

Equipment Lease/Rental Standard Form

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WaterSmart Environmental, Inc., hereinafter called "Lessor," for valuable consideration, the receipt of which is hereby acknowledge, hereby leases/rents to _____, hereinafter called "Lessee," the following described property, in Schedule "A" attached hereto and made part of this agreement (hereinafter called the "Equipment"), upon the following terms and conditions:

1. Lessee agrees that the equipment shall be delivered to Lessee and shall remain in Lessee's actual or constructive possession during the term of this lease.
2. The title to the aforesaid described property in Schedule "A" shall remain in the Lessor, the Lessee having only the right to possession and the use thereof during the term of the lease, except as is otherwise provided herein.
3. The lease of said property shall be for a term of _____ months minimum on the following basis:

The sum of \$ _____ shall be paid upon execution of this lease, as payment for the three (3) month minimum charge. Beyond the minimum term of this lease, the sum of \$ _____ /mo. shall be paid. Should Lessee make all the said monthly payments as required on or before the due dates thereof, with no defaults, the Lessee shall have and maintain the option to purchase said equipment for \$ _____ with 50% of the initial twelve (12) months paid rentals applied towards the purchase price by notifying the Lessor of same, and paying the balance of the purchase price on a net 30 day basis from the exercise of option date.
4. Lessee promises and agrees to pay all specified rental installments in advance on the date designated for the payment herein without demand. Said rental shall be payable at the office of Lessor, or to such other person and/or at such other place as Lessor may from time to time designate in writing.
5. Lessor may inspect the equipment at any time; and Lessee agrees to keep it in good condition and repair at Lessee's expense and further, Lessee shall not sell or otherwise dispose of its interest therein or in any equipment or accessories attached thereto.
6. Lessee assumes the entire risk of loss or damages to the equipment, whether or not covered by insurance, and so such loss shall relieve the Lessee of its obligations hereunder. Lessee agrees to keep the equipment insured to protect all interests of Lessor, at Lessee's expense, against all risks of loss or damage from any cause whatsoever for no less than the unpaid balance of the lease rentals due hereunder or the then current value of said equipment, whichever is higher. In addition, Lessee shall purchase insurance in an amount reasonable under the circumstances to cover the liability of Lessor for public liability and property damage. Said insurance policies and the proceed therefrom shall be the sole property of Lessor and Lessor shall be named as an insured in all said policies and as sole loss payee in the policies insuring the equipment. The proceeds of such insurance, whether resulting from loss or damage or return premium or otherwise, shall be applied toward the replacement or repair of the said equipment or the payment of obligations of Lessee hereunder at the option of Lessor. Lessee may, at its option, elect to self-insure to satisfy this requirement.
7. No title or right in said equipment shall pass to Lessee except the rights herein expressly granted. Plates or other markings will be affixed to or placed on said equipment by Lessor or at Lessor's request, by Lessee at Lessee's expense indicating the Lessor is the owner thereof and Lessee will not remove the same. Said equipment shall always remain and be deemed personal property even though attached to realty. All replacements, accessories, or capital improvements made to or placed in or upon said equipment shall become a component part thereof and title thereto shall be immediately vested in Lessor and shall be included under the terms hereof. The Lessee agrees that the Lessor is authorized, at its option, to file financing statement(s) or amendments thereto, without the signature of the Lessee with respect to any or all of the leased property, or if a signature is required by law, then the Lessee appoints Lessor as Lessee's attorney-in-fact to execute any such financing statement(s) and further agrees to reimburse the Lessor for the expense of any such filing(s).
8. Lessee shall not assign, mortgage, or hypothecate this lease or any interest herein or sublet said equipment without the prior written consent of the Lessor. Any assignment, mortgage, hypothecation, or sublease by Lessee without such consent shall be void.
9. Lessee agrees to use, operate and maintain said equipment in accordance with Lessor's operation and maintenance instructions and all applicable laws; to pay all licensing or registration fees for said equipment; to keep the same free of levies, liens and encumbrances; to show the equipment as "lease equipment" on Lessee's personal property tax returns; to pay Lessor a sum equal to all personal property taxes assessed against the equipment, which sum Lessor shall remit to the taxing authority, to pay all other taxes, assessments, fees, and penalties, which may be levied or assessed on or in respect to said equipment or its use

or any interest therein, or rental payment thereon, including but not limited to all federal, state, and local taxes, however, designated, levied, or assessed upon the Lessee and may pay such taxes and other amounts and may file such returns on behalf of Lessee if Lessee fails to do so as herein provided. On written request from Lessor, Lessee agrees to reimburse Lessor for reasonable costs incurred in collecting any taxes, assessments, or fees for which Lessee is liable hereunder and remitting the same to the appropriate authorities.

10. In the event the Lessee shall default in the payment of any rent, additional rent, or any other sums due hereunder for a period of ten (10) days, or in the event of any default or breach of terms and conditions of this lease, or any other lease between the parties hereto, or if any execution or other process shall be issued in any action or proceeding against the Lessee, whereby the said equipment may be taken or distrained, or if a proceeding in bankruptcy, receivership, or insolvency shall be instituted by or against the Lessee or its property, or if the Lessee shall enter into any agreement or composition with its creditors, breach any of the terms of any loan or credit agreement, or default thereunder or if the condition of the Lessee's affairs shall so change as to, in the Lessor's opinion, impair the Lessor's security or increase the credit risk involved, then and in that event the Lessor shall have the right to (1) retake immediate possession of its equipment without any Court Order or other process of law and for such purpose the Lessor may enter the same therefrom with or without notice of its intention to do same, without being liable to any suit or action or other proceedings by the Lessee. Lessor may, at its option, sell the equipment at public or private sale for cash or on credit and may become the purchaser at such sale. The Lessee shall be liable for arrears of rent hereunder and under any other lease between the parties, for the expense of retaking possession, and the removal of the equipment, and court costs, in addition to the balance of the rentals provided for herein, or in any rental hereof, as well as for the balance of rentals due and to become due under any other lease between the parties, less the net proceeds of the sale of said equipment, after deducting all costs of taking, storage, repair and sale; and/or (2) accelerate the balance of rentals payable hereunder and under any other lease between the parties, thereby requiring prepayment of this lease and any other lease between the parties with all such rentals and charges due and payable forthwith upon such notice of acceleration and demand for payment, the Lessee nevertheless remaining and being liable for the return of the equipment and any loss or destruction of,

or injury to, the equipment in the same manner as herein provided. The foregoing rights shall be in addition to and in limitation of the rights of a Secured Party as set forth in the Uniform Commercial Code of the applicable jurisdiction. Should Lessee fail to make such payment after this notice and demand, Lessor shall be entitled to institute appropriate legal proceedings against Lessee with the Lessee being responsible for said rentals, charges, expenses, and attorney fees, if allowed by law. In the event the Lessor shall exercise any of its rights as above set forth, Lessee shall be obligated to pay, as interest, a sum equal to one and one-half (1-1/2%) percent per month, or any part thereof, on the aggregate unpaid rental payments due hereunder or under any other lease in default by reason thereof, on the aggregate unpaid rental payments due hereunder or under any other lease in default by reason hereof or otherwise, or until all arrears of rent are satisfied, provided said interest payments are allowed by law. If not allowed by law, the maximum rate of interest permissible in the appropriate jurisdiction shall be charged. The rights granted the Lessor herein shall be cumulative and an action upon one shall not be deemed to constitute an election or waiver of the other right of action to which Lessor may be entitled. All sums as hereinabove stated shall become immediately due and payable to be construed as liquidated damages rather than a penalty provision. Lessee hereby waives trial by jury.

- 11. The omission of the Lessor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Lessee at any time designated, shall not be a waiver of any such default or right to which the Lessee is entitled, nor shall it in any way affect the right of the Lessor to enforce such provisions thereafter. The Lessor may exercise all remedies simultaneously, pursuant to the terms hereof, and any such action shall not operate to release the Lessee until the full amount of the rentals due and to become due and all other sums to be paid hereunder have been paid.
- 12. If the Lessee does not exercise its option to purchase the equipment as provided in number three above, the Lessee shall return the equipment, fully decontaminated with freight prepaid to Lessor, at the end of the term hereof, at the place from which the equipment was originally shipped, in as good a condition as existed at the commencement of the term, reasonable wear and tear in respect thereto accepted.
- 13. Lessee will provide insurance certificates or elects to self-insure.

Witness our hands and seals this _____ day of January, _____ .

By _____
Lessor

By _____
Lessee

