

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

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SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	SECURITY INTEREST	
CONVEYING PARTY DATA		
	Name	Execution Date
	SYNERGEM TECHNOLOGIES, INC.	01/30/2017
RECEIVING PARTY DATA		
Name:	THOMAS E. KOLASSA REVOCABLE TRUST DATED AUGUST 27, 1996	
Street Address:	178 BUCKLEY LANE	
City:	BATTLE CREEK	
State/Country:	MICHIGAN	
Postal Code:	49015	
PROPERTY NUMBERS Total: 1		
	Property Type	Number
	Patent Number:	8908837
CORRESPONDENCE DATA		
Fax Number:	(616)254-8410	
<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>		
Phone:	(616) 254-8412	
Email:	echurch@kehbm.com	
Correspondent Name:	ELLIOTT J. R. CHURCH	
Address Line 1:	40 PEARL ST NW, 5TH FLOOR	
Address Line 4:	GRAND RAPIDS, MICHIGAN 49503-3021	
ATTORNEY DOCKET NUMBER:	KOLAT-0010	
NAME OF SUBMITTER:	ELLIOTT J. R. CHURCH	
SIGNATURE:	/Elliott Church/	
DATE SIGNED:	02/02/2017	
Total Attachments: 11		
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement") is made effective January 30, 2017, between **Synergem Technologies, Inc.**, a Delaware corporation with its primary place of business at 523 South Stephens Street P.O. Box 911 Pilot Mountain, NC 27041, ("**Debtor**"), and the **Thomas E. Kolassa Revocable Trust dated August 27, 1996**, of 178 Buckley Lane, Battle Creek, Michigan 49015 ("**Secured Party**").

This Security Agreement is entered into to secure Debtor's obligations to Secured Party under that certain *Convertible Promissory Note of Synergem Technologies, Inc.* dated January 30, 2017 (the "Note"), in the original principal amount of Seven Hundred Two Thousand Five Hundred and 00/100 Dollars (\$702,500.00), executed by Debtor in favor of Secured Party. The Note and any other documents securing or supporting the same may hereinafter be referred to collectively as the "**Loan Documents**."

1. Definitions.

- 1.1 "**Collateral.**" The following intellectual property assets of Debtor, as well as all reissues, divisions, continuations, continuations-in-part, renewals, extensions and reexaminations thereof and amendments thereto, and all related rights thereto, including, but not limited to contract rights; license rights; distribution rights; proceeds and income; right to sue for infringement, misuse, misappropriation, or violation; goodwill; foreign rights and proceeds:

<u>Patent no.</u>	<u>Inventor/author</u>	<u>Description</u>
8,908,837	Stephen F. O'Connor, and Richard Maw	Methods and systems for automatically providing an emergency service call handler with context specific emergency service protocols

Secured Party's security interest in the Collateral is subordinate to a prior existing security interest in favor of Proponent Federal Credit Union (the "**First Lien Holder**").

- 1.2 "**Obligations.**" This Security Agreement secures the following:
- (i) Debtor's obligations under the Loan Documents (including the Note);
 - (ii) all of Debtor's other present and future obligations to Secured Party;
 - (iii) the repayment of (a) any amounts that Secured Party may advance or spend for the maintenance or preservation of the Collateral and (b) any other expenditures that Secured Party may make under the provisions of this Security Agreement or for the benefit of Debtor;

- (iv) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations;
- (v) all other amounts now or in the future owed by Debtor to Secured Party; and
- (vi) any of the foregoing that arises after the filing of a petition by or against Debtor under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code Section 362 or otherwise.

1.3 “**UCC.**” Any term used in the Uniform Commercial Code (“**UCC**”) and not defined in this Security Agreement has the meaning given to the term in the UCC, as adopted in the State of North Carolina.

2. Grant of Security Interest.

To secure payment or performance of the Obligations, Debtor hereby pledges, assigns, transfers, delivers and grants Secured Party, for Secured Party’s own benefit, as a secured party and a secured creditor under the UCC as enacted in, and in effect from time to time in, the State of North Carolina, a second priority security interest in in the Collateral behind First Lien Holder. In the event that the loan from First Lien Holder is paid off by Debtor, Secured Party shall have a first priority secured interest in the Collateral.

3. Perfection of Security Interests.

3.1 Filing of financing statement.

- (i) Debtor authorizes Secured Party to file a financing statement (the “**Financing Statement**”) describing the Collateral, as well as any and all other filings deemed necessary by the Secured Party.
- (ii) Debtor authorizes Secured Party to record and register a copy of this Security Agreement, a financing statement, or any other filings deemed necessary by Secured Party with the United States Patent and Trademark Office.

3.2 Possession.

- (i) Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Secured Party chooses to perfect its security interest by possession in addition to the filing of a financing statement.
- (ii) Where Collateral is in the possession of a third party, Debtor will notify the third party of Secured Party’s security interest and obtain an acknowledgment from the third party that the Collateral is subject to a security interest held by Secured Party.

4. Post-Closing Covenants and Rights Concerning the Collateral.

- 4.1 Limitations on Obligations Concerning Collateral. Secured Party has no duty to enforce the patent rights against infringements or maintain the filing requirements to protect or preserve the Collateral.
- 4.2 No Disposition of Collateral. Secured Party does not authorize, and Debtor agrees not to:
- (i) make any sales or leases of any of the Collateral;
 - (ii) license any of the Collateral; or
 - (iii) grant any other security interest in any of the Collateral.
- 4.3 Information Concerning Collateral. Debtor shall promptly furnish Secured Party with the information regarding the Collateral that Secured Party shall from time to time request and will allow Secured Party at any reasonable time to inspect Debtor's records regarding the Collateral.

5. Debtor's Representations and Warranties.

Debtor warrants and represents that:

- 5.1 Authority. Debtor is a corporation and is organized and validly existing in good standing under the laws of the State of Delaware; Debtor has full power and authority to enter into and perform its obligations under this Security Agreement; the execution, delivery, and performance of this Security Agreement have been duly authorized by all necessary action of Debtor's shareholder(s) and will not violate Debtor's Articles of Incorporation.
- 5.2 Title to and Transfer of Collateral. Debtor has rights in or the power to transfer the Collateral and its title to the Collateral free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by its loan and accompanying security interest with First Lien Holder and except as created by this Security Agreement.
- 5.3 Location, State of Incorporation and, Name of Debtor. Debtor's:
- (i) chief executive office is located in the State of North Carolina "**Chief Executive Office State**").
 - (ii) state of organization is the State of Delaware (the "**Debtor State**"); and
 - (iii) exact legal name is as set forth in the first paragraph of this Security Agreement.

6. Debtor's Covenants.

Until the Obligations are paid in full, Debtor agrees that Debtor will:

- 6.1 Preserve its company existence and will not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell a substantial portion of its assets;
- 6.2 Debtor will immediately notify Secured Party in writing of any change in Debtor's identity, or legal structure and of any change in the location of Debtor's place of business and of the location of each additional place of business established by Debtor;
- 6.3 Not change its company name, the location of the Collateral or Debtor's place of business, without providing Secured Party with thirty (30) days prior written notice;
- 6.4 Debtor shall promptly register, concurrently with this Security Agreement, and at any time thereafter, any newly acquired or created, upgraded, or otherwise amended Collateral and shall notify Secured Party of the same;
- 6.5 Debtor shall timely file and pay all maintenance fees associated with the Collateral;
- 6.6 Debtor shall immediately notify Secured Party of any infringement litigation associated therewith, and shall, at Debtor's sole expense, cooperate with Secured Party in defending such litigation and otherwise protecting Secured Party's rights in said Collateral.

7. Events of Default.

The occurrence of any of the following shall be, at the option of Secured Party, an Event of Default:

- 7.1 Any default by Debtor, or the occurrence of any Event of Default (as defined under the Loan Documents or documents related to any of the other Obligations);
- 7.2 Debtor's failure to comply with any of the provisions of, or the incorrectness of any representation or warranty contained in, this Security Agreement, the Loan Documents or in any agreement related to any of the other Obligations;
- 7.3 Debtor's transfer or disposal of any of the Collateral, except as expressly permitted by this Security Agreement;
- 7.4 Any default by Debtor, or the occurrence of any event of default to the First Lien Holder or Secured Party;

- 7.5 Any increase in amount of indebtedness owed by Debtor to the First Lien Holder;
- 7.6 Attachment, execution or levy on any of the Collateral;
- 7.7 Debtor voluntarily or involuntarily becomes subject to any proceeding under (a) the Bankruptcy Code or (b) any similar remedy under state statutory or common law;
- 7.8 Debtor shall fail to comply with, or becomes subject to any administrative or judicial proceeding under any federal, state or local (a) asset forfeiture or similar law which can result in the forfeiture of property, or (b) other law, where noncompliance may have any significant effect on the Collateral; or
- 7.9 If any guaranty that now or later secures payment or performance of all or any part of the Obligations is terminated or limited for any reason, without the written consent or agreement of Secured Party.

8. Default Costs.

- 8.1 Should an Event of Default occur, Debtor will pay to Secured Party all costs reasonably incurred by the Secured Party for the purpose of enforcing its rights hereunder, including, but not limited to:
 - (i) costs of foreclosure;
 - (ii) costs of obtaining money damages; and
 - (iii) all attorney and other professional fees for the services of attorneys and other professionals employed by Secured Party for any purpose related to this Security Agreement or the Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

9. Remedies Upon Default.

- 9.1 General. Upon the occurrence of any Event of Default, Secured Party may pursue any remedy available to it at law (including but not limited to those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.
- 9.2 Remedies. Upon any Event of Default, Secured Party shall have the right to pursue any of the following remedies separately, successively or simultaneously:
 - (i) File suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law, including levy of attachment and garnishment.

(ii) Sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.

- 9.3 The proceeds of any collection or disposition of Collateral shall be applied first to Secured Party's attorney fees and expenses, as provided in Section 8 above, and then to the Obligations, and Debtor shall be liable for any deficiency remaining.
- 9.4 If Debtor fails to perform any obligation of Debtor under this Security Agreement, Secured Party may, without giving notice to or obtaining the consent of Debtor, perform that obligation on behalf of Debtor. For example, this may include paying off liens on Collateral. Debtor will reimburse Secured Party on demand for any expense that Secured Party incurs in performing any such obligation and will pay to Secured Party interest on it, from the date the expense was incurred by Secured Party, at the default rate under the Loan Documents on the first date of the default. Secured Party is not required to perform an obligation that Debtor has failed to perform. If Secured Party does so, that will not be a waiver of Secured Party's right to declare the Obligations immediately due and payable by reason of Debtor's failure to perform.

10. Foreclosure Procedures.

- 10.1 No Waiver. No delay or omission by Secured Party to exercise any right or remedy accruing upon any Event of Default shall: (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the Event of Default, or (c) affect any subsequent default of the same or of a different nature.
- 10.2 Notices. Secured Party shall send Debtor such notice of any private or public sale as may be required by the UCC, at least ten (10) days prior to the public or private sale.
- 10.3 No Obligation to Pursue Others. Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Secured Party may release, modify or waive any Collateral provided by any other person to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.
- 10.4 Compliance with Other Laws. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
- 10.5 Warranties. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any

warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

- 10.6 Sales on Credit. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party, and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.
- 10.7 Purchases by Secured Party. In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of the Debtor.
- 10.8 No Marshaling. Secured Party has no obligation to marshal any Collateral in favor of Debtor, or against or in payment of:
- (i) any Obligations, or
 - (ii) any other obligation owed to Secured Party by Debtor or any other person.

11. Miscellaneous

11.1 Assignment

- (i) Binds Assignees. This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Secured Party and Debtor and shall bind all persons who become bound as a debtor to this Security Agreement. Notwithstanding the above, Secured Party does not consent to any assignment by Debtor and Debtor shall not make any assignment of its rights or interests under this Security Agreement without prior written consent from Secured Party.
- (ii) Secured Party Assignments. Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against Secured Party except defenses which cannot be waived.

- 11.2 Severability. Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court or panel of arbitrators of competent jurisdiction, that finding shall only affect the provision(s) found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Security Agreement.

- 11.3 Notices. Any notices required by this Security Agreement shall be deemed to be delivered when a notice has been (a) deposited in any United States postal box if postage is prepaid, and the notice is properly addressed to the intended recipient, (b) received by telecopy, (c) when personally delivered, or (d) when a properly addressed notice is mailed using a federally regulated overnight courier.
- 11.4 Headings. Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and shall not be used in construing it.
- 11.5 Governing Law; Venue; Waiver of Jury Trial. This Security Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina, notwithstanding its choice of law rules. The parties hereto, for and on behalf of themselves, their officers, employees, agents and assigns, expressly waive any right they have to a jury trial and agree that any court proceeding under this Security Agreement, or in regard to the subject matter of this Security Agreement, including with respect to any officer, employee or agent of Debtor or Secured Party, shall be tried by a judge without a jury.
- 11.6 Rules of Construction. The following rules shall apply to the construction and interpretation of this Security Agreement:
- (i) No reference to “proceeds” in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by the Debtor.
 - (ii) “Includes” and “including” are not limiting.
 - (iii) “Or” is not exclusive.
 - (iv) “All” includes “any” and “any” includes “all.”
- 11.7 Integration and Modifications. This Security Agreement is the entire agreement of the Debtor and Secured Party concerning its subject matter. Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.
- 11.8 Waiver. No provision of this Security Agreement may be modified or waived except by a written agreement signed by Secured Party. Secured Party will continue to have all of its rights under this Security Agreement even if it does not fully and promptly exercise them on all occasions. Secured Party may, at its option, (a) waive any default, or defer an action on any default; (b) extend or modify the time or manner of payment of the Obligations or waive or modify any term or condition relating to the Obligations; (c) release Collateral or other security for the Obligations; (d) release any person liable for any of the Obligations, including any borrower or Guarantor; or (e) make advances or other extensions of credit secured by

this Security Agreement; all without giving Debtor notice or obtaining Debtor's consent. Any such action by Secured Party will not release or impair its security interest in the Collateral or Debtor's obligations under this Security Agreement. Secured Party's security interest in the Collateral and Debtor's obligations under this Security Agreement will not be released or impaired if Secured Party fails to obtain, perfect, or secure priority of any other security for the Obligations that is agreed to be given, or is given, by anyone else. Secured Party is not required to sue upon or otherwise enforce payment of the Obligations or any other security before exercising its rights under this Security Agreement.

- 11.9 Further Assurances. Debtor agrees to execute any further documents, and to take any further actions reasonably requested by Secured Party to evidence or perfect the security interest granted herein, to maintain the first priority of the security interests, or to effectuate the rights granted to Secured Party herein.
- 11.10 Drafting. This Security Agreement has been executed after negotiation and the opportunity by both parties to have this Security Agreement reviewed and revised by their legal counsel. None of the provisions of this Security Agreement shall be interpreted or construed against a party hereto solely by virtue of the fact that any such provision shall have been drafted by legal counsel representing such party.
- 11.11 Facsimile and Counterparts. This Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Original signatures hereto may be delivered by facsimile or by portable data format (PDF) which shall be deemed originals.

(signature page to follow)

The parties have executed this Security Agreement to be effective as of the day and year first above written.

DEBTOR:

SYNERGEM TECHNOLOGIES, INC.,

a Delaware corporation

By: _____

Name: _____

Its: _____

SECURED PARTY:

THOMAS E. KOLASSA REVOCABLE TRUST

DATED AUGUST 27, 1996,

By: _____
Thomas E. Kolassa, Trustee of the Thomas E.
Kolassa Revocable Trust Agreement dated
August 27, 1996

The parties have executed this Security Agreement to be effective as of the day and year first above written

DEBTOR

SYNERGEM TECHNOLOGIES, INC.,

a Delaware corporation

By: 

Name: FRANK S. HETT

Title: CEO

SECURED PARTY:

THOMAS E. KOLASSA REVOCABLE TRUST
DATED AUGUST 27, 1996,

By: 

Thomas E. Kolassa, Trustee of the Thomas E.
Kolassa Revocable Trust Agreement dated
August 27, 1996