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Gould Leasing Ltd., LESSOR

LEASE CONTRACT

| | | | | | |
|-----------------------------|---|---------------|-----------|--------------------------------|----------------------|
| LESSEE NAME | | | | | LEASE NO. |
| | | | | COMMENCE DATE | EXPIRATION DATE |
| ADDRESS | | | | | |
| CITY AND PROVINCE | | | | POSTAL CODE | |
| PERSON TO CONTACT AND TITLE | | | | TELEPHONE NO. (Inc. Area Code) | |
| SUPPLIER | Name: | | | Bank: | |
| | Address: | | | Address: | |
| | Sales Representative: | | | Acct. # | |
| LOCATION OF EQUIPMENT | | | | | |
| LANDLORD INFORMATION | Name and Address of Landlord | | | | |
| QUANTITY | EQUIPMENT DESCRIPTION (Including Model and Serial No.(s)) | | | | |
| | | | | | |
| | | | | | |
| ADDITIONAL PROVISIONS | | | | | |
| INITIAL DEPOSIT | The Lessee agrees to an initial deposit upon execution of this lease of \$ _____ which represents 1st month's rent and security deposit equal to last _____ month's rent. | | | | |
| Term (No. of Months) | No. of Payments (Less Deposit) | Rental Amount | Other Tax | Prov. Sales Tax | Total Rental Payment |
| | | | | | |

TERMS AND CONDITIONS OF LEASE - ADDITIONAL TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF FORM A PART OF THIS LEASE

This lease shall not become binding upon Lessor until accepted in writing by Lessor as evidenced by the signature of a duly authorized officer of Lessor in the space provided below.

Lessor hereby leases to Lessee the personal property herein described and all accessories supplied therewith and accessories thereto, all herein called the Equipment upon the terms and conditions set forth herein.

1. RENTAL. Lessee shall pay to Lessor as rental for the equipment the periodic rent payments set forth above. Such rent payments shall be payable at the Lessor's Head Office as follows: First rent payment upon the execution hereof by Lessee and subsequent rent payments every calendar month, or other calendar period, after the month of shipment on the 1st of such month or period. Rent hereunder is payable without abatement; provided that a charge may be assessed on any partial receipt of Equipment by Lessee from time to time prior to the actual commencement date of the lease computed from the respective dates of such receipts and said payment shall become due and payable on said actual commencement date. If monthly or other periodic rental payments include the cost of a service contract, Lessee agrees to pay any increase in such service contract costs as they are increased from time to time.
2. LOCATION AND USE. The Equipment shall be located and used at the place designated herein and not elsewhere, without the prior written consent of Lessor, Lessee shall cause the Equipment to be maintained and operated carefully, in compliance with manufacturer's recommendations and applicable laws and regulations, by competent and duly qualified personnel only, and for business purposes only.
3. SECURITY INTEREST. Lessee grants Lessor a security interest in the said equipment and all proceeds thereof to secure all amounts outstanding by Lessee to Lessor.
4. GUARANTEE: IN CONSIDERATION of the leasing to the Lessee of the equipment described within and of One Dollar (\$1.00) paid to the undersigned Guarantor(s), the undersigned hereby and each of them jointly and severally guarantee(s) to the Lessor, its successors and assigns, the payment by the Lessee of the rent within the reserved, any other amounts which may be owing by the Lessee under the terms of this lease, and all carrying out by the Lessee of all covenants and provisions of the within lease and any renewals thereof, and the undersigned hereby waives notice of all defaults and consents to all extensions of time, if any granted or which may be granted by the Lessor. Any amount not recoverable from the Guarantor(s) on the footing of a guarantee shall be recoverable from the Guarantor(s) as principal debtor(s) and shall be paid to the Lessor, and this indemnity shall remain in force subsequent to the expiry or other termination of this lease.

Witness _____

Guarantor's Signature _____

Print Name (s) _____

THE UNDERSIGNED ACKNOWLEDGES HAVING READ THE ENTIRE LEASE AND ACCEPTS THE TERMS AND CONDITIONS THEREOF

The undersigned affirms that he is duly authorized to execute this LEASE CONTRACT

NAME OF LESSEE: BY: TITLE:

WITNESS: BY: TITLE:

GOULD LEASING LTD.

EXECUTED BY GOULD LEASING THIS day of 2..... BY: TITLE:

5. **REPRESENTATIONS AND WARRANTIES:** LESSOR hereby assigns to LESSEE, for and during the lease term, the warranties, if any and if assignable, of the manufacturer with respect to the Equipment and LESSOR agrees that upon the prior written request of LESSEE, and at LESSEE'S expense, LESSOR will co-operate with LESSEE in such enforcement of any warranty, guarantee or other obligation made by the manufacturer or supplier in respect of the Equipment, as may be reasonably necessary. LESSEE acknowledges that LESSEE alone has selected the Equipment and that LESSOR is not a manufacturer or distributor or an agent thereof, and there are no agreements, representations, warranties or conditions, oral or written, expressed or implied, legal, statutory, customary collateral, or otherwise, given or made by LESSOR with respect to or in connection with the Equipment or this lease and the same are hereby expressly excluded. LESSEE acknowledges that the essential element hereof is lease financing only and the LESSEE agrees to pay rent unconditionally to the LESSOR without set-off or compensation. In the event that the Equipment is not properly installed, does not perform as represented by the manufacturer or supplier or totally fails to function or perform, the LESSEE will look to the LESSOR only for co-operation as aforesaid in the enforcement of any warranty, guarantee, or other obligation made by the manufacturer or supplier in respect of the Equipment.
6. **INSURANCE:** LESSEE assumes all risks and liability for the maintenance, repair, testing, use and operation of the said Equipment and for personal injuries and property damage howsoever arising from or incidental thereto, whether such injuries be to agents or employees of LESSEE or to third parties and whether such damage to be the property of LESSEE or of others. LESSEE will at its own expense maintain insurance policy or policies covering the said Equipment against loss due to risks insured against by a policy of fire and extended coverage insurance, or otherwise as required by LESSOR on the said Equipment, and will maintain liability and property damage insurance with respect to the said Equipment. All such insurance shall protect the interests of both LESSOR and LESSEE, shall be in such amounts, and be with such insurers as the LESSOR may approve, and shall provide that the same may be altered or cancelled only after ten (10) days prior written notice to, and that losses shall be adjusted only with, and paid to, LESSOR and shall indicate LESSOR as loss payee. LESSEE shall deliver to LESSOR, prior to the beginning of the Lease term, or prior to the effective date of any cancellation or expiration of such insurance, as the case may be, the insurance policy or a certificate or other evidence, satisfactory to LESSOR, of the maintenance of such insurance.
7. **LOSS OR DAMAGE:** All risks of loss, theft, destruction and damage to the said Equipment, from whatever cause are assumed by the LESSEE. If any of the said Equipment should be damaged, but be capable of being repaired and if the applicable insurance proceeds be insufficient to pay the cost of repairing the same, LESSEE shall either repair, or replace the same, at LESSEE'S cost. Any and all repairs, replacements or substitutions of parts of Equipment on the said Equipment shall be at LESSEE'S expense and shall be deemed accessions to the Equipment, and shall be subject to the terms hereof.
8. **NO SUBLEASE OR ASSIGNMENT OF LEASE BY LESSEE:** The LESSEE shall not transfer, deliver up possession of or sublet the said Equipment and the lease hereby granted shall not be assignable by the LESSEE without written permission of the LESSOR, which permission may not be arbitrarily withheld.
9. **MAINTENANCE AND INSPECTION OF EQUIPMENT:** The LESSEE shall at all times and at the LESSEE'S own expense keep the said Equipment in good and efficient working order and repair. The LESSOR, its employees and/or agents shall at all reasonable times have access to the said Equipment for the purpose of inspecting it. The LESSEE shall not, without the prior written consent of the LESSOR, make any alteration or improvements to the said Equipment. All such alterations, additions or improvements so made shall belong to and remain the property of the LESSOR.
10. **COMPLIANCE BY LESSEE WITH ALL LAWS, ORDINANCES, ETC.:** The LESSEE shall comply with and conform to all laws, ordinances and regulations present or future, in any way relating to the ownership, possession, use or maintenance of said Equipment throughout the term of this lease and to the perfect exoneration from liability of the LESSOR.
11. **EQUIPMENT TO BE KEPT FREE OF LEVIES, LIENS, CHARGES, ETC.:** The LESSEE shall keep the Equipment free of levies, liens and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (Municipal, Provincial and Federal), which may be levied or assessed directly or indirectly against or on account of the said Equipment or any interest therein or use thereof. If the LESSEE shall fail to pay such license fees, registration fees, assessments, charges or taxes, the LESSOR may pay such license fees, registration fees, assessments, charges and taxes as the case may be in which event the cost thereof shall constitute so much additional rent, which shall be forthwith due and payable and the LESSOR shall be entitled to all the rights and remedies provided herein in the event of default of payment of rent.
12. **INDEMNIFICATION OF LESSOR BY LESSEE:** The LESSEE shall indemnify and save the LESSOR harmless against any and all claims, costs and expenses in any manner arising from the LESSEE'S use or possession of the said Equipment and against all loss, damage and expense whatsoever arising from any action, suit or proceedings or otherwise on account of any personal injury or death or damage occasioned by the said Equipment during the term hereby created or on account of any infringement or alleged infringement of patent occasioned by the operation of the said Equipment.
13. **EQUIPMENT TO REMAIN PERSONAL PROPERTY:** The said Equipment shall at all times during the term of this lease be and remain personal or moveable property, regardless of the manner in which it may be attached to any real estate. The LESSEE shall install the said Equipment in a manner, which will permit its removal without material injury to the place of installation. The LESSEE shall be responsible for any damage done to any real estate, building or structure by the removal of the said Equipment and shall indemnify and save harmless the LESSOR therefrom.
14. **TERMINATION ON DEFAULT:** Upon the occurrence of any event of default, the LESSOR may, at its option, terminate this lease by notice to the LESSEE whereupon the LESSEE shall be obligated to return the said Equipment to the LESSOR and shall also be liable to the LESSOR for the payment of the total rent therefor, and all such rent shall become due and payable forthwith, and for all damages which the LESSOR may sustain by reason of the LESSEE'S breach, including, without limitation, all legal fees and other expenses incurred by the LESSOR by attempting to enforce the provisions of this agreement or to recover damages for the breach thereof, and the LESSOR shall have the right to either (i) sell the said Equipment or any portion thereof and, after deducting all costs and expenses incurred in connection therewith, to credit the net proceeds of such sale to the payment of the obligations of the LESSEE hereunder, or (ii) lease the said Equipment or any portion thereof for such period of rental, and to such persons as the LESSOR shall elect and after deducting all costs and expenses incurred in connection therewith, to apply any rent received therefrom to the payment of the obligations of the LESSEE hereunder.
15. **EVENTS OF DEFAULT:** The following shall each constitute an "event of default"; (i) the failure of the LESSEE to pay any installment of rent; (ii) the breach of any covenant or condition contained in this lease; (iii) the subjecting of the said Equipment to any lien, levy or attachment; (iv) any assignment by LESSEE for the benefit of creditors; (v) the admission of the LESSEE in writing of its inability to pay its debts generally as they become due; (vi) the appointment of a receiver, trustee or similar official for the LESSEE or for any of its property; (vii) the filing by or against the LESSEE of a petition in bankruptcy or a petition for the reorganization or liquidation of the LESSEE under any Federal or Provincial laws; (viii) any other act of bankruptcy or other act or omission by the LESSEE in furtherance of any of the aforesaid purposes; (ix) if the said Equipment is in the opinion of the LESSOR, in danger of being confiscated or attached.
16. **ASSIGNMENT BY LESSOR:** Should the LESSOR assign the sums due and to become due hereunder to any bank, other company or person (of which assignment the LESSEE hereby waives notice), the LESSEE shall recognize such assignment and should the LESSOR default in the performance of any of the terms and conditions of this lease, the LESSEE may not, as to such assignee, terminate this lease or subject the LESSEE'S obligation to pay money under this lease to any diminution or right of set-off. Nothing herein contained shall release the LESSOR from its obligation to perform any duty, covenant or condition required to be performed by a LESSOR under the terms of the lease should the same be so assigned.
17. **END OF INITIAL TERM:** Provided this Lease is not in default at the end of the initial term the LESSEE may, at LESSEE'S option (i) return the Equipment at his cost to the LESSOR, (ii) continue renting the Equipment on a monthly basis at the previous monthly rental amount, (iii) purchase the Equipment at the greater of fair market value or 10% of its original cost. The LESSEE must notify the LESSOR at least 30 days prior to the initial period expiry date, which alternative is selected and should he fail to do so, the lease will automatically revert to alternative (ii).
18. **WAIVER BY LESSOR:** No covenant or condition of this lease can be waived except by the written consent of the LESSOR and forbearance or indulgence by the LESSOR in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by the LESSEE to which the same may apply, and, until complete performance by the LESSEE of said covenant or condition, the LESSOR shall be entitled to invoke any remedy available to the LESSOR under this lease or by law, despite said forbearance or indulgence.
19. **COLLECTION CHARGES:** Should the LESSEE fail to pay when due any part of the rent herein reserved or any sum required to be paid to LESSOR it is agreed that the LESSEE shall pay interest on such delinquent payment from the due date thereof until paid at the rate of 2% per month / 24% per annum. On default, the LESSEE and any Guarantors of the debts to be incurred agree that the lawyer's costs of recovering the debt on a substantial indemnity basis are also payable.
20. **TIME OF THE ESSENCE - NOTICES:** Time is of the essence of this lease and each and all of its provisions. Any notices and demands required to be given or made herein shall be given or made to the parties in writing and by regular mail at the address herein set forth or to such other address as the parties may hereafter substitute by written notice given in the manner prescribed in this paragraph provided that in the event of postal interruption notice shall be given by delivery.
21. **BINDING UPON HEIRS, EXECUTORS, SUCCESSORS AND ASSIGNS:** This lease shall enure to the benefit of and be binding upon the successors and assigns of the respective parties hereto and the heirs, executors and administrators of the LESSEE if an individual, provided that nothing in this paragraph contained shall impair any of the provisions hereinbefore set forth prohibiting transfer or subletting of the said Equipment by the LESSEE, or assignment of this lease by the LESSEE without the written consent of the LESSOR.
22. **HEADINGS:** The insertion of headings in this lease is for the convenience of reference only and shall not affect the interpretation thereof.
23. **INTERPRETATION:** It is hereby agreed by and between the parties hereto that whenever the context of this lease so requires, the singular number shall include the plural and vice versa, and that words importing the masculine gender shall include the feminine and neutral genders, and that in case more than one LESSEE is named as LESSEE, the liability of such LESSEES shall be joint and several.
24. **CREDIT - AUTHORITY TO SIGN - LIABILITY:** The LESSEE acknowledges notice that a consumer's report containing credit and personal information is being, or may be referred to and hereby consents to the disclosure of credit and personal information to the LESSOR, if the LESSEE is a corporation, the person signing on behalf of the LESSEE hereby warrants that he has full authority to sign on behalf of the corporation and the person so signing and the corporation shall be jointly and severally liable under terms of this lease to all rent and all other sums that may become due and owing to the LESSOR under the terms of the lease.
25. **REGISTRATION COSTS:** In addition to all other payments herein set forth, LESSEE agrees to pay LESSOR'S costs in conducting corporate or title searches, if any, and registrations necessary to secure LESSOR'S interest herein.
26. **CHANGES IN PRIME RATE:** In the event of any change in the annual rate charged by the Scotia Bank, at its Head Office in Toronto, Ontario to its most credit worthy customers from time to time (herein after called the "Prime Rate") after execution of this Lease by LESSOR, the rental payments due and payable hereunder shall be increased or reduced, as the case may be, for each one-half per cent or part thereof of any increase or reduction in the said Prime Rate by an amount equivalent to .035% of the aggregate of all amounts which LESSEE is obliged to pay hereunder from and including the date of the commencement of this Lease to the date on which the Lease expires; provided, however, that the rental payments due and payable shall at no time be less than the rental payment due and payable at the commencement of the Lease.
27. **EVIDENCE OF PAYMENTS:** LESSEE shall produce to LESSOR from time to time at the request of LESSOR satisfactory evidence of the due payment by LESSEE of all payments required to be made by LESSEE under this Lease.
28. **EQUIPMENT DESCRIPTION:** The description of the Equipment is not limited to that which is set out herein and shall include any substitutions of or additions to the whole of the said Equipment or any part or parts thereof including any repairs or replacements ("modifications"), all such modifications to be deemed accessions to the said Equipment, and shall be subject to the terms hereof. The LESSEE shall notify the LESSOR in writing within ten (10) days of any such modifications.
29. **ACCEPTANCE OF EQUIPMENT:** The Equipment is deemed to have been delivered to the LESSEE on the earlier of the actual date of delivery or the tenth (10th) day following the date upon which the LESSOR accepted this lease, and the LESSEE agrees to inspect the Equipment immediately after delivery and to give notice in writing of any claim within ten (10) day of delivery. Failure to give notice in writing as aforesaid within the specified time constitutes an unqualified acceptance of the Equipment and a waiver of all claims with respect thereto.
30. **GOVERNING LAW:** This lease agreement shall be interpreted and enforced in accordance with the laws of the Province wherein the said equipment is to be located according to the terms hereof.
31. **STATUTES:** LESSEE hereby waives to the full extent allowed by law, the provisions of the Limitation of Civil Rights Act (Saskatchewan) Sections 19 through 24 of the Sale of Goods on Condition Act (British Columbia) and Sections 47, 49 and 50 of the Law of Property Act Alberta as they may be amended or replaced by similar provisions from time to time.
32. The parties hereto state their express wish that this Contract as well as documentation contemplated hereby or pertaining hereto or to be executed in connection herewith be drawn up in the English language; les parties expriment leur désir explicite à l'effet que ce contrat de même que tous les documents envisagés par les présentes ou y ayant trait ou qui seront signés relativement aux présentes soient rédigés en anglais.

Lessee Name: _____

Signature: _____