

**We sell time and usage. Rates are based on 8 hours per day, 40 hours per week, and 160 hours per month (one shift basis). If lessee makes greater use of the equipment than this, rental rates will be increased on a prorata basis.**

**Rentals are F.O.B. Faris Machinery Company at branch locations.**

**Interest at a rate of 2% per month will be charged on all past due accounts.**

**DISCLAIMER OF WARRANTIES.** It is understood that Lessor is not the manufacturer of the Equipment and that Lessor makes no warranties against defects in material or workmanship, or relating to the capability or performance of the Equipment, or the profitability of its use. **THERE ARE NO EXPRESS WARRANTIES BY LESSOR OF ANY KIND WITH RESPECT TO THE EQUIPMENT AND LESSOR DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. UNDER NO CIRCUMSTANCES SHALL LESSOR BE LIABLE FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES.** Lessor hereby assigns to Lessee for the Rental Term all manufacturers' warranties applicable to the Equipment. **WAIVER OF DEFECTS:** Lessee leases the equipment in its "as is" condition, with all faults. Lessee covenants and agrees to make a complete inspection within 24 hours after receipt of equipment; that any claim for defect will be made within the aforesaid 24-hour period, and if no claims are made within said 24-hour period, then the Lessee thereby acknowledges said equipment to be in good, safe, and serviceable condition, and fit for its intended uses.

**LEASE OF EQUIPMENT.** Lessor leases to Lessee, upon the terms and conditions contained in this rental Agreement, the personal property described on this sheet. Lessee has examined and is familiar with the condition and proper use of the equipment. Lessee acknowledges that, upon receipt of the equipment, the equipment is in good condition and in good working order, subject to the exceptions, if any, noted in this Agreement. Lessor warrants that it owns the equipment, and that Lessee shall have the quiet enjoyment of the equipment during the Term, subject to Lessee's compliance with the terms and conditions of the Agreement.

**ADDITIONS AND ALTERATIONS.** Lessee shall not make any additions or alterations to the Equipment without the prior written consent of Lessor. All additions or improvements made by Lessee shall belong to and become the property of Lessor and shall be included in the Equipment returned to Lessor upon the expiration or termination of this Rental Agreement; provided, however, that Lessor reserves the right to require Lessee to remove any such additions or alterations and to restore the Equipment to its condition as of the beginning of the Rental Term.

**TERM.** The term ("Term") of this Lease begins immediately upon Lessee's taking possession of the equipment. The Term ends upon the return of the equipment to Lessor. No allowance will be made for Sundays, holidays, or time in transit or for any period of time equipment may not be in actual use while in Lessee's possession. All transportation or trucking charges shall be paid by Lessee.

**IDENTIFICATION.** Lessor may place decals or other markings on the Equipment identifying the same as property of Lessor. Lessee shall not remove or impair the function of any such markings.

**LOCATION AND INSPECTION.** Lessee shall operate and when not in operation, store, the Equipment at the location(s) specified above and shall not remove the same from such location(s) without the prior consent of Lessor. Lessee agrees that Lessor shall have the right to enter any premises where the Equipment may be located at any reasonable time for purposes of inspecting the same and without notice or liability to Lessee remove or disable the Equipment if, in the opinion of Lessor, it is being used or kept in violation of this Rental Agreement.

**USE AND RETURN OF EQUIPMENT.** Lessee shall use the equipment only for its intended purposes. Upon termination of this Agreement, Lessee shall immediately return the equipment to Lessor at the location received by Lessee, or such other reasonable place where Lessor directs. Lessee shall comply with all laws, ordinances, rules, and regulations of all government entities and their agencies and subdivisions applicable to Lessee's use of the equipment. Lessee shall use the equipment at all times in a safe and proper manner and shall not use or permit the equipment to be used for any unlawful or improper use so as to endanger or adversely affect any insurance covering any of the equipment. Lessee will employ only competent operators of the equipment. Lessee agrees that it will not take or permit any action which would form the basis for any claim or any lien against any item of the equipment by any person or entity. Lessee shall return the equipment in good working condition and also in the same or better condition as existed at the commencement of this Agreement, subject only to ordinary wear and tear. Lessee will be charged for actual use and damage to rubber parts of the equipment.

**RATES AND RENTALS.** Lessee agrees to pay Lessor as rentals ("Rentals") for the equipment during the Term the amounts specified on the reverse of this sheet. Daily rates apply for periods less than one week. For periods of one week or more, weekly rates apply. The monthly rate applies only if equipment is out at least one full month. Lessee agrees, if so requested by Lessor, to execute and deliver to Lessor one or more financing statements in a form satisfactory to Lessor at any time during the Term. Rentals under this Agreement are invoiced in advance with payment terms listed on the invoice.

**MAINTENANCE AND REPAIR.** Lessee agrees promptly to repair and maintain the equipment during the Term in good working order and in as good or better condition as that which existed at the time of its delivery to Lessee. Lessor shall not be called to repair equipment while in possession of Lessee, except at regular rates for repair work, and all repair work outside Lessor's regular business hours shall be billed and paid at time and one-half. Lessee is not authorized to incur for Lessor's account any expense or to expend any money in repairing said equipment, without written consent of the Lessor.

**TAXES.** Rental Rates, listed herein, are subject to Local, State, and Federal Taxes where applicable. Lessee agrees to pay all personal property (SMM) taxes assessed against the equipment during term of this lease.

**INDEMNITY.** Lessee assumes liability for (and agrees to indemnify, defend, and hold Lessor harmless from and against) any and all liabilities of every nature associated with the equipment or its use under the terms of this Agreement. For purposes of this section, "Lessor" includes Lessor and its officers, agents, employees, successors, and assigns, and "liabilities" means all

obligations, losses, damages, penalties, claims, actions, suits, costs, and expenses of every kind and nature (including, as example and not limitation, all attorneys fees, expert witness fees, and costs and expenses of litigation) imposed on, incurred by, or asserted against Lessor in any way relating to or arising from the rights or obligations of Lessee under the terms of this Agreement (for example, Lessee's possession, use, delivery, leasing, operation, maintenance, repair, or return of the equipment).

**RISK OF LOSS.** THE ENTIRE RISK OF LOSS OR DAMAGE TO THE EQUIPMENT DURING RENTAL TERM SHALL BE UPON LESSEE AND LESSEE AGREES TO INDEMNIFY AND HOLD OWNER HARMLESS FROM AND AGAINST ANY AND ALL LOSS OR DAMAGE TO THE EQUIPMENT FROM ANY AND ALL CAUSES. LESSEE SHALL PROMPTLY NOTIFY OWNER OF ANY LOSS OR DAMAGE TO THE EQUIPMENT.

**INSURANCE.** Unless otherwise expressly agreed in writing, Lessee is not covered by insurance of Lessor. Lessee agrees to obtain general liability insurance coverage with combined single limit of liability for each occurrence of not less than \$1,000,000. Such insurance shall name the Lessor as an additional named insured. Lessee further agrees to insure and keep the equipment insured at Lessee's expense, for the full market value of all equipment covered by this lease against all risk of loss peril, naming Faris Machinery Company as Loss Payee for equipment rented. Lessee will furnish a Certificate of Insurance evidencing coverage required by this Lease. The Certificate of Insurance provided for in this section must provide for ten (10) days notice to the Lessor before cancellation.

**ASSIGNMENT/SUBLETTING.** Lessee shall not voluntarily or involuntarily sell, transfer, assign, sublease, or encumber (for example, by creation or enforcement of a security interest, attachment, levy, or other judicial process) all or any of its rights or obligations under this Agreement without prior written consent of the Lessor, which Lessor may withhold in its sole discretion.

**RECALL AND RETURN NOTICE.** Unless due to default by Lessee, Lessor may recall any or all the equipment upon five days' notice to Lessee after the minimum guaranteed period has expired.

**TITLE/OPTION TO PURCHASE.** Title to the equipment shall at all times remain vested in Lessor. If levy or demand is made upon the equipment for any reason, Lessee shall be in default, and Lessor may exercise any remedy at law or under this Agreement. Any Option to Purchase the equipment must be separately written and duly signed by an authorized officer of Lessor. Unless such a described written option is actually given to Lessee, it is understood that no option of any kind, verbal or otherwise, has been given.

**DEFAULT.** Lessee shall be in default under this Rental Agreement upon the happening of any of the following events or conditions; (a) Lessee fails to pay any sum required to be paid hereunder by the due date; (b) Lessee fails at any time to obtain or maintain any insurance coverage required hereunder; (c) Lessee fails to perform or comply with any other obligations or condition hereunder; or (d) Lessee files for, or is subject to, any action of bankruptcy, reorganization, insolvency or receivership.

**REMEDIES ON DEFAULT.** Upon any default by Lessee as provided in this Rental Agreement, (a) All rentals due or to become due under this agreement and all other sums owing by Lessee hereunder shall immediately become due and payable at the option of Lessor without notice or demand; (b) Lessor may retake possession of the Equipment where located and remove the same without legal process; (c) Cost of repair or replacement of the Equipment, including lost rentals until the Equipment is repaired or replaced; (d) If this Lease contains a purchase option exercised by Lessee, Lessor may dispose of the Equipment or any part thereof at Lessee's expense as provided or permitted by law; and (d) Lessor may exercise any and all rights or remedies under the Uniform Commercial Code, Leases or other applicable laws or agreements. All remedies of Lessor shall be cumulative and not exclusive and may be exercised simultaneously or separately. It is further agreed that if Lessor shall dispose of the Equipment as provided herein, Lessor may immediately recover from Lessee as Liquidated damages, and not as a penalty, a sum equal to the aggregate of the following: all unpaid rentals and other sums due and payable hereunder; all accelerated future rentals for the balance of the Rental Term, discounted to present value at the rate of eight percent per annum; Lessor's estimated residual interest in the equipment, less the net proceeds of the disposition of the Equipment.

Lessee shall pay upon demand all costs and expenses, including reasonable attorney's fees, incurred by Lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms hereof, regardless of whether litigation is actually commenced or continued to final judgment.

**ENTIRE AGREEMENT; MODIFICATION AND WAIVER.** This Rental Agreement contains the complete and exclusive statement of the agreement between the parties relating to its subject matter and shall not be amended or modified except in writing signed by the parties. No inconsistent or contrary terms contained in any existing or future purchase order issued by or for Lessee relating to the Equipment shall act to vary any term hereof unless separately and specifically agreed to by Lessor in writing. Time is of the essence. Lessor's failure to require strict performance by Lessee of any provision shall not waive Lessor's right thereafter to require strict performance thereof or of any other provision.

**FINANCING STATEMENTS.** Lessee appoints Lessor its true and lawful attorney to prepare and execute in Lessee's name and on Lessor's behalf any financing statement in order to protect Lessor's interest in the Equipment.

**FORCE MAJEURE.** Lessor shall not be liable for any failure or delay of delivery or in performing any obligation hereunder due to any casualty, cause or circumstance beyond its control.

**WAIVER OF EXEMPTIONS.** The Lessee hereby expressly waives all rights in and to any and all exemptions as set forth in the laws of the State of Colorado, which are within the powers of Lessee to waive.

**GOVERNING LAW AND VENUE.** This Rental Agreement shall be governed by and construed under the substantive laws of the State of Colorado. Lessee agrees that any and all suits arising from the performance or any breach of the Rental Agreement may be commenced and maintained in the courts of Adams County, Colorado, and Lessee irrevocably consents to such venue.