

03-22-1999

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof:

1. Name of conveying party(ies):
InterHealth Systems, Inc.

2. Name and address of receiving party(ies):
Name: Medical Documenting Systems, Inc., a Delaware corporation
Internal Address:
Street Address: 8101 North High Street
City: Columbus State: OH ZIP: 43235

Additional name(s) of conveying party(ies) attached?
Yes ___ No X

Additional name(s) & address(es) attached?
Yes ___ No X

3. Nature of conveyance:
Assignment ___ Merger ___
Security Agreement X Change of Name ___
Other ___
Execution Date: January 27, 1999

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application's declaration is: _____

A. Patent Application No(s):

B. Patent Nos:
5,148,366
5,267,155

Additional numbers attached: Yes ___ No X

5. Name and address of party to whom correspondence concerning document should be mailed:

Roger A. Gilcrest
Standley & Gilcrest
495 Metro Place South
Suite 210
Dublin, Ohio 43017-5315

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41) \$80.00
X Enclosed (included in check covering the filing fee)
___ Authorized to be charged to Deposit Account

8. Deposit Account Number:
(Attach duplicate copy of this page if paying by deposit account)

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Roger A. Gilcrest
Name of Person Signing

Signature

March 10, 1999
Date

Total number of pages including cover sheet, attachments, and document: 8

Mail documents to be recorded with required cover sheet information to:

03/19/1999 JSHABAZZ 00000038 5148366
01 FC:581 80.00 DP

Commissioner of Patents and Trademarks
Box Assignment
Washington, D.C. 20231

SECURITY AGREEMENT

This agreement is made on January 27, 1999, between Medical Documenting Systems, Inc. ("Secured Party"), whose address is 8101 North High Street, Columbus, Ohio 43235, and InterHealth Systems, Inc., a Michigan corporation ("Debtor"), whose address is 3055 Plymouth Road, Ann Arbor, Michigan 48105, who hereby agree as follows:

§1. Grant of Security Interest. Debtor hereby grants to Secured Party a security interest in the following described property relating to Debtor's business located at 3055 Plymouth Road, Ann Arbor, Michigan 48105 (the "Business"):

All of the electronic medical record keeping computer program known as "DocuMed ®" (the "Program"); the Program, including the Debtor's copyright in the Program and the source code for (i) all versions of the Program that are supported by the Debtor; and (ii) any version of the Program under development, compiled in such a fashion as to permit maintenance and support of the Program and the regeneration of the object code for the Program; master copies of the object code for (i) all versions of the Program that are supported by the Debtor; and (ii) all versions of the Program under development, in condition suitable for the production of multiple copies of each version of the Program for use by end users; all programmers' notes, designs, flow charts, plans for bug fixes, modifications, upgrades to the Program, and all Program generated template files; all program development tools used in developing versions of the Program (i) that are presently supported by the Debtor; and (ii) any version of the Program presently under development, and all licenses necessary for their use; all machine readable master versions and one printed copy of all user documentation for all versions of the Program that are supported by the Debtor; all maintenance and support records for the Program; all effective end user licenses for the Program and all effective maintenance and support agreements with end users of the Program; all licenses of third party software that is embedded in the Program or that is bundled with the Program when it is licensed to end users; a list of all licensees of the Program, detailing the name, and address of each such licensee, the number of users licensed, the number of physicians in the licensee's practice and the version of the Program under license; all of Debtor's business plans, prospectuses and similar materials that relate to the development and marketing of the Program; all of Debtor's marketing materials for the Program, including trade show displays; all of Debtor's entire interest, if any, in the trademark "DocuMed ®" and in any other trademark or trade name used in connection with the Program, and in the good will associated therewith and symbolized thereby, including without limitation, Debtor's rights in any trademark registration for any such marks, including Federal Trademark Registration Number 1,593,989; all of Debtor's entire interest in U.S. Patent Nos. 5,148,366 and 5,267,155, any pending patent

applications and all rights to file for patent protection in foreign countries; the telephone number 800-321-5595 (for so long as Debtor controls and/or uses such number); every list developed by Debtor setting forth prospective customers for the Program; and all of Debtor's computer equipment and other equipment owned and used by Debtor in developing and supporting the Program; and all of Debtor's assets and intellectual property related to the foregoing and derived therefrom (collectively, the "Collateral").

§2. Obligations Secured. This agreement secures all obligations of Debtor to Secured Party (the "Obligations"), whether now existing or hereafter arising, whether or not such Obligations are now or hereafter evidenced by open account, one or more promissory notes, or any other documents, including without limitation the prompt and complete performance by Debtor of all terms, covenants, and conditions under (a) the One Hundred Fifty Thousand Dollar (\$150,000) Promissory Note of even date from Debtor to Secured Party (the "Note"), and (b) all documents and agreements executed by the Debtor in connection with the Note.

§3. Location of Office and Collateral. Debtor represents and warrants to Secured Party that: (a) Debtor's principal office and principal place of business is located at the address specified at the beginning of this agreement; (b) all the Collateral is and will be held for use in the Business; (c) all Collateral will be located at the Business; and (d) neither the location of Debtor's principal office and place of business nor the location of the Collateral will be changed without written notice to Secured Party at least 10 days prior to any such change.

§4. Insurance. Debtor shall carry fire and extended coverage insurance upon the Collateral, covering its full replacement value, and naming Secured Party as an insured party therein and, promptly upon request of Secured Party, shall furnish Secured Party with copies of the insurance policies and certificates evidencing that such insurance is in full force and effect with 30-day noncancellation clauses. Such policies shall be from companies and in form and substance satisfactory to Secured Party. If Debtor fails to provide any such insurance or certificate or to pay any premiums on such insurance, then Secured Party may provide such insurance and pay the premiums thereon, and any amount so paid by Secured Party shall be an additional obligation of Debtor secured hereunder. In the event of a material loss of the Collateral, Secured Party is hereby appointed Debtor's attorney-in-fact to endorse any draft or check which may be payable to Debtor in order to collect the proceeds of such insurance and any insurance proceeds payable with respect to the Collateral shall be used to replace such Collateral unless Secured Party determines, in its reasonable discretion, that such insurance proceeds should be applied to the payment of the Obligations or any portion thereof, in which case any insurance proceeds so collected shall be applied to the Obligations or any portion thereof as directed by Secured Party, and the balance, if any, shall be paid to Debtor.

§5. Warranties. Debtor represents and warrants to Secured Party that: (a) Debtor owns all of the Collateral free and clear of all security interests, liens, encumbrances, charges, liabilities, or claims of any nature, except the security interest created by this agreement; (b) Debtor shall at all times keep the Collateral in good condition and repair and shall not commit waste or destroy any of the Collateral; and (c) this agreement creates a valid and perfected security interest in the Collateral prior to the rights of any other secured party or lien creditor securing the payment and performance of the Obligations, and all filings or other actions necessary or desirable to perfect and protect such security interest have been duly made or taken or shall be duly made or taken immediately upon execution of this agreement.

§6. Covenants. Debtor covenants and agrees as follows:

(a) Liens. Debtor shall not, without the prior written consent of Secured Party, grant or create or permit to exist any lien, encumbrance, pledge or security interest on or in any of the Collateral except (i) liens securing indebtedness to Secured Party; and (ii) liens securing the Collateral to which Secured Party has given its prior written consent, which consent shall not be unreasonably withheld, and to which the person or persons holding such liens have provided to Secured Party subordination agreements in form and substance satisfactory to Secured Party, in its reasonable discretion, subordinating and making junior in all respects such person's or persons' liens in the Collateral to Secured Party's liens in the Collateral.

(b) Levy/Attachment. Debtor shall not permit any levy or attachment to be made against any of the Collateral.

(c) Financial Statements. Debtor shall furnish or cause to be furnished to Secured Party the following: (i) within 30 days after the end of each month, unaudited monthly financial statements of Debtor, certified as to accuracy by an officer of Debtor, illustrating all capital received in any (and all) public and private stock offering(s) of Debtor and/or its affiliates, all gross receipts derived from license fees for the electronic medical record keeping computer program known as "DocuMed ®" and all derivative products thereof (collectively, the "Program") and all fees received by Debtor for maintenance and support of the Program, and all consulting fees paid to Debtor in connection with the Program (collectively, the "Receipts"); (ii) within 120 days after the end of each fiscal year, annual financial statements of Debtor prepared by Debtor's certified public accountants; (iii) within 30 days after the filing with the Internal Revenue Service, copies of Debtor's federal and state tax returns for such calendar year; and (iv) such other financial data and information relating to the performance of the provisions of this agreement or to the business and financial condition of Debtor, as may be reasonably requested from time to time by Secured Party. All annual financial statements delivered to Secured Party by Debtor shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of prior periods; provided, however, they may omit footnotes related to immaterial items. All financial statements furnished to Secured Party pursuant to this subsection shall be accompanied by a certificate signed by the president and senior financial officer of Debtor stating that, to the best of such officers' knowledge, Debtor has observed, performed, and fulfilled each and every of its obligations and agreements contained herein or, if any such breach or violation shall have occurred, specify the nature and status thereof.

(d) Accounting Systems and Controls Audits. Upon reasonable prior notice, Secured Party or its representatives shall have the right, exercisable no more than once in any six-month period, to perform audits of Debtor's accounting systems and controls and to review Debtor's records regarding its initial stock offering and receipts from licensing the Program and maintaining, supporting, and consulting in connection with the Program, for the purpose of verifying the accuracy of the payments required to be made to Secured Party. Such reviews shall be performed during Debtor's normal business hours and in such a fashion

as to not unreasonably interfere with Debtor's conduct of business. Secured Party shall bear the cost of performing any such review, unless a review reveals an underpayment in excess of 5% of the amount due, in which case (i) Debtor shall reimburse Secured Party for the reasonable cost of that review, including professional fees and (ii) Secured Party shall have the right to conduct such a review at three-month intervals until the Purchase Price has been paid in full.

§7. Use of Collateral. Debtor shall not sell or otherwise transfer any Collateral and shall not change the location of any Collateral without the prior written consent of Secured Party; provided, however, Debtor may change the location of any Collateral as deemed reasonably necessary in the ordinary course of business for a period of time not to exceed seven consecutive calendar days.

§8. Execution of Documents. Debtor shall execute any documents and take any other actions requested by Secured Party from time to time to perfect or protect any security interest granted or purported to be granted by this agreement or to enable Secured Party to exercise or enforce its rights or remedies under this agreement.

§9. Default. If (i) Debtor fails to make any payment when due under the Note (including any applicable cure periods), or (ii) Debtor fails fully to perform any of the other Obligations within ten (10) days after Secured Party sends Debtor notice of Debtor's default in such performance, or (iii) in the event of any change which, in the opinion of Secured Party, materially and adversely affects the ability of Debtor to repay any of the Obligations to Secured Party when due, then: (a) all amounts owing to Secured Party by Debtor shall become immediately due and payable without notice; and (b) Secured Party may exercise, with respect to the Collateral, all rights and remedies of a secured party on default under the Uniform Commercial Code and all other rights and remedies under this agreement or otherwise available to Secured Party. In any action or proceeding to enforce its rights and remedies for payment of the Obligations and/or the Note, Secured Party shall be entitled forthwith to immediate exclusive possession and control of the Collateral and, upon ex parte application by Secured Party to any court of competent jurisdiction without notice to Debtor, shall be entitled to an order giving such immediate exclusive possession and control to Secured Party or, if Secured Party so elects, to an order appointing a receiver for the Collateral and the business of Debtor, all upon a prima facie showing only of the default and without any requirement of bond or other security and without any showing that immediate or irreparable injury, loss, or damage will result if such an order is not issued by the court, and Secured Party and any persons designated by Secured Party shall have the right, without notice to Debtor, to enter any premises where any of the Collateral may then be located and to take possession of that Collateral or remove it or both, and Debtor hereby irrevocably authorizes Secured Party to do so. For purposes of this agreement, notice to Debtor prior to the date of public sale of any of the Collateral or ten days prior to the date after which private sale or other disposition of any of the Collateral will be made shall constitute reasonable notice of any such sale.

§10. Appointment of Secured Party as Attorney-in-Fact. Debtor hereby constitutes and appoints Secured Party as Debtor's true and lawful attorney-in-fact and agent, with full power of substitution, at the sole cost and expense of Debtor but for the sole benefit of Secured Party, to do all acts and things which Secured Party may deem necessary or advisable to preserve, perfect, and continue perfected Secured Party's security interest in the Collateral and to enforce collection of accounts or any other Collateral, either in its own name or in the name of such Debtor,

including but not limited to the following: (a) endorse any draft or check which may be payable to Debtor in order to collect the proceeds of any insurance or any return of unearned premiums following a material loss of the Collateral; (b) execute, file, and record any financing, continuation, or similar statements and notices on behalf of Debtor; (c) sign and endorse the name of Debtor on and to receive as pledgee or secured party the property covered by any of the Collateral of Debtor, any invoices, schedules of collateral, freight or express receipts or bills of lading, storage receipts, warehouse receipts or other documents of title of same or different nature relating to the Collateral; and (d) sign the name of Debtor on verification of the accounts or any other Collateral. Debtor hereby acknowledges and agrees that the foregoing appointment of Secured Party as Debtor's attorney-in-fact and agent is coupled with an interest and, until satisfaction of all of the Obligations, shall be irrevocable.

The powers conferred upon Secured Party under this agreement are solely to protect Secured Party's interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that Secured Party actually receives as a result of the exercise of such powers, and Secured Party shall not be responsible to Debtor for any act or failure to act.

§11. Notices. Any notice or other communication required or desired to be given to any party under this agreement shall be in writing and shall be deemed given when: (a) delivered personally to that party; (b) deposited in the United States mail, first-class postage prepaid, addressed to that party at the address for that party specified at the beginning of this agreement or at any other address hereafter designated by that party in notice to the other party; or (c) delivered to that address.

§12. Governing Law. It is the intention of the parties that all questions concerning the validity or meaning of this agreement or relating to the rights and obligations of the parties with respect to performance under this agreement shall be construed and resolved under the laws of the State of Ohio.

§13. Severability. The intention of the parties to this agreement is to comply fully with all laws and public policies, and this agreement shall be construed consistently with all laws and public policies to the extent possible. If and to the extent that any court of competent jurisdiction determines it is impossible to construe any provision of this agreement consistently with any law or public policy and consequently holds that provision to be invalid, such holding shall in no way affect the validity of the other provisions of this agreement, which shall remain in full force and effect.

§14. Nonwaiver. No failure by any party to insist upon compliance with any term of this agreement or to exercise any option, enforce any right, or seek any remedy upon any default of any other party shall affect, or constitute a waiver of, the first party's right to insist upon such strict compliance, exercise that option, enforce that right, or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default; nor shall any custom or practice of the parties at variance with any provision of this agreement affect, or constitute a waiver of, any party's right to demand strict compliance with all provisions of this agreement.

§15. Captions. The captions of the various sections of this agreement are not part of the context of this agreement, but are only labels to assist in locating those sections and shall be ignored in construing this agreement.

§16. Survival. All agreements, obligations, warranties, and representations under this

agreement shall survive any investigations made by any party to this agreement.

§17. Genders and Numbers. When permitted by the context, each pronoun used in this agreement includes the same pronoun in other genders or numbers, and each noun used in this agreement includes the same noun in other numbers.

§18. Successors. This agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the respective successors and assigns of each party to this agreement.

§19. Cumulative Effect. This agreement is intended as additional security to Secured Party and does not supersede, waive, or otherwise affect any other security interests, guarantees, or other agreements between Secured Party and Debtor.

§20. Jury Waiver. Debtor hereby waives any and all rights to a jury trial in connection with any litigation with respect to this agreement.

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§21. PREJUDGMENT REMEDY WAIVER. DEBTOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION, AND HEREBY WAIVES ITS RIGHT TO NOTICE AND HEARING PURSUANT TO THE OHIO REVISED CODE, OR AS OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW, WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH SECURED PARTY, OR ITS SUCCESSORS AND ASSIGNS, MAY DESIRE TO USE TO ENFORCE ITS RIGHTS AND REMEDIES FOR PAYMENT OF THE OBLIGATIONS AND/OR THE NOTE.

INTERHEALTH SYSTEMS, INC.

MEDICAL DOCUMENTING SYSTEMS, INC.

By *Leslie E. Bloom*
Its *President*

By *Paul J. Riebel*
Its *Pres*

WARNING -- BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.