

LEASE OPTION Co Inc.
PO Box 40851 San Juan PR 00940-0851
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EQUIPMENT LEASE AGREEMENT

This Lease Agreement, hereinafter called "The Agreement", made and entered into this _____ day of _____, 20____, by Lease Option Co. Inc. a Puerto Rico Corporation having an office and place of business at 355 Baleares, Puerto Nuevo, San Juan PR 00920, which its successors and assigns is hereinafter called the "Lessor" and _____

_____ having its principal office and place of business at _____

1. **LEASED EQUIPMENT:** Lessor hereby leases to Lessees, and Lessee hereby hires from Lessor the equipment and property described in each Equipment Endorsement (hereinafter called the "Endorsement") attached hereto, together with any additional equipment and property describe in any additional Endorsements which may hereinafter be executed by Lessee (hereinafter called the "Equipment"), for the period and upon the terms and conditions of this Agreement.

2. **DELIVERY AND TERM OF AGREEMENT:** The term of this Agreement (hereinafter called the "Lease Term") shall be, with respect to each unit to Equipment, the number of month indicated under "Lease Term" in the Endorsement pertaining thereto, commencing on the date of delivery of each unit of Equipment as delivered and accepted by Lessee pursuant to the Acceptance Certificate to be executed by Lessee in the form attached hereto as Exhibit A.

3. **DEPOSIT AND RENTAL CHARGES:** (a) Lessee will pay Lessor and Lessor will accept as payment from Lessee, as rental for the Equipment, the lease charges provided for in the Endorsement (hereinafter sometimes referred to as the "Rent"), payable each month in advanced in Commonwealth of Puerto Rico legal tender. Rent payments shall be made without any reductions, set off or counterclaim.

(b) Upon the execution of each Endorsement, Lessee shall deposit with Lessor the sum specified therein with respect to each unit of Equipment as security, to be applied, at Lessor's option, to the payment and performance of the obligations of Lessee hereunder. Such deposit shall not excuse the timely performance of Lessee hereunder with respect to each unit of Equipment; any portion of the deposit not so applied shall be returned without interest lo Lessee upon the expiration of the lease with respect to each such unit of Equipment.

(c) All charges are due and payable upon receipt of invoice, Lessee agrees than in the event any rental payment due pursuant to this Agreement is not paid within ten (10) days of the date when due, such delinquent payment may, at the election of Lessor, be subject to a late charge to be computed each month at a rate of 5% of such delinquent payment, or at the maximum legal rate of interest permitted by applicable law, whichever is less. Such late charge shall be paid concurrently with the rental payment then due.

(d) All monthly rental and other sums payable pursuant hereto shall be paid at the office of Lessor al PO Box 40851, San Juan, PR 00940-0851, or at such other place as Lessor may from time to time hereafter specify in writing to Lessee.

4. **LESSEE'S OPERATION OF THE EQUIPMENT:** Lessee shall comply with federal, state, county and municipal statutes, ordinances and regulations with may be applicable to the leasing, use or operation of the Equipment hereunder and shall prepare and furnish to Lessor all documents, returns of forms legally required there under.

5. **MAINTENANCE OF EQUIPMENT:** It is understood the Lessor makes no warranty regarding the Equipment as to condition, merchantability, or otherwise, and Lessor hereby assigns to Lessee all manufacturer's warranties applicable to the Equipment. Lessee will maintain the Equipment and all accessories and equipment thereof in good mechanical condition and running other at all times during the term of this Agreement and will furnish all supplies, funds, and other essentials required for the use or operation of the Equipment.

NO WARRANTIES BY LESSOR. Lessor makes no warranty, express, implied, or statutory as to any matter whatsoever, including the condition of the Equipment, its merchantability or its fitness for any particular purpose, and as to Lessor, Lessee leases the Equipment "as is". If the Equipment is not properly installed, does not operate as represented or warranted by the manufacturer or the vendor, or is unsatisfactory for any reason, Lessee shall make any claim on account thereof solely against the manufacturer or the vendor and shall nevertheless, pay Lessor all rent payable under this Lease. Lessor will include as a condition of this purchase order, that the manufacturer or the vendor agree that all warranties, agreements and representations, if any made by it to Lessee of Lessor may be enforced by lessee in its own name. Lessor assigns to Lessee, solely for the purpose of making and prosecuting any said claim, all rights which Lessor has against the manufacturer or the vendor for breach of warranty or other representation respecting the Equipment.

6. **COST, EXPENSES, FEES AND CHARGES:** Lessee covenants that it will pay all costs, expenses, fees and charges arising in connection with the delivery, installation, use or operation of the Equipment during the term of this Agreement in addition to the rental herein provided. Upon demand, Lessee shall reimburse Lessor for any and all such costs, etc. set forth in the preceding sentence, as Lessor may reasonably incur or may be complied to pay in connection with such Equipment.

The Lessee agrees to pay all sales taxes, use taxes, excise taxes, (including without limitation, all excise taxes payable

with respect to the Rent and any additional rent payable under this Lease), personal property, taxes, assessments and other governmental charges whatsoever and by whomsoever payable, on or relation to the Equipment subject to this Lease, including without limitation, all such taxes, fees, assessments and charges on the use, shipment, transportation, delivery or operation of the Equipment subject to this Lease. The Lessee agrees to reimburse the Lessor for any Municipal license tax and personal property taxes paid by the Lessor. The Lessor agrees to comply with all State and local laws requiring the filing of ad valorem tax returns with respect to the Equipment. Any statement for such taxes received by the Lessor shall be forwarded promptly to the Lessee, and Lessee shall pay Lessor the assessed tax corresponding to the leased Equipment. In case Lessee does not pay the property tax billed by Lessor within 15 days after notification, Lessor shall be entitled to collect from Lessee interest, late charges and penalties as if Lessee's obligation were directly with the Treasury Department.

7. LOCATION AND SURRENDER OF EQUIPMENT: Lessee agrees to keep the Equipment at the address specified in the Endorsement hereof and may not move the Equipment from said premises without the Lessor's prior written consent. Upon expiration of the Lease, Lessee shall return any unit of Leased Equipment leased hereunder.

8. RISK OF LOSS: Commencing with the delivery of the Equipment to Lessee, Lessee shall bear all risk of loss, damage, theft, taking, destruction, confiscation or requisition with respect to the Equipment, however caused or occasioned. Lessee covenants and agrees to hold Lessor harmless from any loss, damages, theft or destruction of the Equipment in the event of any such loss, damage, theft or destruction. In addition thereto, Lessee covenant and agrees to hold Lessor harmless from any loss damage or liability to third parties arising in connection with the use or operation of the Equipment.

THE PROVISIONS OF THIS PARAGRAPH (8) COMPREHEND, WITHOUT LIMITATION, CLAIMS, HOWSOEVER ARISING, WHETHER BY REASON OF NEGLIGENCE, BREACH TO WARRANTY, DEFECT IN MANUFACTURE OR MAINTENANCE OR OTHERWISE AND EVEN THOUGH STRICT LIABILITY BE CLAIMED.

9. CASUALTY: If the Equipment shall become lost, stolen, destroyed or irreparable damaged from any cause whatsoever, or shall be taken, confiscated or requisitioned (any such even herein called an "Event of Loss") Lessee shall promptly notify Lessor of the occurrence of such Event of Loss, and shall pay Lessor, within 15 days after the date of such Event of Loss (but in no event later than the Rent payment date next following such Event of Loss), an amount equal to the applicable Casualty Value of such Equipment as specified in Exhibit A to this Lease. Upon Lessor's receipt of such payment in full, this Lease shall automatically terminate as to such Equipment and Lessor's right, title and interest in such Equipment shall immediately without further action pass to Lessee, on an as-is where-is, basis without recourse or warranty.

10. INSURANCE: Lessor shall, at Lessee's expenses, cause to be maintained for the Equipment, commencing at the time of delivery of the Equipment to Lessee and continuing until the return of the Equipment in accordance with Section II, general insurance liability for personal injury, property damage and against all risks in an amount acceptable to Lessor. Lessor will also appear as named insured and loss payee.

All such policies shall be in form and with companies satisfactory to Lessor. At the time of delivery of the Equipment Lessee and thereafter on a date not less than 30 days prior to each insurance policy expiration date, Lessee shall deliver to Lessor certificates of insurance or other evidence satisfactory to Lessor showing that such insurance coverage is and will remain in effect in accordance with Lessee's obligation under this Section 10. Lessor shall be under no duty to ascertain the existence of any insurance coverage or to examine any certificate of insurance or other evidence of insurance coverage or to advise Lessee in the event the insurance coverage does not comply with the requirements hereof. Lessee shall give Lessor prompt notice of any damage, loss, or other occurrence required to be insured against with respect to the Equipment.

If any insurance proceeds are received with respect to an occurrence which does not constitute an Event of Loss and no Event of Default has occurred and is continuing, such proceeds shall be applied to payment for repairs. If any insurance proceeds are received by Lessor with respect to an occurrence which constitutes an Event of Loss and no Event of Default has occurred and is continuing, such proceeds shall be applied toward Lessee's obligation to pay the applicable Casualty Value for such Equipment. If any Event of default has occurred and is continuing, any insurance proceeds received shall be applied as Lessor in its sole discretion may determine. Lessor reserves the right to pay all amounts of insurance due and all such payments by Lessor shall be added to unpaid Rent and shall be payable by Lessee to Lessor on demand in accordance with the terms set forth in Section 18.

11. RETURN: At the expiration or earlier termination of the Lease Term as to the Equipment, Lessee shall, at its expenses, return such Equipment to Lessor at the location specified by Lessor, in the same condition as when received by Lessee, reasonable wear and tear resulting from authorized use excepted.

12. USE: The Equipment shall be used and operated by Lessee only in the ordinary conduct of its business by qualified employees of Lessee and in accordance with all applicable manufacturer instruction as well as with all applicable legal and regulatory requirements.

13. IDENTIFICATION: Lessee shall, at its expense, place and maintain permanent markings on the Equipment evidencing ownership, security and other interests therein, as specified from time to time by Lessor. Lessee shall not place or permit to be placed any other markings on the Equipment which might indicated any ownership or security interest in such Equipment. Any marking on the Equipment not made at Lessor's request shall be removed by Lessee, at

its expense, prior to the return of such Equipment in accordance with Section 11.

14. **INSPECTION:** Upon reasonable prior notice, Lessee shall make the Equipment and all related records available to Lessor or its agents for inspection during regular business hours at the location of such Equipment.

15. **INDEMNITY:** Lessee shall indemnify Lessor against and hold Lessor harmless from any and all claims, actions, damages including reasonable attorney's fees, obligations, liabilities and liens (including any of the foregoing arising or imposed without Lessor's fault or negligence or under the doctrine of strict liability) arising out of the manufacture, purchase, lease, possession, operation, condition, return or use of the Equipment, or by operation of law. Upon written notice by Lessor of the assertion of such a claim, action, damage obligation, liability of lien, Lessee shall assume full responsibility for the defense thereof. The provisions of this paragraph shall survive termination or expiration of this Lease.

16. **NET LEASE:** This is a net Lease and Lessee's obligation to pay all rent and other sums hereunder shall be absolute and unconditional, and shall not be subject to any abatement, reduction, set off, counterclaim, interruption, deferment or recoupment, for any reason whatsoever.

17. **OWNERSHIP:** The Equipment is, and shall at all times remain, the personal property of Lessor; Lease shall no right, title or interest therein except as a Lessee under the terms of this Lease. Lessee shall keep the Equipment free and clear of all liens and encumbrances. The Equipment shall at all times remain personal property notwithstanding that it may become affixed to realty or improvements thereon.

18. **SPECIAL CHARGES:** If Lessee fails to pay when due any amount herein to be paid to Lessor (other than the rent payment set forth in paragraph 3 (a) hereof), Lessee shall pay to Lessor a special charge of \$_____ of each such delinquent amount for each thirty days period or part thereof for which said amount is delinquent.

19. **ASSIGNMENT:** Without the prior written consent of Lessor, Lessee shall not assign, transfer, sub-lease or otherwise dispose of this Lease or any interest therein or sublet the Equipment or permit the Equipment to be used by anyone other than Lessee or the employees of Lessee. Lessor shall have the right to assign, transfer, pledge, hypothecate or otherwise dispose of its interest in this Lease. Each assignee shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee agrees to make all payments required hereunder to any assignee of Lessor without asserting any defense, set off, recoupment, claim or counterclaim which Lessee may have against Lessor. Notwithstanding any assignment, Lessee shall quietly enjoy use of the Equipment subject to the terms and conditions hereof.

20. **EVENT OF DEFAULT:** An "Event of Default" shall occur if Lessee fails to pay any Rent, or other sums required to be paid by Lessee hereunder when the same is due and payable, or if Lessee fails to perform any other provision hereof within 10 days after Lessor shall have demanded performance thereof in writing, or if any proceeding in bankruptcy receivership, or insolvency shall be commenced by or against Lessee or its property, or if Lessee makes any assignment for the benefit of its creditors, or if in the business and affairs of Lessee or of any guarantor thereof there occurs a material change (including a change in the control or ownership of Lessee or such guarantor) which in Lessor judgment shall impair the security of the Equipment or increase the credit risk involved herein or if Lessee or any guarantor fails to notify Lessor of any material changes in its respective business and affairs (including a change in the control or ownership of Lessee or such guarantor), or if any of the above described events occur with respect to any guarantor or any other party liable for payment of performance of this Lease, or if Lessor deems itself insecure due to any impairment of its rights under this Lease, whether due to the financial condition of Lessee or otherwise.

21. **REMEDIES:** If one or more Events of Default shall have occurred and be continuing, Lessor at its option may at any time thereafter: (a) sue at law or equity to enforce performance of this Lease or to recover damages for breach thereof (b) by notice in writing to Lessee, terminate this Lease as to all or any items of Equipment, and/or (c) declare the entire amount of the unpaid Rent for the balance of the term of this Lease immediately due and payable whereupon Lessee shall become obligated to pay to Lessor forthwith, the total amount of the unpaid Rent for the balance of the lease term, plus damages, if any, and shall additionally be liable to Lessor as herein provided. This Lease immediately due and payable whereupon Lessee shall become obligated to pay to Lessor, forthwith the total amount of the unpaid Rent for the balance of the Lease term, plus damages, if any, and additionally be liable to Lessor as herein provided. Any specification herein of Lessor's remedies shall not be deemed to be exclusive, but shall be in addition to all other remedies in its favor, whatsoever existing and shall be cumulative. In the event of termination, Lessee shall be liable for the return of Equipment to Lessor as provided in Section 11 hereof, but Lessor may take possession of, and remove any or all of the Equipment wherever it may be located. Lessee hereby waives any and all damages occasioned by such taking of possession. Any such taking of possession shall not constitute a termination of this Lease as to any and all units of Equipment or an election of the remedy or remedies which Lessor is granted under this Lease, unless Lessor expressly so notifies Lessee in writing.

22. **ATTORNEY'S FEES:** In the event of any default as provided hereinbefore, Lessee shall be liable for and shall pay Lessor all expenses incurred by Lessor in connection with the enforcement of any or all of Lessor's remedies, including all expenses of repossessing, storing, repairing and selling the Equipment and legal expenses to include costs and attorney's fees equal to 30% of all amounts owed. Court costs, expenses and attorney's fees shall be due by Lessee with the filing of such an action by Lessor and said amount will be total to amount of unpaid rent.

23. **GOVERNING LAW:** This contract and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico without giving effect to any Law that cause

the laws of any jurisdiction other than the Commonwealth of Puerto Rico to be applied. The state Courts of the Commonwealth shall have exclusive jurisdiction to decide disputes, if any, arising out of or relating to this Contract and the parties voluntarily and irrevocably consent and submit to such jurisdiction for all purposes. All actions must be brought in the state Court of the commonwealth located in San Juan, Puerto Rico

23. NOTICES: Any written notice of demand under this Lease may be given to a party by mailing the notice of demand to the party at its address set forth herein or at such address as the party may provide in writing from time to time. Notice or demand so mailed shall be effective when deposited in the United States Mail, duly addressed and with postage prepaid.

24. SCHEDULES: It is hereby mutually agreed that Exhibit A and the Endorsement with or without a numeral following, when and as executed by both parties and annexed hereto, shall thereupon become a part of any subject to this Agreement.

25. MISCELLANEOUS: No provisions of this Lease can be waived or modified except by the written consent of Lessor. Lessee shall provide Lessor with such corporate resolutions, opinions of counsel, financial statements and other documents as Lessor may request from time to time. If more than one Lessee is named on this Lease, the liability of each shall be joint and several. Lessee represents and warrants that all credit and financial information submitted to Lessor in connection herewith is true and correct.

26. CO-SIGNOR: All the provisions of this Agreement shall be binding and enforceable against the Lessee as well as against any person or persons signing it as co-signor(s), it being agreed by the parties that all such co-signors shall be jointly and severally liable for any and all of the obligations imposed on Lessee under this Lease.

27. HEADINGS: It is agreed that the headings for the various paragraphs herein are for reference only and are not part of this Agreement.

28. EARLY PRE-PAYMENT: If you are not arrears or default under this lease and you decide to prepay the remaining rental payment under this Lease before the end of the Term, you will pay us at such time the sum of (1) the Present Value of the Lease plus any others sum outstanding under the Lease, and (2) an indemnity of one month’s rental or 5% of the balance prepaid whichever is less.

29. EFFECTIVENESS: This Agreement shall no become effective until executed by an officer of both the Lessor and the Lessee. The laws of the Commonwealth of Puerto Rico shall govern all questions or disputes, whether in tort or contract, relating to the interpretation, performance, validity, enforcement or effect of this Agreement.

30. SEVERABILITY: Any provision of this agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization, without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

31. COUNTERPARTS: This contract may be executed in one or more counterparts, including by facsimile and/or electronic mail, each of which shall be deemed and original, but all of which shall constitute one and the same instrument.

32. RIGHT TO CONSULT WITH COUNSEL: Lessee may consult with counsel of its own choice and shall have full and complete authority and protection for any action taken or suffered by it in accordance with the opinion if such counsel.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by duly authorized officers on the day and year first above written.

THIS IS NOT A RETAIL INSTALLMENT SALES CONTRACT NOR A CONDITIONAL SALES CONTRACT. It’s CANCELLATION BEARS PENALTY, DO NOT SIGN THIS CONTRACT WITHOUT READING IT OF OR IT HAS BLANK SPACES. YOU HAVE THE RIGHT TO A COPY OF THIS CONTRACT AND ITS SCHEDULES. YOU ACKNOWLEDGE RECEIPT OF A COPY OF THE ORIGINAL OF THIS LEASE CONTRACT.

Lessee Name_____

By:_____
Title

By:_____
Title

Co-Signor:_____

Lessor: Lease Option Co. Inc.

By:_____
Title

Co-Signor:_____

ASSIGNMENT

For value received all rights and interests in this contract are assigned unto

Lease Option Co. Inc.

Dates this _____ day of _____ 20,_____.

By:_____.