrative Agent shall not have any general duty or obligation to make any effort to obtain or pay any particular price for any

Collateral sold by the Administrative Agent pursuant to this Agreement. The Administrative Agent may, in its sole discretion, among other things, accept the first bid received, or decide to approach or not to approach any potential purchasers. The Debtor hereby agrees that the Administrative Agent shall have the right to conduct, and shall not incur any liability as a result of, the sale of any Collateral, or any part thereof, at any sale conducted in a commercially reasonable manner, it being agreed by the parties hereto that some or all of the Collateral is or may be of one or more types that threaten to decline speedily in value, is customarily sold on a recognized market or is the subject of widely distributed standard price quotations. Without in any way limiting the Administrative Agent's right to conduct a foreclosure sale in any manner which is considered commercially reasonable, the Debtor hereby agrees that any foreclosure sale conducted in accordance with the following provisions shall be considered a commercially reasonable sale, and the Debtor hereby irrevocably waives any right to contest any such sale conducted in accordance with the following provisions:

(A) the Administrative Agent conducts such foreclosure sale in the State of New York;

(B) such foreclosure sale is conducted in accordance with the laws of the State of New York; and

(C) not more than thirty (30) days before, and not less than ten (10) Business Days in advance of such foreclosure sale, the Administrative Agent notifies the Debtor at the address set forth in the Credit Agreement of the place of such foreclosure sale and time on or after which such foreclosure sale will occur, except for any Collateral that threatens to decline speedily in value, is of a type customarily sold on a recognized market or is the subject of widely distributed standard price quotations.

(vii) For purposes hereof a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof, the Administrative Agent shall be free to carry out such sale pursuant to such agreement, notwithstanding the fact that after the Administrative Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations have been indefeasibly paid in full in cash.

(viii) The Administrative Agent's sale of less than all the Collateral shall not exhaust the Administrative Agent's rights under this Agreement, and the Administrative Agent is specifically empowered to make successive sales until all the Collateral is sold. If the proceeds of a sale of less than all the Collateral shall be less than the amount of the Obligations, this Agreement and the Lien shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made.

(c) Notice of Sale. The Debtor acknowledges and agrees (without limiting Section 8(b)(vi)) that, to the extent notice of sale or other disposition of the Collateral or any part thereof shall be required by law, ten (10) Business Days' prior notice to the Debtor of (i) the place of any public sale or private sale or other intended disposition is to take place and (ii) the time on or after which such public sale, private sale or other intended disposition is intended to occur shall be commercially reasonable notification of such matters and the Debtor agrees that such notice constitutes a "reasonable authenticated notification of disposition" within the

meaning of Section 9-611 of the UCC. Notwithstanding anything to the contrary herein, the Debtor agrees that except as provided in Section 8(b) or this Section 8(c) or in the Credit Agreement no other notice of sale or other disposition need be given to the Debtor.

(d) [Reserved].

(e) Application of Funds. Upon receipt of the proceeds of any sale or other disposition under this Section 8 or any funds which are part of the Collateral under this Agreement, the Administrative Agent may apply such funds directly to the Obligations pursuant to the Credit Agreement, including Section 2.11 thereof.

(f) Turnover. The Administrative Agent may deliver to any party which receives, or which the Administrative Agent reasonably believes may receive, any payment of any Proceeds, letters signed by the Debtor and instructing the recipient to turn over such amounts to the Administrative Agent.

(g) Consents, etc. If the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in the Credit Documents and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Administrative Agent, the Debtor agrees to use its commercially reasonable efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

## SECTION 9. POWER OF ATTORNEY.

(a) Without limiting any other power of attorney granted pursuant to the Credit Agreement or the other Credit Documents (including pursuant to any QSF Instruction Letter), upon the occurrence and during the continuance of an Event of Default, the Debtor irrevocably and unconditionally appoints the Administrative Agent (on behalf of and for the benefit of the Secured Party) as the attorney-in-fact of the Debtor, with full power of substitution and revocation, to take, upon sending a Courtesy Notice, in the name and on behalf of the Debtor, or otherwise, any of the following actions: (i) to execute on behalf of the Debtor as debtor and to file financing statements necessary or desirable in the Administrative Agent's (on behalf of and for the benefit of the Secured Party) sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's (on behalf of and for the benefit of the Secured Party) security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Collateral as a financing statement or other record and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion reasonably deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's (on behalf of and for the benefit of the Secured Party) security interest in the Collateral, (iv) to apply the proceeds of any Collateral received by the Administrative Agent (on behalf of and for the benefit of the Secured Party) to the Obligations in accordance with the Credit Agreement, including Section 2.11 thereof, (v) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except to the extent nonpayment of

such taxes, assessments, charges or fees or such Liens is specifically permitted under the Credit Agreement), (vi) (a) demand, settle, compromise and adjust, and give discharges and releases concerning the Collateral, all as the Administrative Agent may reasonably deem appropriate, (b) to commence and prosecute any actions at any court for the purposes of collecting any of the Collateral and enforcing any other rights in respect thereof, (c) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Administrative Agent may reasonably deem appropriate, (d) to direct any parties liable for any payment in connection with any of the Collateral, to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent (on behalf of and for the benefit of the Secured Party) for application in accordance with the Credit Agreement, including Section 2.11 thereof, (e) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral for application in accordance with the Credit Agreement, including Section 2.11 thereof, (f) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services that have given rise thereto, as fully and completely as though the Administrative Agent (on behalf of and for the benefit of the Secured Party) were the absolute owner thereof for all purposes, (g) to adjust and settle claims under any insurance policy relating thereto, and (h) to institute any foreclosure proceedings that the Administrative Agent may reasonably deem appropriate; (vii) to do all other acts and things necessary (a) to carry out this Agreement and (b) to exercise the rights and benefits of the Debtor in respect of the Collateral (to the extent permitted by applicable law) and (viii) to take any other action relating to any of the Collateral that the Debtor could take; and the Debtor agrees to reimburse the Administrative Agent on demand for any payment made or any expense reasonably incurred by the Administrative Agent in connection with any of the foregoing; provided that, this authorization shall not relieve the Debtor of any of its obligations under this Agreement, the Credit Agreement or any other Credit Document. The power of attorney granted pursuant to this Section 9 is coupled with an interest and may not be revoked or canceled without the Administrative Agent's written consent. NONE OF THE ADMINISTRATIVE AGENT, THE SECURED PARTY NOR ANY OF ITS OR THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE RESPONSIBLE TO THE DEBTOR FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO ITS OR THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION, NOR FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Administrative Agent (on behalf of and for the benefit of the Secured Party) under this Section 9 are solely to protect the Administrative Agent's (on behalf of and for the benefit of the Secured Party) interests in the Collateral and shall not impose any duty upon the Administrative Agent to exercise any such powers.

## SECTION 10. MISCELLANEOUS.

(a) Term. This Agreement shall terminate upon full and final payment in cash of the Obligations and any Guaranteed Obligations (other than contingent obligations that have

not been asserted in writing) owing to the Secured Party (the date of such termination, the "Termination Date"). Upon occurrence of the Termination Date, the Collateral shall be released from the Lien created hereby and this Agreement and all obligations (other than those expressly stated to survive such termination) of Debtor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to Debtor. At the request of Debtor on or following the Termination Date, the Administrative Agent shall deliver to Debtor any Collateral held by the Administrative Agent hereunder, authorize Debtor (and its advisors) to file UCC terminations and other filings at such time evidencing the termination of the Liens so released, and execute and deliver to Debtor such documents as it shall reasonably request to evidence such termination.

(b) Waiver of Notice and Claims. The Debtor hereby waives, to the fullest extent permitted by applicable laws, notice of judicial hearing in connection with the Administrative Agent's (on behalf of and for the benefit of the Secured Party) taking possession or the Administrative Agent's (on behalf of and for the benefit of the Secured Party) disposition of the Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Debtor would otherwise have under law, and the Debtor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's (on behalf of and for the benefit of the Secured Party) rights hereunder, (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law and (iv) in the absence of gross negligence or willful misconduct on the part of the Administrative Agent, any claims against the Administrative Agent (on behalf of and for the benefit of the Secured Party) arising out of the exercise by the Administrative Agent (on behalf of and for the benefit of the Secured Party) of any of its rights hereunder, including by reason of the fact that the price at which the Collateral or any part thereof may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale. The Administrative Agent shall not be liable for any incorrect or improper payment made pursuant to Section 8 in the absence of gross negligence or willful misconduct on the part of the Administrative Agent. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral, subject to the terms of the Credit Agreement, shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against the Debtor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under the Debtor.

(c) No Waiver; Cumulative Remedies. No failure on the part of the Administrative Agent (on behalf of and for the benefit of the Secured Party) to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent (on behalf of and for the benefit of the Secured Party) in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy; nor shall the Administrative Agent (on behalf of and for the benefit of the Secured Party) be required to (i) demand upon, or pursue or exhaust any of their rights or remedies against, the Debtor, any other obligor, guarantor, pledgor or any other

Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) look first to, enforce or exhaust any other security, collateral or guarantees, (iii) marshal the Collateral or any guarantee of the Obligations, or (iv) effect a public sale of any Collateral. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by Law or otherwise available.

(d) Parties Bound. This Agreement shall be binding on the Debtor and its successors and assigns and shall inure to the benefit of the Administrative Agent (on behalf of and for the benefit of the Secured Party) and its permitted successors and assigns; provided, none of the Debtor's rights, duties or obligations hereunder nor any interest of the Debtor herein may be assigned or delegated without the prior written consent of the Administrative Agent (on behalf of and for the benefit of the Secured Party), and any attempted assignment or transfer by the Debtor without such consent shall be null and void, and the assignment of the Administrative Agent shall be subject to the terms of the Credit Agreement.

(e) Notice. Any notice or communication required or permitted under this Agreement must be given as prescribed in Section 11.1 of the Credit Agreement.

(f) Amendments. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure therefrom by any party hereto, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement.

(g) Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by facsimile transmission or other electronic image scan transmission (e.g., "PDF" or "tif" via email) shall be as effective as delivery of a manually signed counterpart of this Agreement. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by the Debtor and the Administrative Agent (on behalf of and for the benefit of the Secured Party) of written or telephonic notification of such execution and authorization of delivery thereof.

(h) Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial.

(i) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) THEREOF.

(ii) EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY

OTHER PARTY HERETO OR ANY RELATED PARTY OF ANY PARTY HERETO IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS OR OTHER SUBJECT MATTER CONTEMPLATED HEREBY, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY HERETO, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10(e) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER EACH PARTY HERETO, AS APPLICABLE, IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (iv) AGREES THAT THE LENDER RETAINS THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY OTHER PARTY, AS APPLICABLE, IN THE COURTS OF ANY OTHER JURISDICTION.

(iii) EACH PARTY HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR ANY DEALINGS BETWEEN IT RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT IT HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT IT WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10(h)(iii) AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR TO ANY OTHER

DOCUMENTS OR AGREEMENTS RELATING TO THE SUBJECT MATTER HEREOF. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(i) [Reserved].

(j) Severability. In case any provision or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(k) Prior Agreements. This Agreement together with the Credit Agreement contains the entire agreement of the parties hereto in respect of subject matter hereof, and all prior agreements among or between the parties hereto in respect of the subject matter hereof, whether oral or written, are superseded by the terms of this Agreement and the Credit Agreement.

(l) Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

(m) Equal Preparation. The parties hereto agree that each party has participated equally in the negotiation and preparation of this Agreement and that the rule of law that ambiguities contained in a contract shall be construed against the drafter thereof shall not be applied to this Agreement or the interpretation of any term or provision hereof.

(n) Interpretation. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word "include" or "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not no limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless the context requires otherwise or as otherwise specified in any applicable Credit Document, (a) reference to any Person include that Person's successors and assignees, (b) any definition of or reference to any Credit Document, agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements, or modifications set forth herein or therein), and (c) any reference to any law or regulation herein shall refer to such law or regulation as amended, modified or supplemented from time to time.

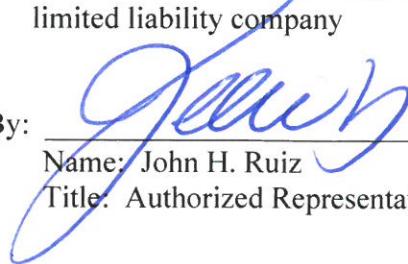
(o) Subordination. Administrative Agent, on behalf of and for the benefit of the Secured Party, hereby acknowledges and agrees that the security interests in the Collateral granted by this Agreement are junior and subordinate to the liens created by the Senior Credit Documents and the security interests which Senior Lender has or may hereafter acquire in the Collateral, provided that notwithstanding the foregoing, the Administrative Agent shall not be prohibited from exercising remedies available to it under the Credit Agreement, the Note, or any other Credit Document, subject however, to the rights of Senior Administrative Agent pursuant to Article 11 of the Senior Credit Agreement. Debtor and Administrative Agent agree that Senior Administrative Agent is a third party beneficiary of this Section 10(o) and is entitled to rely on it as if an original party to this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**DEBTOR:**

SUBROGATION HOLDINGS, LLC, a Delaware  
limited liability company

By: 

Name: John H. Ruiz

Title: Authorized Representative

[remainder of page intentionally blank; signatures continue on following page]

**ADMINISTRATIVE AGENT (on behalf of and  
for the benefit of the Secured Party):**

HAZEL PARTNERS HOLDINGS LLC, a  
Delaware limited liability company

By:   
Name: Christopher Guth  
Title: Authorized Person

[end of signatures]