

Lease to Own Agreement

This contract is made between the seller and the buyer as designated on the submitted order.

- 1. Payment.** Seller agrees to sell, and Buyer agrees to purchase the articles described above ("goods") upon the terms set forth herein. An initial installment payment hereunder shall be due immediately upon purchase. Thereafter, eleven (11) subsequent equal installments shall be charged to your credit card on or about the first day of each month. Subject to Seller's approval you may provide an alternate form of payment for any installment due hereunder, provided the same is received by Seller prior to the first day of the Month. You, the Buyer shall provide a valid credit card which shall remain valid throughout the term of this Agreement, and Seller is hereby authorized to charge all of the installments and fees hereunder (including the Installment Agreement Fee) against said card. In the event that charges against buyer's credit card are declined by the issuer, Seller shall so notify Buyer who shall arrange for alternate payment within three (3) business days. Should Buyer fail to do so, Seller may declare Buyer to be in default of this Agreement.
- 2. Additional Information; Credit Check.** Seller may, in its discretion, require additional information from Buyer, for the purpose of determining Buyer's creditworthiness and Buyer agrees to provide such information in a timely fashion following Seller's request therefore. In the event Buyer refuses to provide this information, Seller may elect to terminate this Agreement.
- 3. Warranties.** No representation or statements have been made by seller concerning the goods except as stated in this agreement, and no warranty, express or implied, by seller, arises apart from this writing. Buyer warrants that any property offered in trade for the goods is free from any lien, claim, encumbrance or security interest.
- 4. Fees.**
 - (a) **Lease to Own Fee:** Buyer agrees to pay the published Origination Fee with and in addition to the first installment payment due hereunder. Additionally, Buyer shall pay all costs of filing this contract or any financing or termination statement with respect to the goods, and appoints seller buyer's attorney-in-fact to do whatever seller may deem necessary to perfect or continue perfected its security interest in the goods.
 - (b) **Late Fees:** A late fee of \$15.00 per late payment shall also apply.
- 5. Retention of title/security interest.** Until all installment payments, and all other amounts due under this agreement, have been paid, seller shall retain title in, and ownership of the goods, together with a security interest therein and any and all equipment, parts, accessories, attachments, additions and other goods, and all replacements of them, affixed to or used in connection with the goods and, if buyer sells or otherwise disposes of the goods in violation of the terms of this agreement, in the proceeds of such sale or disposition. Seller may, in Seller's sole discretion, elect to file a Notice of Security Interest with the State of Buyer's residence to protect this Security Interest in the Equipment
- 6. Condition of Equipment:** All Equipment is new at the time of shipment to the Buyer. Upon receipt of the Equipment, Buyer shall inspect the same. Buyer shall be deemed to have inspected the Equipment and acknowledged that the Equipment is in good and acceptable condition, unless Seller shall have received written notice of any defect or damage immediately following receipt of the Equipment.
- 7. Damage; Damage Protection:**
 - (a) **Buyer responsible:** Buyer shall be responsible for any theft, loss or damage to the equipment, and in the event of such loss or damage, shall remain responsible for all installment payments hereunder.
 - (b) **Damage Protection:** If Buyer has elected to pay the monthly supplemental Damage Protection fee, then, in the event of damage to the Equipment during the Term of this Agreement, and not caused by Buyer's gross negligence or willful act, then Seller shall, at Seller's sole discretion, repair or replace such damaged equipment at no cost to Buyer. Buyer is responsible for replacement of broken strings and reeds, which are NOT covered by this Damage Protection. Damage protection coverage ends on the day that the final installment payment has been paid to Seller.
- 8. Maintenance.** Buyer shall keep the goods in good condition and free from liens and other security interests, shall pay promptly all taxes and assessments upon them or with respect to their use, shall not use the goods illegally or dispose of or encumber them, shall not remove the goods from the premises to which they are delivered as stated on the face of this contract, without the prior written consent of seller and shall not permit the goods to be fixtures,

or to become accessions to other goods unless on the front page of this agreement it is indicated that the goods are to be attached to real estate in which case buyer agrees to furnish seller with a disclaimer or disclaimers, in form satisfactory to seller, signed by all persons having an interest in the real estate, of any interest in the goods which is prior to seller's interest.

- 9. Cancellation:** Buyer may cancel this lease-to-own Agreement at any time, by returning the Equipment to Seller, in good condition, and Buyer shall, following Seller's receipt and acceptance of the Equipment, have no further obligation hereunder.

10. Events of default. The occurrence of any of the following shall constitute a default under this agreement:

- (a) failure of buyer to perform any obligation or agreement specified in this agreement, or if any warranty or representation made under this agreement by buyer should prove to be materially incorrect;
- (b) the death of buyer, any cosigner or guarantor on any obligation secured by this agreement, or the dissolution, merger, consolidation or reorganization of any corporate buyer or corporate obligor on such obligation;
- (c) the institution of any proceeding in bankruptcy, receivership or insolvency against buyer; or against any obligor on any secured obligation or the institution by any party of action for attachment or similar process;
- (d) the issuance of execution process against any property of buyer or any such co obligor, or the entry of any judgment against buyer or any such co obligor, or any assignment for benefit of creditors or similar action adversely involving any such party;
- (e) any condemnation, levy, forfeiture or similar action against the goods or any part of them;
- (f) when seller shall in good faith and upon reasonable grounds believe that the prospect of performance of any obligation of buyer under this agreement, or of performance or payment of any obligation secured by this agreement, by buyer or any other obligor on them, is materially diminished;
- (g) the default by buyer under any other contract obligations, or installment sale security agreement between the parties to this security agreement.

11. Remedies on default. In the event of a default, or if seller or seller's assignee shall consider the payment of the balance of the installment payments insecure, seller shall have the right to:

- (a) obtain judgment for the amount of the installments and late fees delinquent under the contract plus interest at ten percent (10 %) on such delinquent payments from due date, plus attorney's fees without prejudicing seller's right to subsequently obtain judgment for additional, or the balance of, the installments or to exercise other rights contained in this agreement or at its option, declare all unpaid installments, late fees and other moneys due or to become due under this contract immediately due and payable and to obtain judgment for the total amount of unpaid installments due plus interest of ten percent (10%) on delinquent payments and late fees from due date and reasonable attorney's fees;
- (b) enter any premises and without breach of the peace take possession of the goods; and
- (c) exercise the rights on default of a secured party under the Uniform Commercial Code.
- (d) report the Equipment to police or other government authorities as having been stolen.

Seller may require buyer to assemble the goods and make them available to seller at a place to be designated by seller which is reasonably convenient to seller and buyer. Seller shall have the right to take immediate possession of the goods wherever found, with or without legal process, and to sell or otherwise dispose of the goods. Unless the goods are perishable or threaten to decline speedily in value or are of a type customarily sold on a recognized market, seller shall give buyer reasonable notice of the time and place of any public sale of the goods or the time after which any private sale or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of the buyer shown at the beginning of this contract or such other address of buyer as may from time to time be shown on seller's records, at least five days prior to such action. Buyer shall pay any deficiency that may remain after exercise of such rights plus expenses of retaking, holding, preparing for sale, selling or the like, including seller's reasonable attorney's fees. All of seller's rights under this agreement are cumulative and no waiver of any default shall affect any later default.

12. Miscellaneous terms and provisions.

- (a) Loss or damage to the goods shall not release buyer from its obligations hereunder.

- (b) Repairs to the goods and equipment or accessories placed on the goods shall be at buyer's expense and shall constitute component parts of the goods, subject to the terms of this contract.
 - (c) If any part of this contract is adjudged invalid, the remainder shall not be rendered invalid and the offending portion shall be excised here from.
 - (d) Seller may assign this contract but buyer shall not. Seller's assignee shall have all of the rights, powers and remedies of seller but shall be subject to none of seller's obligations, and any right, remedy or authority conferred upon seller under this agreement shall upon assignment be deemed to be conferred upon seller's assignee, even though the term "seller" only is used in this agreement, and any notice to which seller is entitled shall be given to seller's assignee if buyer has notice of an assignment.
 - (e) Buyer shall not assert against any assignee of this contract any defense which buyer may have against seller.
 - (f) If there be more than one signer of this contract, their obligations shall be joint and several and each specifically waive presentment or demand and agree that any extension or extensions of time of payment of this contract or any installment or part installment may be made before, at or after maturity by agreement with any one or more of the parties, and they waive any right which they may have to require the holder to proceed against any person.
 - (g) This Agreement shall be governed by and construed in accordance with the laws of the State of California. The parties hereby submit to the jurisdiction of the California courts at Los Angeles, California for resolution of any matter or controversy arising out of this Agreement, and a judgment by a California court may be entered and enforced by any court in any jurisdiction where either the Buyer or the Equipment may be located. In the event of legal action to enforce the provisions of this Agreement, the prevailing party shall be entitled to interest and attorneys' fees in addition to compensatory, consequential and incidental damages.
 - (h) Any notice required or otherwise given pursuant to this Agreement shall be in writing and mailed certified return receipt requested, postage prepaid, or delivered by overnight delivery service to the parties' addresses as specified in this Agreement. Either party may change such addresses from time to time by providing notice as set forth above.
 - (i) The parties' rights under this Agreement are cumulative, and shall not be construed as exclusive of each other unless otherwise required by law.
 - (j) The failure of either party to enforce any provisions of this Agreement shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. The acceptance of payments by Seller does not waive Seller's right to enforce any provisions of this Agreement.
 - (k) Except for damages, claims or losses due to Seller's acts or negligence, Buyer, to the extent permitted by law, will indemnify and hold Seller and Seller's property, free and harmless from any liability for losses, claims, injury to or death of any person, including Buyer, or for damage to property arising from Buyer using and possessing the Equipment or from the acts or omissions of any person or persons, including Buyer, using or possessing the Equipment with Buyer's express or implied consent.
- 13. Warranty as to use.** Buyer warrants that the goods are purchased for use primarily for personal, family or household purposes.
- 14. Entire Agreement** This writing contains the full, final and exclusive statement of the contract between the parties and no agreement or warranty shall be binding on the seller unless expressly contained in it.