

## PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1  
 Stylesheet Version v1.2

EPAS ID: PAT2903597

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT	
<b>NATURE OF CONVEYANCE:</b>	MORTGAGE	
<b>CONVEYING PARTY DATA</b>		
	<b>Name</b>	<b>Execution Date</b>
	TIMOTHY PUGH	06/12/2014
<b>RECEIVING PARTY DATA</b>		
<b>Name:</b>	SONABANK	
<b>Street Address:</b>	550 BROADVIEW AVENUE	
<b>City:</b>	WARRENTON	
<b>State/Country:</b>	VIRGINIA	
<b>Postal Code:</b>	20186	
<b>PROPERTY NUMBERS Total: 1</b>		
<b>Property Type</b>	<b>Number</b>	
<b>Patent Number:</b>	7668734	
<b>CORRESPONDENCE DATA</b>		
<b>Fax Number:</b>	(866)545-8601	
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>		
<b>Phone:</b>	(610) 524-7110	
<b>Email:</b>	douttrim@outtrimlaw.com	
<b>Correspondent Name:</b>	J. DAVID OUTTRIM, ESQ.	
<b>Address Line 1:</b>	657 EXTON COMMONS	
<b>Address Line 2:</b>	LAW OFFICE OF J. DAVID OUTTRIM, P.C.	
<b>Address Line 4:</b>	EXTON, PENNSYLVANIA 19341	
<b>ATTORNEY DOCKET NUMBER:</b>	IPL-2014-0123	
<b>NAME OF SUBMITTER:</b>	J. DAVID OUTTRIM, ESQ.	
<b>SIGNATURE:</b>	/s/ J. David Outtrim	
<b>DATE SIGNED:</b>	06/18/2014	
<b>Total Attachments: 7</b>		
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PATENT



**COLLATERAL ASSIGNMENT, PATENT MORTGAGE  
AND SECURITY AGREEMENT**

June

This Collateral Assignment, Patent Mortgage and Security Agreement is made as of May 12th, 2014 by and between Timothy Pugh, an adult individual residing at 170 Huntington Drive, Virginia Beach, VA 23462 ("Pugh"), Internet Medical Information Systems, Inc., a Virginia corporation with offices at 170 Huntington Drive, Virginia Beach, VA 23462 ("IMIS"), and SonaBank, a Virginal State Chartered Bank with offices at 550 Broadview Avenue, Warrenton, VA 20186 ("Lender").

**RECITALS**

A. Lender has agreed to lend IMIS certain funds (the "Loan"), pursuant to a Loan and Security Agreement, Loan Number 53-14001123, dated 6-12-14 (the "Loan Agreement"), and IMIS desires to borrow such funds from Lender.

B. Pugh is the owner of all right, title and interest in and to the following Patent: US Patent No. 7,668,734, granted on the patent application filed with the United States Patent and Trademark Office, Patent Application No. 11/400,903 and titled: Internet Medical Information System (IMED), (referred to hereinafter as the "Pugh Patent").

C. Pugh is the sole shareholder and owner of all right and title to all issued and outstanding shares of IMIS.

D. In order to induce Lender to make the Loan to IMIS, Pugh has agreed to assign certain intangible property to Lender for purposes of securing the obligations of IMIS to Lender.

**NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:**

1. Assignment, Patent Mortgage and Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of IMIS's present or future indebtedness, obligations and liabilities to Lender under the Loan Agreement, Pugh hereby assigns, transfers, conveys and grants a security interest and mortgage to Lender, as security, but not as an ownership interest, in and to Pugh's entire right, title and interest in, to and under the Pugh Patent as described in detail above, along with all amendments, extensions, renewals of the Pugh Patent (all of which shall collectively be called the "Collateral").


THE INTEREST IN THE COLLATERAL BEING ASSIGNED HEREUNDER SHALL NOT BE CONSTRUED AS A CURRENT ASSIGNMENT, BUT AS A CONTINGENT ASSIGNMENT TO SECURE IMIS'S OBLIGATIONS TO LENDER UNDER THE LOAN AGREEMENT.


2. Authorization and Request. Pugh hereby authorizes and requests that the Commissioner of Patents and Trademarks record this conditional assignment.

3. Covenants and Warranties. IMIS and/or Pugh represent, warrant, covenant and agree as follows:

 Timothy Pugh

Page 1 of 7

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 Internet Medical Information Systems, Inc.

(a) Pugh is now the sole owner of the Collateral, except for non-exclusive licenses granted by Pugh to its customers in the ordinary course of business.

(b) Each inventor, employee, agent and/or independent contractor who has participated in the creation of the property constituting the Collateral has either executed an assignment of his or her rights in the Collateral to Pugh or is or was an employee of Pugh acting within the scope of his or her employment and was such an employee at the time of said creation.

(c) Performance of this Assignment does not conflict with or result in a breach of any agreement to which Pugh is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this Assignment constitutes an assignment.

(d) During the term of this Agreement, neither IMIS nor Pugh will transfer or otherwise encumber any interest in the Collateral, except for non-exclusive licenses granted by Pugh in the ordinary course of business or as set forth in this Assignment;

(e) To the best of Pugh's knowledge, the Pugh Patent is valid and enforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party;

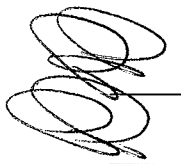
(f) IMIS and/or Pugh shall promptly advise Lender of any material adverse change in the composition of the Collateral;

(g) IMIS and/or Pugh shall (i) protect, defend and maintain the validity and enforceability of the Pugh Patent, (ii) use their best efforts to detect infringements of the Pugh Patent and promptly advise Lender in writing of material infringements detected and (iii) not allow the Pugh Patent to be abandoned, forfeited or dedicated to the public without the written consent of Lender, which shall not be unreasonably withheld, unless IMIS and/or Pugh determines that reasonable business practices suggest that abandonment is appropriate.

(h) IMIS and Pugh shall promptly take such further actions as Lender may reasonably request from time to time to perfect or continue the perfection of Lender's interest in the Collateral;

(i) To its knowledge, except for, and upon, the filing with the United States Patent and Trademark office necessary to perfect the security interests and assignment created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Pugh of the security interest granted hereby or for the execution, delivery or performance of this Assignment by Pugh in the U.S. or (ii) for the perfection in the United States or the exercise by Lender of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Lender by or on behalf of Pugh with respect to the Collateral is accurate and complete in all material respects.



Timothy Pugh

Internet Medical Information Systems, Inc.



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(k) Neither IMIS nor Pugh shall enter into any agreement that would materially impair or conflict with Pugh's obligations hereunder without Lender's prior written consent, which consent shall not be unreasonably withheld. Neither IMIS nor Pugh shall permit the inclusion in any material contract to which it/they become(s) a party of any provisions that could or might in any way prevent the creation of a security interest in Pugh's rights and interest in any property included within the definition of the Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts.

(l) Upon Pugh obtaining actual knowledge thereof, Pugh will promptly notify Lender in writing of any event that materially adversely affects the value of any material Collateral, the ability of Pugh to dispose of any material Collateral or the rights and remedies of Lender in relation thereto, including the levy of any legal process against any of the Collateral.

4. Lender's Rights. Lender shall have the right, but not the obligation, to take, at Pugh's sole expense, any actions that Pugh is required under this Assignment to take but which Pugh fails to take, after fifteen (15) days' notice to Pugh. Pugh shall reimburse and indemnify Lender for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Pugh hereby grants to Lender and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Pugh, any of IMIS's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to IMIS and Pugh, and as often as may be reasonably requested, but not more than one (1) time in every six (6) months; provided, however, nothing herein shall entitle Lender access to IMIS's trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) IMIS and Pugh will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including, appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Lender, to perfect Lender's security interest in the Collateral and otherwise to carry out the intent and purposes of this Collateral Assignment, or for assuring and confirming to Lender the grant or perfection of a security interest in the Collateral.

(b) Upon an Event of Default, Pugh hereby irrevocably appoints Lender as Pugh's attorney-in-fact, with full authority in the place and stead of Pugh and in the name of Pugh, Lender or otherwise, from time to time in Lender's discretion, upon Pugh's failure or inability to do so, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Collateral Assignment, including:



Timothy Pugh

Internet Medical Information Systems, Inc.



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(i) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Pugh where permitted by law.

7. Events of Default. The occurrence of any of the following shall constitute an Event of Default under the Assignment:

(a) An Event of Default occurs under the Loan Agreement; or

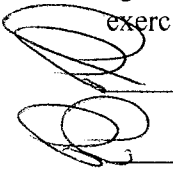
(b) IMIS or Pugh breaches any warranty or agreement made by either in this Assignment.

8. Remedies. Upon the occurrence and continuance of an Event of Default, Lender shall have the right to exercise all the remedies of a secured party under the Virginia Uniform Commercial Code, including without limitation the right to require Pugh to assemble the Collateral and any tangible property in which Lender has a security interest and to make it available to Lender at a place designated by Lender. Lender shall have a nonexclusive, royalty free license to use the Collateral to the extent reasonably necessary to permit Lender to exercise its rights and remedies upon the occurrence of an Event of Default. Pugh will pay any expenses (including reasonable attorney's fees) incurred by Lender in connection with the exercise of any of Lender's rights hereunder, including without limitation any expense incurred in disposing of the Collateral. All of Lender's rights and remedies with respect to the Collateral shall be cumulative.

9. Indemnity. IMIS and Pugh agree to defend, indemnify and hold harmless Lender and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement, and (b) all losses or expenses in any way suffered, incurred, or paid by Lender as a result of or in any way arising out of, following or consequential to transactions between Lender and IMIS or Pugh, whether under this Assignment or otherwise (including without limitation, reasonable attorneys fees and reasonable expenses), except for losses arising from or out of Lender's gross negligence or willful misconduct.

10. Release. At such time as IMIS shall completely satisfy all of the obligations secured hereunder, Lender shall execute and deliver to Pugh all assignments and other instruments as may be reasonably necessary or proper to terminate Lender's security interest in the Collateral, subject to any disposition of the Collateral which may have been made by Lender pursuant to this Agreement. For the purpose of this Agreement, the obligations secured hereunder shall be deemed to continue if IMIS or Pugh enters into any bankruptcy or similar proceeding at a time when any amount paid to Lender could be ordered to be repaid as a preference or pursuant to a similar theory, and shall continue until it is finally determined that no such repayment can be ordered.

11. No Waiver. No course of dealing between IMIS or Pugh and Lender, nor any failure to exercise nor any delay in exercising, on the part of Lender, any right, power, or privilege under this Agreement or under the Loan Agreement or any other agreement, shall operate as a waiver. No single or partial exercise of any right, power, or privilege under this Agreement or under the Loan Agreement or any other agreement by Lender shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege by Lender.

 Timothy Pugh

Page 4 of 7

 SonaBank

 Internet Medical Information Systems, Inc.

12. Rights Are Cumulative. All of Lender's rights and remedies with respect to the Collateral whether established by this Agreement, the Loan Agreement, or any other documents or agreements, or by law shall be cumulative and may be exercised concurrently or in any order.

13. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

14. Attorneys' Fees. If any action relating to this Assignment is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements.

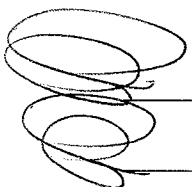
15. Amendments. This Assignment may be amended only by a written instrument signed by both parties hereto. To the extent that any provision of this Agreement conflicts with any provision of the Loan Agreement, the provision giving Lender greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Lender under the Loan Agreement. This Agreement, the Loan Agreement, and the documents relating thereto comprise the entire agreement of the parties with respect to the matters addressed in this Agreement.

16. Severability. The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such provision, or part thereof, in such jurisdiction, and shall not in any manner affect such provision or part thereof in any other jurisdiction, or any other provision of this Agreement in any jurisdiction.

17. Counterparts. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

18. Virginia Law and Jurisdiction. This Assignment shall be governed by the laws of the Commonwealth of Virginia, without regard for choice of law provisions. IMIS, Pugh, and Lender consent to the nonexclusive jurisdiction of any state or federal court located in Fauquier County, Virginia.

19. Confidentiality. In handling any confidential information, Lender shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Assignment except that the disclosure of this information may be made (i) to the affiliates of the Lender, (ii) to prospective transferee or purchasers of an interest in the obligations secured hereby, provided that they have entered into a comparable confidentiality agreement in favor of IMIS and Pugh and have delivered a copy to IMIS and Pugh, (iii) as required by law, regulation, rule or order, subpoena judicial order or similar order and (iv) as may be required in connection with the examination, audit or similar investigation of Lender.



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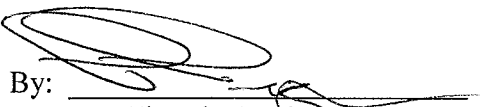


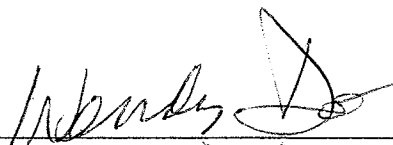
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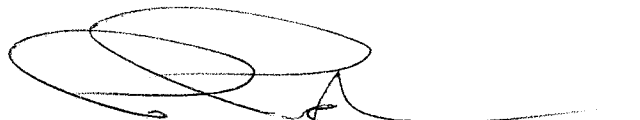
IN WITNESS WHEREOF, the parties hereto have executed this Assignment on the day and year first above written.

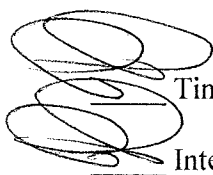
INTERNET MEDICAL INFORMATION  
SYSTEMS, INC.

SONABANK

By:   
Timothy Pugh  
Title:

BY:   
Name: Wendy Deane  
Title: Asst. Vice President

  
Timothy Pugh, Individually

  
Timothy Pugh  
Internet Medical Information Systems, Inc.

Page 6 of 7

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COMMONWEALTH OF VIRGINIA)  
City  
COUNTY OF Virginia Beach) ss.

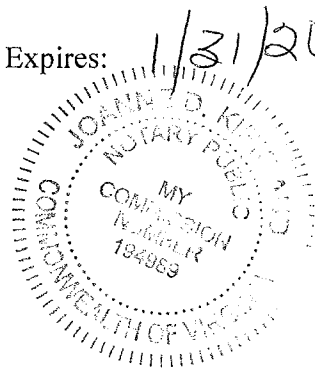
On June 12, 2014, before me, Joanne D. Kirkland,  
Notary Public, personally appeared Timothy Pugh,  
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose  
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the  
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

(Seal)

Joanne D. Kirkland  
Notary Public

My Commission Expires: 1/31/2016



COMMONWEALTH OF VIRGINIA)  
COUNTY OF Fauquier) ss.

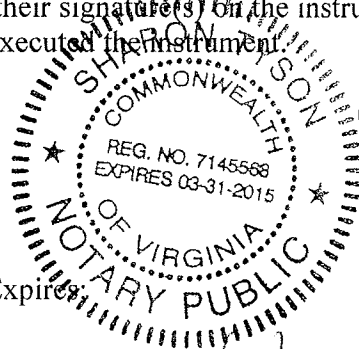
On June 13, 2014, before me, Sharon Tyson, Notary Public, personally  
appeared Wendy Davis,  
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose  
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the  
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

(Seal)

Sharon Tyson  
Notary Public

My Commission Expires:



Timothy Pugh  
Internet Medical Information Systems, Inc.

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