

12-04-2002

12-4-02



Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

102301797

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

1. Name of conveying party(ies):

Medinex Systems, Inc. 215 Celebration Place #500 Celebration, FL 34747

12-4-02

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 11/15/02

2. Name and address of receiving party(ies)

Name: Charles and Donna Weaver Trust

Internal Address:

Street Address: 6316 South Helena

City: Spokane State: WA Zip: 99223

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 75501627, 75615015, 75501628

Additional number(s) attached Yes No

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

Name: Thomas L. McKeirnan

Internal Address:

Street Address: 717 West Sprague Avenue #1200

City: Spokane State: WA Zip: 99201-3505

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41) \$ 90.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Thomas L. McKeirnan Name of Person Signing

Handwritten signature of Thomas L. McKeirnan

Signature

December 3, 2002

Date

Total number of pages including cover sheet, attachments, and document: 6

12/05/2002 6TON11 00000035 75501627

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

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SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of November 15, 2002, is between Medinex Systems, Inc., a Delaware corporation (the "Company"), and the Charles and Donna Weaver Trust dated November 16, 1989 (hereinafter, the "Creditor").

Recitals

WHEREAS, the Company and the Creditor have entered into a Convertible Secured Promissory Note Purchase Agreement ("Purchase Agreement") and a Convertible Secured Promissory Note ("Note") simultaneously with the execution of this Security Agreement; and

WHEREAS, the Company is obligated under the Purchase Agreement to execute a security agreement with the Creditor substantially in the form hereof securing its obligations under the Purchase Agreement and the Note; and

WHEREAS, the Company wishes to grant security interests in favor of the Creditor as herein provided;

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Agreement

1. **Definitions.** All capitalized terms used herein without definitions shall have the respective meanings provided therefor in the Purchase Agreement. All terms defined in the Uniform Commercial Code of the State of Washington and used herein shall have the same definitions herein as specified therein; provided, however, that the term "instrument" shall be such term as defined in Article 9 of the Uniform Commercial Code of the State of Washington rather than Article 3. The term "Obligations" as used herein, means all of the indebtedness, obligations and liabilities of the Company, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising under or in respect of the Purchase Agreement and the Note, and the term "Event of Default" as used herein, shall have the meaning set forth in the Note.

2. **Grant of Security Interest.** The Company hereby grants to the Creditor, to secure the payment and performance in full of all of the Obligations, a security interest in and so pledges and assigns to the Creditor all of the following properties, assets and rights of the Company, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-

insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles including, without limitation, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Company possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Company, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics.

3. **Authorization to File Financing Statements.** The Company hereby irrevocably authorizes the Creditor at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (A) indicate the Collateral, and (B) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State of Washington for the sufficiency or filing office acceptance of any financing statement or amendment. The Company agrees to furnish any such information to the Creditor promptly upon request. The Company also hereby irrevocably authorizes the Creditor at any time and from time to time to file such documents or instruments with the Patent and Trademark office to perfect the security interest granted herein in any patents, patent applications, trademarks or trademark applications of the Company.

4. **Other Actions.** The Company further agrees to take any other action reasonably requested by the Creditor to insure the attachment, perfection and first priority of, and the ability of the Creditor to enforce, the Creditor's security interest in any and all of the Collateral.

5. **Representations and Warranties Concerning Collateral** The Company represents and warrants to the Creditor that the Company is the owner of the Collateral, free from any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement

6. **Maintenance of Insurance.** The Company will maintain with financially sound and reputable insurers insurance with respect to the Collateral against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas.

7. **Expenses Incurred by Creditor.** The Company agrees to maintain the Collateral in the same condition as when it was originally received or created by the Company. Should the Company fail to maintain the condition of the Collateral or any portion thereof in its original condition, after demand by the Creditor, Creditor may repair or replace or may cause repairs to or replacement of such Collateral, and the

Company agrees to reimburse the Creditor on demand for such repair or replacement costs. In addition, the Creditor shall be entitled to discharge taxes and other encumbrances at any time levied or placed on any of the Collateral in the event the Company does not promptly do so after Creditor's demand. The Creditor shall have no obligation to the Company to make any such expenditures described in this Section, nor shall the making thereof relieve the Company of any default.

8. **Power of Attorney.**

A. **Appointment and Powers of Creditor.** The Company hereby irrevocably constitutes and appoints the Creditor and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Company or in the Creditor's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement.

B. **Ratification by Company.** To the extent permitted by law, the Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

C. **No Duty on Creditor.** The powers conferred on the Creditor hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Creditor shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for the Creditor's own gross negligence or willful misconduct.

9. **Remedies.** If an Event of Default shall have occurred and be continuing, the Creditor may, without notice to or demand upon the Company, declare this Agreement to be in default, and the Creditor shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State of Washington or of any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Creditor may, so far as the Company can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom.

10. **No Waiver by Creditor, Etc.** The Creditor shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Creditor. No delay or omission on the part of the Creditor in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Creditor with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be

cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Creditor deems expedient.

11. **Suretyship Waivers by Company.** The Company waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Company assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Creditor may deem advisable. The Creditor shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Company further waives any and all other suretyship defenses.

12. **Marshaling.** The Creditor shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising.

13. **Proceeds of Dispositions; Expenses.** The Company shall pay to the Creditor on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Creditor in protecting, preserving or enforcing the Creditor's rights under or in respect of any of the Obligations or any of the Collateral.

14. **Overdue Amounts.** Until paid, all amounts due and payable by the Company hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest set forth in the Note for late payments.

15. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON.

16. **Waiver of Jury Trial.** THE COMPANY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS.

17. **Miscellaneous.** The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Company and its respective successors and assigns, and shall inure to the benefit of the Creditor and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Company acknowledges receipt of a copy of this Agreement. The Company shall have no right to assign, transfer or convey this Agreement or any rights or obligations herein, whether through a stock sale, merger, by operation of law or otherwise, without the prior written consent of the Creditor, which consent Creditor may withhold at Creditor's sole discretion. Creditor shall have the right to freely assign, transfer or convey this Agreement or any rights or obligations herein.

IN WITNESS WHEREOF, intending to be legally bound, the Company has caused this Agreement to be duly executed as of the date first above written.

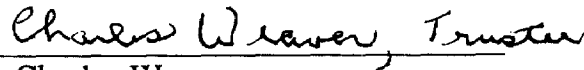
Medinex Systems, Inc.

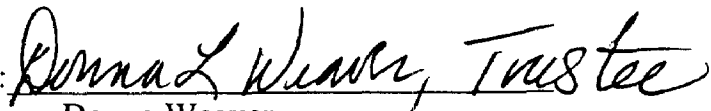
By: 

Title: PRESIDENT

Its: COLIN CHRISTIE

Charles and Donna Weaver Trust dated
November 16, 1989

By: 
Charles Weaver

By: 
Donna Weaver