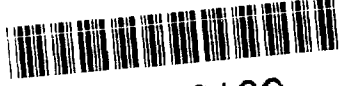


11-08-2002

Form PTO-1595 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)

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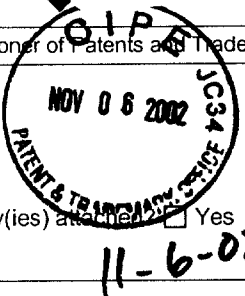
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To the Honorable Commissioner of Patents and Trademarks: Please Record the attached original documents or copy thereof.

1. Name of conveying parties: InforMedix, Inc. Additional name of conveying party(ies) attached? Yes No



2. Name and address of receiving party: Name: Private Investors Equity, LLC c/o Private Consulting Group, Inc. Street Address: 4650 SW Macadam Avenue, Suite 400 Portland, OR 97201

3. Nature of conveyance: [] Assignment [] Merger [x] Security Agreement [] Change of Name [] Other Execution Date: 11-6-02

Additional Name(s) & address(es) attached? [] Yes [x] No

4. Application number(s) or patent number(s): If this document is being filed together with a new application, the execution data of the application is: A. Patent Application No 09/845,066

B. Patent Nos.: 4,768,176; 4,768,177; 5,200,891; 5,752,235; 5,642,731; 5,954,641; 6,102,855; D420,446; 6,085,752 Additional numbers attached? [] Yes [x] No

5. Name and address of party to whom correspondence concerning this document should be mailed: Name: James G. Gatto Internal Address: Mintz Levin Cohn Ferris Glovsky and Popeo PC Street Address: 12010 Sunset Hills Road, Suite 900 Reston, VA 20190

6. Total number of applications and patents involved: 10 7. Total fee (37 CFR 3.41) \$ 400.00 [x] Enclosed [] Authorized to be charged to deposit account 8. Deposit account number: 50-0311 (Attach duplicate copy of this page if paying by deposit account)

11/07/2002 TDIAZ1 00000211 09845066 01 FC:021 400.00 OP

DO NOT USE THIS SPACE

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. Sean L. Ingram, Reg. 48,283 Name of Person Signing (for James G. Gatto, Reg. 32,694) Signature Date November 6, 2002

Total number of pages including cover sheet, attachments, and documents: Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments, Washington, D.C. 20231



29315

PATENT & TRADEMARK OFFICE

SECURITY AND LOAN AGREEMENT

This Security and Loan Agreement is made on November 1, 2002 by and between InforMedix Acquisition Corp., a Delaware Corporation ("IMAC"), its wholly-owned subsidiary, InforMedix, Inc., a Delaware Corporation ("IMI"), duly-authorized as a foreign corporation to transact business in the State of Maryland and each having a business address in said State at 5880 Hubbard Drive, Rockville, MD 20852 (IMAC and IMI are collectively referred to herein as the "Debtor") and Private Investors Equity, LLC ("Secured Party").

RECITALS:


Debtor and Warren & Lewis Investment Corporation, as correspondent on behalf of Secured Party, entered into the Commitment Letter whereby Secured Party was to fund unto Debtor the Loan. The Loan was funded by Secured Party and is evidenced by the Convertible Promissory Note ("Note"), which instrument is secured by this Security and Loan Agreement and public notice thereof is made by the filing of one or more financing statements pursuant to the laws of the Jurisdiction. In consideration of Ten Dollars (\$10.00) in hand paid and in consideration of the Loan, the parties have entered into this instrument.

WITNESSETH:

1. Grant of Security Interest. For value received and to secure payment and performance of the Obligations of Debtor as Borrower to Secured Party as Lender, however created and arising out, and, except with respect to the Senior Lienors pursuant to the Senior Lien Instruments, grants and first and exclusive, otherwise pursuant to or in connection with the Note, Debtor hereby grants to Secured Party a continuing security interest in and lien upon the following described property, whether now owned or hereafter acquired, and any additions, replacements, accessions, or substitutions thereof and all cash and non-cash proceeds and products thereof and called the "Collateral" and described on Exhibit "A" appended hereto and made a part hereof.

2. Debtor's Representations and Warranties – Covenants and Agreements. If a representation and warranty, Debtor hereby represents, warrants and agrees each of the following statements are true, valid, complete and correct, if an affirmative covenant, Debtor represents, warrants and covenants to abide thereby and if a negative covenant, Debtor represents, warrants and covenants not to breach the same, *to wit*:

A. Ownership of the Collateral. Debtor owns the Collateral, the Collateral is free and clear of all liens, security interests, and claims except those previously reported in writing to or approved by Secured Party and liens and security interests granted to Senior Lienors and Debtor will keep the Collateral free and clear from all liens, security interests and claims, other than those granted to or approved by Secured Party. All income, dividends, earnings and profits with respect to the Collateral shall be reported for state and federal income tax purposes as attributable to Debtor and not Secured Party.



B. Names and Offices; Jurisdiction of Organization; Alteration of Articles of Incorporation and By-Laws – Reorganization - Spinoff; Shares of Stock – Issued and Outstanding.

B. (i) The name and address of Debtor appearing at the beginning of this Agreement is Debtor's exact legal name and the address of its chief executive office. There has been no change in the name of Debtor, or the name under which Debtor conducts business, within the five (5) years preceding the date hereof except as previously reported in writing to Secured Party. Debtor has not moved its chief executive office within the five years preceding the date hereof except as previously reported in writing to Secured Party. Debtor is organized under the laws of the State of Delaware and has not changed the jurisdiction of its organization within the five (5) years preceding the date hereof except as previously reported in writing to Secured Party. The parties executing all Loan Documents are duly-authorized to do so and have been specifically granted such authority under resolutions duly given and approved by the Board of Directors of Debtor. So long as any of the Obligations remain outstanding, Debtor shall not except as provided in subsection B. (ii) of this Section 2, (x) amend its Articles of Incorporation, its By-Laws or any of its agreements or documents regarding its corporate governance, or (y) "spin-off" any of its assets to any subsidiary or affiliate or otherwise having a direct or indirect affect as any reorganization, recapitalization, subdivision or otherwise (the events described in (x) and (y) above are collectively referred to herein as "Material Events"). There are, as of this date, shares of stock authorized and outstanding, fully-paid and non-assessable of IMAC, as follows: Common Shares, 100,000,000 shares authorized and _____ shares outstanding; there are, as of this date, shares of stock authorized and outstanding, fully paid and nonassessable of IMI, as follows: Common Shares, 5,000,000 shares authorized and _____ shares outstanding.

B. (ii) Subject to the other terms hereof, Debtor shall have the right, after securing Secured Party's prior written consent, to undertake the actions provided in (x) and (y) of the preceding paragraph. Secured Party agrees not to withhold its consent so long as such action, in Secured Party's reasonable judgment, does not have any material adverse effect upon the Collateral. Subject to the provisions of the conditions of this sentence and the provisions of the conditions of the sentence immediately following this sentence, Secured Party agrees to make its determination within ten (10) business days after receiving Debtor's written request (the "Debtor Notice") and such reasonable supporting documentation regarding the request as required by Secured Party; the Debtor Notice shall be accompanied by any information, documents and materials which support Debtor's contention that there is no material adverse effect upon the Collateral ("Supporting Materials"). Should the Supporting Materials be insufficient for Secured Party's review, Secured Party agrees to notify Debtor (the "Secured Party Request") within three (3) business days of receipt of the Debtor Notice and Debtor shall, thereupon, use its best efforts to deliver all such supporting documents within three (3) days of receipt of the Secured Party Request. As a precondition to issuing its consent hereunder, Debtor shall pay the Secured Party's reasonable costs and fees to review and underwrite Debtor's requests made relative thereto. Notwithstanding any rule of law to the contrary but except for cases of bad faith on the party of the Secured Party, in any action which seeks to adjudicate or arbitrate any of Debtor's rights hereunder, Debtor's sole and absolute remedy shall be one based in equity and no remedy in damages shall be assessed.



B. (iii) Notwithstanding anything herein to the contrary, in the event that any Material Event would result in the Debtor raising sufficient funds to repay the Obligations and the Obligations are repaid from the proceeds from such Material Event, the Secured Party may not withhold its consent to such Material Event provided that repayment of the Obligations are a condition to the closing of the transactions contemplated by the Material Event.

C. Title and Taxes – Maintenance, Protection and Impairment of the Collateral. Debtor has good and marketable title to Collateral and will warrant, protect and defend same against all claims. Debtor will not transfer, sell, or lease Collateral, except in the ordinary course of business. Debtor agrees to pay promptly all taxes and assessments upon or for the use of Collateral and on this Security Agreement. At its option, Secured Party may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on Collateral. Debtor agrees to reimburse Secured Party, on demand, for any such payment made by Secured Party. Any amounts so paid shall be added to the Obligations. Debtor shall take all need actions necessary to insure that the security for the Loan is not impaired. Should there result impairment of the Collateral, Debtor shall promptly notify Secured Party and Debtor, at its sole cost and expense, promptly restore the Collateral. Should Debtor elect to sell or transfer any of the Collateral, no transfer or sale may be made unless conducted in a commercially reasonable manner with a *bona fide* effort to obtain a sale price of at least market value as determined by Secured Party.

D. Waivers. Debtor agrees not to assert against Secured Party as a defense (legal or equitable), as a set-off, as a counterclaim, or otherwise, any claims Debtor may have against Secured Party. Debtor waives all exemptions and homestead rights with regard to the Collateral. Debtor waives any and all rights to any bond or security which might be required by applicable law prior to the exercise of any of Secured Party's remedies against any Collateral. All rights of Secured Party and security interests hereunder, and all obligations of Debtor hereunder, shall be absolute and unconditional, not discharged or impaired irrespective of (and regardless of whether Debtor receives any notice of) any lack of validity or enforceability of any of the Loan Documents; any change in the time, manner or place of payment or performance, or in any term, of all or any of the Obligations or the Loan Documents or any other amendment or waiver of or any consent to any departure from any of the Loan Documents; any exchange, release or non-perfection of any collateral, or any release of or modifications of the obligations of any guarantor or other obligor and any amendment or waiver of or consent to departure from any Loan Document or other agreement. To the extent permitted by law, Debtor hereby waives any rights under any valuation, stay, appraisal, extension or redemption laws now existing or which may hereafter exist and which, but for this provision, might be applicable to any sale or disposition of the Collateral by Secured Party; and any other circumstance which might otherwise constitute a defense available to, or a discharge of any party with respect to the Obligations.

E. Change of Name and Place of Business. Debtor will notify Secured Party in writing at least thirty (30) days prior to any change in: Debtor's chief place of business; Debtor's name or identity; Debtor's corporate/organizational structure or the jurisdiction in which Debtor is organized. In addition, Debtor shall promptly notify Secured Party of any claims or alleged claims of any other person or entity to the Collateral or the institution of any litigation, arbitration, governmental investigation or administrative proceedings against or affecting the



Collateral. Debtor will bear, on demand, the actual costs of preparing and filing any documents necessary to protect Secured Party's liens, whether now or hereafter required by Secured Party.

F. Financing Statements – Power of Attorney. Except for any of the Senior Lienors' financing statements of record as of July 1, 2002, relating to the Collateral, no financing statement (other than any filed or approved by Secured Party in writing or filed or generated in connection with the Other Obligations) covering any Collateral is on file in any public filing office. On request of Secured Party, Debtor authorizes Secured Party to execute one or more financing statements in form satisfactory to Secured Party and will pay all reasonable costs and expenses of filing the same or of filing relative to this Security Agreement in the appropriate public filing offices in the jurisdiction of the Debtor's organization or elsewhere and with the United States Patent and Trademark Office or any other office required by Secured Party and Secured Party is authorized to file financing statements relating to Collateral without Debtor's signature. In order to protect its rights under this Agreement, subject to the Senior Lienors' rights in and to the Collateral and subject to the terms of the escrow agreement of even date by and between Debtor, Secured Party and HD National Title Group, LLC, Debtor hereby constitutes and appoints Secured Party the true and lawful attorney of Debtor with full power of substitution to take any and all appropriate action and to execute any and all documents or instruments that may be necessary or desirable to accomplish the purpose and carry out the terms of this Security Agreement, including, without limitation, to complete, execute, and deliver any further or other documentation request by Secured Party, Debtor and third party(ies) required in connection herewith (a "Further Agreement"), instructions to third party(ies) regarding, among other things, control and disposition of any Collateral, and endorsements desirable for transfer or delivery of any Collateral, registration of any Collateral under applicable laws, retitling any Collateral, receipt, endorsement and/or collection of all checks and other orders for payment of money payable to Debtor with respect to Collateral. The foregoing power of attorney is coupled with an interest and shall be irrevocable until all of the Obligations have been paid in full. Neither Secured Party nor anyone acting on its behalf shall be liable for acts, omissions, errors in judgment, or mistakes in fact in such capacity as attorney-in-fact except in the event of willful misconduct. Debtor ratifies all acts of Secured Party consistent with this paragraph as attorney-in-fact. Debtor agrees to take such other actions, at Debtor's sole and absolute expense, as might be requested for the perfection, continuation and assignment, in whole or in part, of the security interests granted herein and to assure Secured Party's intended priority position subject to the rights of the Senior Lienors. Upon Secured Party's request, Debtor will, at its own expense do all things reasonably determined by Secured Party to be desirable to make the sale of the Collateral in accordance with this Agreement valid, binding and in compliance with applicable law.

G. Representations and Warranties Heretofore Given. All representations and warranties heretofore given, including but not limited to the description of the Collateral, whether oral or written and whether they might be in the form of documents, instruments, materials, *pro formas*, business plans, financial statements, income statements, contracts, cash flow forecasts, materials and otherwise, upon which credit underwriting for the credit facility are based are true, complete, valid and correct on the date made and on the date hereof.

H. Business Purposes. The Loan evidenced by the Note and otherwise with respect to the Loan Documents was transacted solely for the purpose of carrying on or acquiring a business, mercantile purposes and for engaging in a commercial enterprise and not for any personal or consumer needs.



I. Compliance with Laws. Debtor shall comply with all Federal, State and local laws a breach of which would materially and adversely affect the financial condition of Debtor, its ability to operate its business affairs and own and use the Collateral, the value or status of the Collateral or the value or status of Debtor's interest or ownership in the Collateral.

J. Transfer of Collateral. Except in the event of a Permitted Reorganization, Debtor shall not permit the Collateral, or any part or portion thereof or any interest therein whether directly or indirectly or otherwise, to be transferred (whether by voluntary or involuntary conveyance, merger, operation of law, or otherwise) without the prior written consent of Secured Party. Any transferee of the Collateral or any part or portion thereof or any interest therein, by virtue of its acceptance of the transfer, shall (without in any way affecting Debtor's liability under the Loan Documents) be conclusively deemed to have agreed to assume primary personal liability for the performance of Debtor's obligations under the Loan Documents.

K. Compliance with Agreements with Third Parties. Debtor shall comply with all obligations it has with third parties, whether or not related to the Collateral.

L. Maintenance of the Collateral – Inspection Rights. Debtor shall keep and maintain the Collateral so as to insure that the security for the Loan is not impaired, not commit or suffer any waste of the Collateral. Should the Collateral be adversely affected or impaired by anyone, including Debtor, Debtor shall promptly notify Secured Party. Debtor shall permit Secured Party or its designee to inspect its documentation regarding the Collateral as provided in this Agreement.

3. INTENTIONALLY DELETED.

4. Collateral Duties. Secured Party shall have no custodial or ministerial duties to perform with respect to Collateral pledged except as set forth herein; and by way of explanation and not by way of limitation, Secured Party shall incur no liability for any of the following: the loss or depreciation of Collateral (unless caused by its willful misconduct or gross negligence); a failure to present any paper for payment or protest, to protest or give notice of nonpayment, or any other notice with respect to any paper or Collateral, a failure to ascertain, notify Debtor of, or take any action in connection with any conversion, call, redemption, retirement or any other event relating to any of the Collateral or the failure to notify any party hereto that Collateral should be presented or surrendered for any such reason. Debtor acknowledges that Secured Party is not an investment advisor or insurer with respect to the Collateral; and Secured Party has no duty to advise Debtor of any actual or anticipated changes in the value of the Collateral.

5. Transfer of Collateral. Secured Party may assign its rights in Collateral or any part thereof to any assignee who shall thereupon become vested with all the powers and rights herein given to Secured Party with respect to the property so transferred and delivered, and Secured Party shall thereafter be forever relieved and fully discharged from any liability with respect to such property so transferred, but with respect to any property not so transferred, Secured Party shall retain all rights and powers hereby given.

6. Inspection of Books and Records. Debtor will upon demand and, at its sole cost and expense at all times keep accurate and complete records covering each item of Collateral,



including the proceeds therefrom. Secured Party, or any of its agents, shall have the right, at intervals to be determined by Secured Party and without hindrance or delay, at Debtor's sole costs and expense, to inspect, audit, and examine the Collateral and to make copies of and extracts from the books, records, journals, orders, receipts, correspondence and other data relating to Collateral, Debtor's business or any other transaction between the parties hereto. Debtor will at its expense furnish Secured Party copies thereof upon request. Further, Debtor shall, without any advance request made by Secured Party, and at all times promptly notify Secured Party of all changes in the ownership of the stock of Debtor to the extent that any one individual, entity or affiliated entities acquires more than five percent (5%) or more of any of the stock of Debtor. At any time Secured Party may request, Debtor shall furnish a complete statement, sworn to under penalty of perjury by an officer of Debtor, setting forth all of the stockholders, officers, directors and Debtor and the extent of their respective stock ownership or control. In the event Debtor is aware of any other person having a beneficial interest in such stock, the statement shall also set forth the name of such person and the extent of their interest.

7. Attorney's Fees and Costs of Collection. Debtor shall pay all of Secured Party's actual Costs and Expenses relative to this Agreement, including but not limited to all costs and expenses incurred in enforcing this Security Agreement and in preserving and liquidating Collateral, any arbitration, the costs of attorneys, paralegals, assistants, consultants and experts, whether incurred with or without the commencement of a suit, trial, arbitration or administrative proceeding, or in any appellate or bankruptcy proceeding.

8. Default. Upon the occurrence of any of the following, a "Default" shall occur under this Security Agreement shall exist:

(a) a default under this Security Agreement or under any of the other Loan Documents; any breach of any of the covenants, agreements, representations or warranties under this Security Agreement or under any of the other Loan Documents which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor, or

(b) any misrepresentation of any kind thereunder which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor,

(c) any loss with respect to the Collateral or any devaluation thereof which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor,

(d) any sale, lease or transfer or encumbrance of any Collateral not specifically permitted herein without prior written consent of Secured Party which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor, or

(e) the making of any levy, seizure, or attachment on or of Collateral or any of the other properties of Debtor not set aside, discharged, or stayed within thirty (30) days after the same was levied or within ten (10) days after the expiration of any stay thereof which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor, or

(f) should Debtor consent in writing to, the appointment of a receiver, trustee, or liquidator for it of Collateral or of all or substantially all of its assets or files a voluntary petition in



bankruptcy or makes an assignment for the benefit of creditors, files a petition or an answer seeking a reorganization, composition, adjustment, arrangement with creditors, or takes advantage of any insolvency law, files an answer admitting the material allegations of a petition filed against it in any, bankruptcy, reorganization, composition, adjustment, arrangement, or insolvency proceeding, or is dissolved as a result of an adversary suit or proceeding, which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor,

(g) any execution or attachment levied against the assets of Debtor not set aside, discharged, or stayed within thirty (30) days after the same was levied or within ten (10) days after the expiration of any stay thereof, an order, judgment, or decree is entered by any court of competent jurisdiction on the application of a creditor, adjudicating Debtor a bankrupt or insolvent, or appointing a receiver, trustee, or liquidator for Debtor, or of all or substantially all of its assets, or an order of relief is entered against Debtor pursuant to any bankruptcy statute or law and such order, judgment, or decree continues unstayed and in effect for a period of thirty (30) days and is not discharged within ten (10) days after the expiration of any stay thereof; any attempt to terminate, revoke, rescind, modify, or violate the terms of this Security Agreement or any of the other Loan Documents without the prior written consent of Secured Party, or

(h) any material adverse change in the finances of Debtor or a material change in the management of Debtor which shall continue for a period of thirty (30) days after notice thereof has been sent by Secured Party to Debtor, or

(i) any breach under any of the terms, conditions or provisions of any of the "Other Obligations," beyond any applicable notice, grace and cure period.

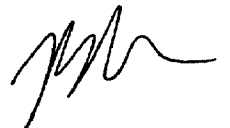
9. Remedies Upon a Default. Upon any default hereunder, Liquidator shall have the following rights and remedies:

(a) Secured Party may accelerate the Note and exercise any of the remedies it has under any of the Loan Documents;

(b) Secured Party may instruct the Liquidator to take immediate possession of the books and records regarding the Collateral and otherwise to take such action as it determines under this Agreement, without notice or resort to legal process, and for such purposes, Liquidator may enter upon any premises on which such books and records regarding the Collateral or any part thereof may be situated and remove the same therefrom, or, at option of the Liquidator, render such Collateral unusable or dispose of said Collateral on Debtor's premises with respect thereto;

(c) Appointment to act hereunder by the Liquidator may be made without notice having been given to the immediate appointment of a receiver for the Collateral for which is entitled to act without regard to the value of the Collateral or the solvency of any person liable for payment of the amounts due under the Loan Documents;

(d) Secured Party may require Debtor to assemble the books and records regarding the Collateral and make them available to Liquidator, with respect to such foregoing portions of the Collateral, at a place to be designated by Liquidator and Secured Party;



(e) INTENTIONALLY OMITTED.

(f) Secured Party may require Debtor to deliver to Secured Party and Liquidator lists or copies of the Patent and License related Accounts promptly after they arise and will deliver to Secured Party, promptly upon receipt, all Proceeds received by Debtor, including all Proceeds of the Accounts, in the exact form in which they are received;

(g) Secured Party or Liquidator may require Debtor to assign or endorse all of the Collateral and related proceeds to Liquidator and Liquidator with regard to such Collateral shall have full power to collect, compromise, endorse, sell, or otherwise deal therewith as agent for Debtor;

(h) Liquidator and Secured Party, in its discretion, may apply cash proceeds to the payment of any Obligations secured hereby or may release such cash proceeds to Debtor for use in the operation of Debtor's business;

(i) Secured Party and Liquidator may, upon a default, notify the Account debtors or other obligors with respect to the Collateral that it controls that the Accounts have been assigned to such party and should be paid to Secured Party;

(j) Secured Party may notify any of the parties to whom Debtor is owed money, accounts receivable, tangibles or intangibles, interests, whether corporeal or incorporeal and take such action as is may lawfully take hereunder and under applicable law;

(k) Secured Party may require Debtor to notify all Account debtors and indicate on all invoices to such Account debtors that the Accounts are payable to Secured Party.

(l) Secured Party shall be authorized to notify any third party vendor or contracting party or any party under any agreement given as a part of the Collateral and act consistent with its rights hereunder; transfer into Secured Party's name or the name of its nominee, all or any part of the Collateral;

(m) Secured Party may receive all interest, dividends, and other proceeds of the Collateral;

(n) Liquidator may notify any person obligated on any such Collateral to which it may act of the security interest of Secured Party therein and require such person to make payment directly to Secured Party or Liquidator on demand and also demand, sue for, collect or receive any proceeds of the collateral thereof, and/or make any settlement or compromise as Secured Party or Liquidator deems desirable with respect to any such Collateral;

(o) Otherwise, Secured Party and Liquidator may act with respect to the power of attorney granted hereunder to protect its rights.

(p) The proceeds of any Collateral obtained pursuant to the exercise of any remedy set forth in this Security and Loan Agreement shall be applied reasonably promptly by Secured Party and Liquidator:



First, to the payment of all costs and expenses, fees, commissions and taxes of such sale, collection or other realization, including, without limitation, compensation to the Liquidator and actual attorneys' fees of Liquidator and Secured Party, together with interest on each such amount at the highest rate then in effect under this Security and Loan Agreement;

Second, to the indefeasible payment in full in cash of the Obligations, ratably according to the unpaid amounts thereof, without reference or priority of any kind among amounts so due and payable; and

Third, to Debtor, or its successors or assigns, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

With regard to all of the rights, prerogatives, entitlements and remedies of Secured Party for itself or Liquidator, as agent for Secured Party hereunder, Debtor agrees that such parties may exercise all rights under this Security Agreement without regard for the actual or potential tax consequences to Debtor under federal or state law, without regard to any other limitations imposed or proscribed and without regard to any instructions or directives given Secured Party or Liquidator by Debtor.

10. Due Authority – Resolutions – Approval. Debtor further represents and warrants as follows:

(a) Negotiation and Execution. Both the negotiation of the Commitment Letter and all of the Loan Documents, as well as the execution thereof, has been duly authorized by the Board of Directors of Debtor as evidenced by the Certified Board Resolution attached hereto as Exhibit "B".

(b) True, Complete and Accurate Copies of Exhibits. True, complete and accurate copies of the following exhibits, documents, certificates, instruments and lists are attached hereto, *to wit*:

- Exhibit "A" – Description of Collateral
- Exhibit "B" - Resolutions
- Exhibit "C" – (Complete) Certified Copy of Articles of Incorporation of Debtor from the Secretary of State of the State of Delaware;
- Exhibit "D" – Good Standing Certificate from the Secretary of State of Delaware;
- Exhibit "E" – Articles of Foreign Corporation from the Maryland State Department of Assessments & Taxation ("MD-SDAT");
- Exhibit "F" – Certificate of Good Standing from MD-SDAT;
- Exhibit "G" - Debtor's By-Laws;
- Exhibit "H" - Sample Stock Certificates and
- Exhibit "I"- description of limitations and prerogatives of all classes of stock;
- Exhibit "J" – current financial statement and
- Exhibit "K" – listing of all accounts payable and debts, Payables, loans term, credit line and otherwise
- Exhibit "L" – listing of all "Other Obligations" of Debtor.



11. Special Notices to be Given. Any notice of sale, disposition or other action by Secured Party required by law and sent to Debtor at Debtor's address shown below at least five (5) days prior to such action, shall constitute reasonable notice to Debtor. Notice shall be deemed given or sent when mailed postage prepaid to Debtor's address as provided herein and irrespective of whether delivery is accepted by certified mail, postage prepaid or by hand delivery or by any nationally-recognized next-day delivery service or otherwise as permitted by applicable law. Collateral that is subject to rapid declines in value and is customarily sold in recognized markets may be disposed of by Secured Party in a recognized market for such collateral without providing notice of sale. Debtor waives any and all requirements that the Secured Party sell or dispose of all or any part of the Collateral at any particular time, regardless of whether Debtor has requested such sale or disposition.

12. Remedies Cumulative. No failure on the part of Secured Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party or any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law, in equity, or in other Loan Documents.

13. Indemnification of Secured Party by Debtor. Debtor shall indemnify and save harmless Secured Party and said party's agents, attorneys, officers, equity holders and affiliates (including Warren & Lewis Investment Corporation and its owners and affiliates and attorneys), singularly and jointly, from all actual costs and expenses, including actual attorneys' fees, incurred by them or any of them by reason of this Security Agreement, including any legal action to which Secured Party shall or may become a party. Any money so paid or expended by Secured Party shall be due and payable upon demand together with interest at the Penalty Rate at the rate set forth in the Note from the date incurred and shall be secured by this Security Agreement.

14. Enforcement and Interpretation. At the option of Secured Party, matters of enforcement and interpretation of this instrument or any of the Loan Documents, whether by claim, counterclaim or otherwise, may be interpreted solely by arbitration conducted within fifty (50) miles of the office of the Secured Party under the general commercial arbitration rules then-applicable of the American Arbitration Association. Arbitration shall be conducted by a panel of three (3) arbitrators, one of whom shall be selected from among a panel suggested by the AAA by each party and the third of whom shall be selected by the two (2) designees so selected. Any party failing to designate his designee within fifteen (15) days of the date requested by the AAA shall forfeit its right to designate his designee and the designee timely designated shall appoint the recalcitrant party's designee. No arbitrator shall serve unless said party is an attorney currently practicing law in the State of Maryland and having experience in matters relative to secured banking transactions in which intellectual property is pledged as security over a period of not less than ten (10) years. Enforcement shall be under the laws of the Jurisdiction or any other venue which shall have subject matter jurisdiction over the matter. Notwithstanding any rule of law to the contrary, before Debtor may institute any counterclaim to any action against Secured Party or any third party claim against any third party, it shall have posted a bond reasonably acceptable to Secured Party with the AAA to bond off and otherwise to protect Secured Party hereunder. All costs of the arbitration shall be borne by the party deemed to be



the "non-prevailing party" but the cost, expense and fees to litigate shall be allocated as otherwise provided hereunder. The panel of arbitrators shall schedule the trial within thirty (30) days of their appointment and they shall render their decision within thirty (30) days of the last day of such trial, provided that, in the event a party petitions for an Emergency Arbitration, the above-proscribed time periods shall be reduced as provided for the Schedule of Emergency Arbitration.

15. Designation of Agent for Service of Process Purposes. Any matter requiring service of process shall be served upon the Designated Agent; if said Designated Agent shall refuse to accept service of process, the posting of the service on the door of the Designated Agent's office shall be sufficient if accompanied by an affidavit by the process server of compliance herewith.

16. Definitions. The following shall have the following meanings: (a) "Loan Documents" refers to all documents, including this Security Agreement, whether now or hereafter existing, executed in connection with or related to the Obligations, and may include, without limitation and whether executed by Debtor or others, commitment letters that survive closing, loan agreements, convertible notes, other security agreements, security instruments, financing statements, chattel mortgage instruments and any renewals or modifications, whenever any of the foregoing are executed. (b) "UCC" means the Uniform Commercial Code as presently and hereafter enacted in the Jurisdiction. Any term used in this Agreement and in any financing statement filed in connection herewith which is defined in the UCC and not otherwise defined in this Agreement or any other Loan Document has the meaning given to the term in the UCC. (c) "Loan" means the loan to be advanced under the Commitment Letter which was advanced and closed by the parties this date as evidenced by the Note and which was made pursuant to the Loan Documents. (d) "Obligations" means all obligations, funds and impositions due and owing under any of the Loan Documents, including, but not limited to principal under the Note, interests, Costs and Expenses, impositions, fees, advances made pursuant to any of the Loan Documents by Secured Party, resulting from any remedy or right or prerogative or otherwise which arise under any of the Loan Documents, any charges and impositions and otherwise due under any of the foregoing. (e) "Note" means the Note defined on page one hereof and executed of even date herewith. (f) "Jurisdiction" means the State of Maryland. (g) "Designated Agent" means the party whose name and address appears on the signature page hereof. (h) The term "Costs and Expenses" means all actual costs, expenses, fees and actual impositions that a party may accrue or pay relative to this Agreement and the enforcement of any term, condition or provision of this instrument or any of the Loan Documents. (i) "Other Obligations" means any of the obligations listed to any party designated on Exhibit "L". (j) "Adverse Claims" means any claim, public or private, whether of public record or otherwise, which has any adverse impact upon the underwriting and risk by Security Party with respect to the Loan, the Obligations or otherwise with respect to the transactions made between the parties or otherwise the risk of any loss to Secured Party. (k) "Liquidator" means any party selected from among the list attached hereto as Exhibit "N." In the absence of a party to agree at such time to be the designated "Liquidator," then the parties shall agree upon the designated Liquidator within fifteen (15) days upon demand by Secured Party to do so, time being of the essence, neither party unreasonably withholding, delaying or denying its consent and after lapse of such period, the matter shall be submitted to arbitration hereunder using the Expedited Schedule of Arbitration. (l) "Collateral" means the item of Collateral described on Exhibit "A". (m) INTENTIONALLY OMITTED. (n) INTENTIONALLY OMITTED. (o) "Accounts" means as such term is defined in the UCC with respect to any of the Collateral or other secured given hereunder. (p) "Schedule of



Emergency Arbitration” means that all time periods otherwise scheduled for arbitration hereunder shall be reduced as follows: (i) with regard to any matter to acted upon within fifteen (15) days, the time period shall be reduced to three (3) days and (ii) with respect to any matter to be acted upon within thirty (30) days, the time period shall be reduced to five (5) days. (q) “Emergency Arbitration” shall mean any matter relative to either (i) Liquidator’s or Secured Party’s rights hereunder as a result of an actual default having been declared by Secured Party under this Agreement or under any of the other Loan Documents or (ii) any other matter to which a party has certified, supported by an opinion of its counsel, that the time periods otherwise proscribed hereunder cannot wait for the periods otherwise provided due to an emergency, *provided however* that with regard to any matter petitioned under clause (ii) hereof (r) “Senior Lienors” means any bank, savings and loan or similar lending institution, equipment lessor, or accounts receivable-based lender, that has or may hereafter extend line of credit or equipment financing or similar financing to Debtor, provided that, in doing so, the value of the collateral is not impaired. (s) “Senior Lien Instruments” means agreements entered into between the Debtor and the Senior Lienors, and all collateral documentation of such transactions.

17. Waiver of Trial By Jury. THE UNDERSIGNED PARTIES COVENANT AND AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY WITH RESPECT TO THIS DOCUMENT AND ALL OF THE OTHER LOAN DOCUMENTS, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN, KNOWINGLY AND VOLUNTARILY, BY EACH PARTY TO THIS INSTRUMENT, AND THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. THE PARTY TO THIS INSTRUMENT IS HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS INSTRUMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PARTIES HERETO, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF THE WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, EACH PARTY TO THIS INSTRUMENT HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF THE OTHER PARTY (INCLUDING ITS COUNSEL) HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT IT WILL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION.

18. Confession of Judgment Provisions. THE MAKER HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS (WHICH APPOINTMENT SHALL BE DEEMED TO BE COUPLED WITH AN INTEREST) RANDY ALAN WEISS OR HIS DESIGNEE, AN ATTORNEY ADMITTED TO PRACTICE BEFORE THE COURTS OF THE STATE OF MARYLAND, AS THE MAKER’S TRUE AND LAWFUL ATTORNEY IN FACT, TO APPEAR FOR THE MAKER BEFORE THE CLERK OF THE CIRCUIT COURT OF MONTGOMERY COUNTY, MARYLAND OR THE TRIAL OR SUPERIOR COURT OF ANY COUNTY IN SAID STATE OF MARYLAND OR THE STATE OF DELAWARE OR ANY FEDERAL DISTRICT COURT (EACH, THE “CONFESSION JURISDICTION”) AND AFTER ONE OR MORE DECLARATIONS FILED, CONFESS JUDGMENT AGAINST THE MAKER AS OF ANY TIME AFTER ANY SUM IS DUE HEREUNDER (WHETHER BY DEMAND, STATED MATURITY, ACCELERATION OR OTHERWISE) FOR THE UNPAID BALANCE OF THIS NOTE AND INTEREST, WITH COURT COSTS, EXPENSES DUE HEREON AND FIFTEEN PERCENT (15%) ATTORNEY’S FEES FOR COLLECTION AND RELEASE ALL



ERRORS, WITHOUT STAY OF EXECUTION, AND INQUISITION AND EXTENSION UPON ANY LEVY ON REAL ESTATE IS HEREBY WAIVED AND CONDEMNATION AGREED TO, AND THE EXEMPTION OF PERSONAL PROPERTY FROM LEVY AND SALE IS ALSO HEREBY EXPRESSLY WAIVED AND NO BENEFIT OF EXEMPTION SHALL BE CLAIMED UNDER ANY EXEMPTION LAW NOW IN FORCE OR WHICH MAY BE HEREAFTER ADOPTED. MAKER CONSENTS TO VENUE IN THE CONFESSION JURISDICTION WITH RESPECT TO THE INSTITUTION OF AN ACTION CONFESSING JUDGMENT HEREON, REGARDLESS OF WHERE VENUE WOULD OTHERWISE BE PROPER. ANY JUDGMENT ENTERED AGAINST MAKER, WHETHER BY CONFESSION OR OTHERWISE, SHALL BEAR INTEREST AT A RATE WHICH IS THE HIGHEST RATE OF INTEREST BEING PAID BY MAKER ON THE DATE OF JUDGMENT. THE AUTHORITY AND POWER TO APPEAR FOR AND ENTER JUDGMENT AGAINST MAKER SHALL NOT BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF, OR BY ANY IMPERFECT EXERCISE THEREOF, AND SHALL NOT BE EXTINGUISHED BY ANY JUDGMENT ENTERED PURSUANT THERETO; SUCH AUTHORITY AND POWER MAY BE EXERCISED ON ONE OR MORE OCCASIONS, FROM TIME TO TIME, IN THE SAME OR DIFFERENT JURISDICTIONS AS OFTEN AS THE PAYEE OR ITS ASSIGNS SHALL DEEM NECESSARY OR ADVISABLE UNTIL ALL SUMS DUE HEREUNDER HAVE BEEN PAID IN FULL.

19. Miscellaneous Provisions. No waiver, amendment or modification of any provision of this Security Agreement shall be valid unless in writing and signed by Debtor and an officer of Secured Party. No waiver by Secured Party of any Default shall operate as a waiver of any other Default or of the same Default on a future occasion. All rights of Secured Party hereunder are freely assignable, in whole or in part, and shall inure to the benefit of and be enforceable by Secured Party, its successors, assigns and affiliates. Debtor may not assign its obligations to any person, party or entity, whether affiliated or otherwise with Debtor hereunder without the prior written consent of Secured Party and any attempt by Debtor to assign without Secured Party's prior written consent is null and void; provided, however, that Debtor may assign this Security and Lien Agreement, and all of its rights and obligations hereunder, without secured Party's written consent in connection with a Permitted Reorganization. No assignment, other than in connection with a Permitted Reorganization, shall release Debtor from its obligations hereunder. Time shall be strictly of the essence with respect to each and every term, condition and provision of all of the Loan Documents. Debtor consents to the laws of the Jurisdiction or wherever it shall have assets or does business. Debtor agrees that venue may lie in the United States Federal Court for either the State of Maryland or the State of Delaware or any local court therein, the defense under the doctrine of *forum non-conveniens* being waived. All rights, powers, and remedies of Secured Party provided for in the Loan Documents are cumulative and concurrent and shall be in addition to and not exclusive of any appropriate legal or equitable remedy provided by Law or contract. Exercise of any right, power, or remedy shall not preclude the simultaneous or subsequent exercise of any other by the Secured Party. The terms, conditions and provisions of the Commitment Letter shall survive the closing of the Loan and not be merged therein. This Security Agreement shall be binding upon Debtor, and the heirs, personal representatives, successors, and assigns of Debtor. This Security Agreement shall be governed by and construed under the laws of the Jurisdiction without regard to that Jurisdiction's conflict of laws principles, except to the extent that the Uniform Commercial Code requires the application of the law of a different jurisdiction. If any terms of this Security Agreement conflict with the terms of any commitment letter or loan proposal, the terms of this Security Agreement shall control. Debtor irrevocably



agrees to non-exclusive personal jurisdiction in the Jurisdiction. If any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. Any notices to Debtor shall be sufficiently given, if in writing and mailed or delivered to the address of Debtor shown above or such other address as provided hereunder and to Secured Party, if in writing and mailed or delivered to Secured Party's office address shown below such party's signature or such other address as Secured Party may specify in writing from time to time. In the event that Debtor changes Debtor's mailing address at any time prior to the date the Obligations are paid in full, Debtor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. The parties waive the doctrine of *contra proferentem* for purposes of all of the Loan Documents. This Agreement may be signed in counterpart, which, when fully assembled, shall constitute one complete instrument. Notwithstanding any rule of law nor any action or representation to the contrary, whenever the discretion or prerogative of Secured Party shall be given or granted, the same shall be as Secured Party shall determine in its sole and absolute discretion and not under any objective standard. The captions contained herein are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provision hereof. The use of the plural shall also mean the singular, and vice versa. Debtor, by execution and Secured Party by acceptance of this Security Agreement, agrees it is bound by all terms and provisions of this Security Agreement.

In witness whereof, the undersigned have set their hand and seal effective on the date first set forth above.

A handwritten signature in black ink, appearing to be a stylized 'M' or similar character, located in the bottom right corner of the page.

SECURED PARTY:

Private Investors Equity, LLC

By: [Signature]

Title: President

Address for Notices:
c/o Private Consulting Group, Inc.
4650 SW Macadam Avenue, Suite #400
Portland, OR 97201 Attn: David Fitzpatrick, EVP

DEBTOR:

InforMedix, Inc.

By: _____

Title: _____

Attest by: _____

Its Secretary SEAL

Address for Notices:
5880 Hubbard Drive, Rockville, MD 20852

Designated Party for InforMedix, Inc. Means:

whose address is at: _____

InforMedix Acquisition Corp.

By: _____

Title: _____

Attest by: _____

Its Secretary SEAL

Address for Notices:
5880 Hubbard Drive, Rockville, MD 20852

Designated Party for InforMedix, Inc. Means:

whose address is: _____

SECURED PARTY:

Private Investors Equity, LLC

By: _____

Title: _____

Address for Notices:

c/o Private Consulting Group, Inc.

4650 SW Macadam Avenue, Suite #400

Portland, OR 97201 Attn: David Fitzpatrick, EVP

DEBTOR:

InforMedix, Inc.

By: Bruce A. Kehr
Title: CEO

Attest by: Robert A. Benson
Its Secretary SEAL

Address for Notices:

5880 Hubbard Drive, Rockville, MD 20852

Designated Party for InforMedix, Inc. Means:

Bruce A. Kehr
whose address is at: 5880 Hubbard
Drive, Rockville, MD 20852

InforMedix Acquisition Corp.

By: Bruce A. Kehr
Title: CEO

Attest by: Robert A. Benson
Its Secretary SEAL

Address for Notices:

5880 Hubbard Drive, Rockville, MD 20852

Designated Party for InforMedix, Inc. Means:

Bruce A. Kehr
whose address is at: 5880 Hubbard
Drive, Rockville, MD 20852

Exhibit "A" – Description of Collateral,

Including a copy of description of all intellectual property. The Patent & License Exchange dated January 16, 2002 and otherwise

- A. All patents, patent applications and patentable inventions, including, without limitation, the Debtor's Pioneer Patent Portfolio, each such patent being identified in Schedule 1 to this Exhibit "A" attached hereto and made a part hereof and each patent application identified in such Schedule 1 including, without limitation, all inventions and improvements described and claimed therein and the right to make, use or sell the same, the right to sue or otherwise recover for any misappropriations thereof, all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past and future infringements thereof), and all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of each Grantor accruing hereunder or pertaining thereto ("Patents").
- B. All license agreements (subject to the rights of the other parties thereto) with any other person in connection with any of the Patents, or such other person's patents, trade names, trademarks, service marks, copyrights or works of authorship, or other intellectual property, whether such grantor is a licensor or licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule 2 attached hereto and made a part hereof, and any right to prepare for sale, sell and advertise for sale, all goods and/or services now or hereafter owned by the Debtor and now or hereafter covered by any such licenses ("Licenses"); provided, however, that to the extent that the consent of any other party to any of the Licenses is required, under the terms thereof, for the collateral assignment thereof, the Security and Loan Agreement shall not effect any collateral assignment of (or otherwise be applied so as to cause a default under) such Licenses.
- C. All proceeds of the Accounts, Patents and Licenses, including, without limitation, all claims by Debtor against third parties for infringement of the Patents or Licenses ("Proceeds").



SCHEDULE 1
to
EXHIBIT A

Collateral

Issued Patents:

<u>Patent No.</u>	<u>Description</u>
4,768,176	Apparatus for Alerting a Patient to Take Medication
4,768,177	Method of and Apparatus for Alerting a Patient to Take Medication
5,200,891	Electronic Medication Dispensing Method
5,752,235	Electronic Medication Monitoring and Dispensing Method
5,642,731	Method of and Apparatus for Monitoring the Management of Disease
5,954,641	Method, Apparatus and Operating System for Managing the Administration of Medication and Medical Treatment Regimens
6,102,855	Variable Capacity Medication Container and Labeling System for Medical Monitoring Device
D420,446	Hand-Held Portable Medical Monitor For Managing the Administration of Medication and Medical Treatment Regimens
6,085,752	Method, Apparatus and Operating System For Managing the Administration of Medication and Medical Treatment Regimens

Patent Applications

<u>Application No.</u>	<u>Description</u>
09/845,066	Method, System and Computer Program Product for Internet-Enabled, Patient Monitoring System Cross-Reference to Related Applications

SCHEDULE 2
to
EXHIBIT A

None