

LEASE OPTION Co Inc.
PO Box 40851 San Juan PR 00940-0851
Tel- 787-982-0044/787-982-0064 Fax- 787-982-0084

VEHICLE 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 _____

Please Initial _____ Lessee represents that the Vehicle leased hereby is used for business, commercial or agricultural purposes, is not used primarily for personal, family, or household purposes and this agreement is not a "consumer lease" within the meaning of the Consumer Leasing Act of 1976.

In consideration of the mutual covenants hereinafter contained, the parties hereto agree for themselves, their heirs, executors, successors, administrators, representatives and assigns, as follows:

1. Lease of vehicle: Lessor hereby leases the Vehicle to Lessee. The lease term for the Vehicle starts on the date on which the Vehicle is received by Lessee and ends at the option of either party at any time after the Minimum Lease Term.

2. Rental Term: (a) Commencement. If the Vehicle is received by Lessee on or before the fifteenth day of any month, the rental term shall start on the first day of such month. If the Vehicle is received by Lessee on or after the sixteenth day of any month the rental term shall start on the first day of the subsequent month.

(b) Termination. If surrender of the Vehicle occurs on or before the fifteenth day of any month, the rental term shall end on the last day of the preceding month. If such surrender occurs on or after the sixteenth day of any month, the rental term shall end on the first day of such month.

3. Rent: (a) Lessee agrees to pay the rental monthly in advance on the first day of each month of the rental term. Lessor shall send to Lessee a monthly statement of amounts due and Lessee shall immediately pay such amounts to Lessor. Rental is subject to the imposition of a "late charge" in the amount of 5.00% of any rental not paid within the first ten (10) days following the date of the monthly statement, or the unpaid portion thereof, or such maximum late charge, if any, as may be established by applicable law, whichever is less. If the manufacturer's price of the Vehicle is increased or decrease prior to the delivery of the Vehicle, the Monthly Rental shall be increased or decreased by a sum equal to the amount of said increase or decrease divided by the number of months of the Minimum Lease Term.

(b) Lessor acknowledges receipt of the Security Deposit noted above, and shall hold the same as security for the full and faithful performance and observance by Lessee of all the terms, covenants and conditions herein contained. The Security Deposit shall be returned to Lessee at the end of the lease term, provided that Lessee has fully performed this Agreement. Lessee agrees that Lessor shall be subject to no restrictions or limitation with respect to the Security Deposit except as may be provided herein. It is expressly stipulated and agreed that the Security Deposit is not an advance payment of or on account of the rent, or a measure of Lessor's damages.

4. Vehicle Delivery: Lessee understands that when the Vehicle is accepted, it is deemed to be in good order, as requested and suitable for its purposes. Lessor will make all of its rights, if any, under the manufacturer's warranty on the Vehicle available to Lessee.

5. Vehicle Operation: Lessee shall maintain and operate the Vehicle in strict conformity with all applicable provisions of law and shall not permit the Vehicle to be used to transport goods or passengers for hire. Lessee shall comply and shall cause all persons operating the Vehicle to comply with all provisions of law applicable to the Vehicle's registration, leasing, insurance, use and operation, and with all condition of the Vehicle's insurance, and shall prepare and furnish to Lessor all documents required there under. Lessee agrees that whenever any provision of law requires installation of any accessories or equipment. Lessee will comply with all such requirements and will accept and pay for such equipment when the vehicle is acquired for Lessee. Lessee shall be solely responsible for fines and penalties for violations of any provision of law, including but not limited to parking ordinances, arising out of the Vehicle's use and/or operation. If the Vehicle is used for purposes not permitted by the Agreement (i) Lessee will reimburse Lessor for all damages sustained by Lessor as a result of such misuse, including, without limitation, Lessor's liability for or payment of any fines which may be imposed on Lessor or paid on behalf of Lessee by Lessor and (ii) Lessor may at its option terminate this Agreement. Lessee shall not mortgage or otherwise encumber Lessee's interest in the Vehicle or this Lease, or place the Vehicle in the possession of any person other than Lessee, its agents and employees, and members of the immediate family of such persons, each of whom must possess a valid driver's license. The possession of the Vehicle by an unauthorized person shall be at the sole risk and responsibility of Lessee, and Lessee shall, at Lessor's option, be considered in breach of this Agreement.

6. Cost, Expenses, Fees, Taxes and Charges: Lessee at its sole expense shall cause the Vehicle and all accessories and equipment to be maintained in good mechanical condition, appearance and running order. The vehicle shall be title and/or registered in Lessor's name. Lessee shall pay and be solely responsible for all costs, expenses, fees, taxes and charges incurred in connection with the Vehicle's use, maintenance and operation, including but not limited to gasoline, oil, grease, repairs, tires, tubes, storage, parking, tools, adjustments, other servicing costs, on or relating to the Vehicle and its operation. Upon demand, Lessee shall reimburse Lessor for any expenses referred to above which Lessor may incur or pay in connection with the Vehicle. THE VEHICLE IS LEASED BY LESSOR TO LESSEE AS IS, THERE BEING NO WARRANTIES OF ANY KIND MADE BY LESSOR, EITHER EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE VEHICLE, WHETHER OF MERCHANTABILITY OF FITNESS FOR A

PARTICULAR PURPOSE OR OTHERWISE.

7. Sublease or Assignment by Lessee Prohibited: Lessee shall not sublease the Vehicle or assign this Agreement or any rights hereunder except with Lessor's prior written consent. Lessee acquires no proprietary right, title or interest to the Vehicle by this Agreement except as herein provided.

8. Lessor Not Liable: Lessor is not liable for any loss of business or other indirect, consequential or special damages caused by the failure or interruption of service to be given by Lessor or arising out of or in connection with this Agreement or the possession, use or operation of the Vehicle. Lessee agrees that the sums payable by Lessee under this Agreement are not subject to any abatement, defense, set-off, counterclaim or recoupment. Lessee expressly relieves Lessor from liability for any failure to deliver the Vehicle due to any cause beyond Lessor's control. Lessor is not liable for any acts or omissions of Lessee, its agents or employees, or for any property lost, damaged or stolen from the Vehicle, whether or not the Vehicle is in Lessor's custody and whether or not such loss theft or damage was caused by or related to the negligence of Lessor, Lessee shall indemnify, defend and hold harmless Lessor from and against any loss, claim, suit, liability, cost or expense caused by or arising out of any such loss, theft or damage

9. Surrender of Vehicle: Lessee may surrender Vehicle at any time after the Minimum Lease Term upon written notice to Lessor. Following such notice, Lessee shall, at its own expense, surrender the Vehicle at such place as may be agreed upon.

10. Loss of or damage to Vehicle: All risks of loss of or damage to the Vehicle are assumed by _____ during the term of the lease. If the Vehicle is lost, stolen or disappears and is not recovered by Lessee within a period of 30 days, or is (i) no longer available for use by Lessee, (ii) not available for return to Lessor, or (iii) damaged beyond repairs, then Lessee shall promptly notify Lessor, the lease term shall terminate upon Lessor's receipt of such notice and the Vehicle will be treated as having been surrendered by Lessee pursuant to Section 9. The same shall apply in case the Vehicle is abandoned by Lessee. Anything herein notwithstanding, Lessee agrees to be responsible for the \$100 deductible mentioned in the following paragraph.

11. Insurance _____ shall at all times during the lease term, at its expense, furnish automobile liability and property damage insurance for the Vehicle with limits of coverage of not less than \$100,000 for injury to or death of one person and, subject to that limit for each person, \$300,000 for all persons injured or killed in the same accident and \$25,000 for damage, destruction and/or loss of use of property, as a result of any one accident, excluding damage to, or destruction of, property owned by or rented to, or destruction of, property owned by or rented to, in charge of, or transported by Lessee, its drivers or any person operating the Vehicle, from the time the Vehicle is delivered to Lessee or its representative until the Vehicle is sold and legal title passes to its purchaser. Lessee agrees that the Vehicle shall be covered by \$100.00 deductible collision insurance and full comprehensive damage insurance, including fire and theft. Such insurance policies shall name Lessee, Lessor, and its parent, affiliated and other companies designated by Lessor as additional insured and protect Lessor and such other companies against any loss, damages, claims, suits, actions or liability. Such endorsement or endorsements shall provide that such insurance company or companies shall give Lessor at least 30 days prior notice in writing of any proposed cancellation, modification, or alteration of such insurance. Such insurance shall be with such insurers as Lessor shall require or approve. Lessor shall be named as a payee on all insurance, _____ shall furnish to _____ certificates or other satisfactory evidence of insurance required hereunder. Nothing herein contained shall relieve Lessee of the primary liability with respect to the operation and possession of the Vehicle or relieve the Lessee of the obligation to return the Vehicle to Lessor as required.

12. Indemnity: Regardless of any insurance provided in Section 12 hereof Lessee covenants and agrees at all times to indemnify, save harmless and defend Lease Option Company, Inc. its parent, affiliated and other companies designated by Lessor and their respective directors, officers, employees, successors and assigns, against any and all claims for loss, damages or injury and from and against any suits, action, or legal proceedings of any kind brought against Lease Option Company, Inc. or such other parties by or on account of any person, persons or entities or on account of any injuries received or sustained by any person, persons or entities in any manner (howsoever arising, including without limitation, by reason of negligence, breach of warranty, defect in manufacture or maintenance or otherwise and even though strict liability be claimed), directly or indirectly caused by, incident to, or growing out of the possession, maintenance, condition (including latent defects whether or not discoverable by Lessor), loading or unloading or operation of the Vehicle during the lease term. Lessee further agrees to take upon itself the settlement of all such claims and the debt of any suit, suits or legal proceedings of any kind brought to enforce such claim or claims, and to pay all judgments entered in such suit, suits or legal proceeding, and all costs of attorneys' fees or other expenses. Lessee agrees that in any instance where such claims in any way affect Lessor interest under this Agreement or otherwise, Lessee shall not consummate any settlement without Lessor's prior written consent. Lessee's covenants of indemnity herein shall continue in full force and effect notwithstanding the termination of this Agreement, or the surrender or sale of the Vehicle.

13. Default: (a) In the event that,
(i) Lessee fails to pay any rents or amounts payable;
(ii) Lessee fails to perform or observe any other term, covenant or agreement for a period of ten days after written notice given by Lessor specifying the default or defaults; (iii) Lessee become insolvent or bankrupt or fails to pay its debts as they mature or makes an assignment for the benefit of creditors or suffers dissolution or the termination of its existence; or a trustee or receiver is appointed for Lessee or any of its property; or bankruptcy, reorganization, insolvency or attachment proceedings under any other laws relating to the relief of debtors or similar laws is commenced by a against Lessee, including, without limitation, a proceeding for reorganization under Chapter 11 or for adjustment of debts under Chapter 13 of the United States Bankruptcy Code; or (iv) Lessee commits or omits any event in which Lessor reasonably determines impairs Lessee's prospect of making payments or performing any of the other covenants required by Lessee; then Lessor may declare Lessee in default.

(b) Upon Lessee's default, all of the rights of Lessee hereunder shall terminate and the Vehicle shall be immediately surrendered to Lessor at Lessee's expense at a location specified by Lessor; Lessor may repossess the Vehicle with or without process of law, at Lessee's expenses and without liability for trespass or otherwise. Should Lessee default by failing to provide bodily injury and property damage insurance as required then the notice in subsection (ii) above shall not be required and Lessee shall immediately be in default.

(c) In the event of default the rental term for the Vehicle shall terminate on the last day of the month in which the Vehicle is surrendered or repossessed. Lessor may retain all rents and payments previously received, including any refunds and any other sums otherwise payable to Lessee. Lessor shall be entitled to recover from Lessee any unpaid monthly rents for the Vehicle's rental term and any additional sums due and unpaid, together with costs and expenses, including reasonable attorney's fees, incurred by Lessor in the enforcement of its rights and remedies under this Agreement, and any and all damages provided by law. In any event, Lessor shall be entitled to receive from Lessee a minimum of the monthly rental through the end of the Minimum Lease Term if the Vehicle is in service for less than the Minimum Lease Term at the date of default.

14. **Manufacturer's Notification:** If Lessor is notified by the manufacturer of the Vehicle or any of its parts that a possible defect or other possible unsafe condition may exist in the Vehicle or part, Lessor will pass on the initial notification to Lessee. Once Lessor shall have passed on such notification, Lessee waived any further notifications by Lessor with regard to the same possible defect or condition.

15. **Assignment of Agreement by Lessor:** Lessor may from time to time assign all or any part of its right, title and interest in this Agreement including all moneys and claims for moneys due and to become due to Lessor hereunder. Lessee's obligation to pay said moneys to the Assignee, upon prior written notice to Lessee by the Assignee, shall be absolute and unconditional and shall not be subject to any defense or set off. The Assignee shall have no obligation or liability under this Agreement by reason of or arising out of such assignment, nor shall the Assignee be required or obligated in any manner to perform or fulfill any obligations of Lessor under this Agreement. This Agreement and any right or interest created in the Vehicle shall be subject and subordinate to all security interest in such Vehicle heretofore or hereafter granted by Lessor to the Assignee covering such Vehicle; provided, however, that Lessee may remain in possession of such Vehicle until expiration of the lease term as long as the Lessee shall make due and timely payment to such Assignee of all moneys then and thereafter due hereunder and perform all other covenants and obligations of this Agreement; and provided further that in the event of any default by the Lessee the provisions of Section 14 shall apply and all rights and remedies of Lessor shall inure to Assignee.

16. **Entire Agreement:** Lessor and Lessee agree that this instrument constitutes the entire agreement between the parties and shall not be amended or altered in any manner unless such amendment be in writing and signed on behalf of the parties by an executive officer of each if a corporation or, if Lessee be other than a corporation, by that party in person.

17. **Interpretation:** This lease is governed in all respect by the laws of the Commonwealth of Puerto Rico.

18. **Caption:** The captions appearing in this Agreement are inserted solely for convenience and do not in any way define, limit or describe the scope of this Agreement or the intent or content of any provision thereof.

19. **Notices:** All notices that either party is required or desires to give the other party shall be in writing signed by or on behalf of the party giving the same, sent by United States registered or certified mail, addressed to the other party at its respective address stated above or such other address as either shall hereafter furnish the other in writing; and shall be effective from the date of receipt, except for such sent by Lessor, which shall be effective from the date of mailing.

20. **Return of Vehicle:** At the end of the Term, or if you are in default and we make a written request, you will, at your expense, return the Vehicle to us at a reasonable place to be designated by us. You agree to have risk of loss during transit. If you fail to return the Vehicle within ten (10) days after the end of the Term, you agree that we will have the option of extending the Lease on a month-to-month basis under the same terms as stated in this Lease, except that we may not extend this Lease if you have made all payment due under the Lease and we have agreed to a \$1.00 purchase option. You agree to return the vehicle in a state of good condition and repair and will pay us for any damages the Vehicle may have upon return of the same. Each returned vehicle will be free of your personal property including all advertising, tax, decals or other insignia placed on the vehicle by you, and will be returned in the same condition the vehicle was when delivered to you, with the exception of ordinary wear and tear. Should the vehicle be returned with tags, decals, insignias, and/or all other advertising attached to it, we will remove the same at your cost, vehicle excess wear will be determined according to the following guidelines; vehicle will be mechanically sound, and will not be missing any parts, will have matching set of five tires with even wear (with no less than 25% percent of even wear remaining), and have no body scratches or dents of over one inch in length or diameter and no rust that cannot be removed, no mismatch of paint in areas that may have been repainted, no special fleet colors or identification, and no paint scratches, chips or rusted areas of over one inch in length or diameter or series of smaller ones; the front and rear windshield will not be cracked, chipped, or scratched, have no broken or cracked glass or any kind, no malfunctioning or in operating windows mechanisms, no broken sealed beams or lenses, no peeled or scratched chrome and other bright metal exterior trim with scratches through to the metal or over one inch in length, nor dents that are larger than one inch in length or diameter, or a number of smaller dents in the same molding including headlight and tail light bezels, no grills that are broken or damaged, nor bumper dents measuring more than a inch in length or diameter, and no damaged or turned seats, seats back, carpeting, doors, panel, dash or headlining. All costs incurred by us for any reconditioning that may required due to excess wear and tear, may be charged to you.

21. **Early Pre-Payment:** If you are not in arrears or default under this lease and you decide to prepay the remaining rental payments 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 other sum outstanding under the Lease, and (2) an indemnity of one month's rental or 5% of the balance prepaid, whichever is less.

22. **Co-Signor or Guarantor:** 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), or guarantor(s), it being agreed by the parties that all such co-signors and guarantor shall be jointly and severally liable for any and all of the obligations imposed on Lessee under this Lease.

23. **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.

24. You authorized us to correct obvious errors in this Lease and to insert the Lease number, the serial numbers and other data identifying the Vehicle, following our execution of the Lease. You agree that this Lease is a

finance lease contract in accordance with Act No 76 of August 13, 1994, known as "Act to Regulate Personal Property Lease Contracts" as amended, any other provision of law notwithstanding.

25. Other Important Terms: See your Lease documents and other corresponding schedules and exhibit A for additional information on early termination purchase option and maintenance responsibilities, warranties, late and default charges, insurance, and any security interest, if applicable.

26. 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.

27. 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

28. 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.

29. 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

30. 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.

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 OR IF 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 _____

Lessor: Lease Option Co. Inc.

By: _____
Title

By: _____
Title

By: _____
Title

Co-Signor: _____

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: _____.