

AERCO SYSTEMS, INC. RENTAL TERMS AND CONDITIONS

1. CUSTOMER RESPONSIBILITIES: 1) Security of Equipment. 2) All consumables: Electricity, Make-up water, Treatment, Inhibitors, etc... 3) Supply and replace air filters, as required. 4) Any cutting, coring, patching, painting, welding, insulating, ramping, overhead supports, seismic restraints, or fencing, etc... 5) Any Permits (if required). 6) Provision for draining and disposal of all fluids from rental equipment and decontamination of all chemicals, hazardous or foreign materials upon removal of equipment. 7) Overtime charges other than previously arranged. 8) Notify Aerco Systems, Inc. immediately of any equipment problems. 9) Obtain approval from Aerco Systems, Inc. before any equipment repairs are performed. 10) Calling to notify AERCO when the equipment is off rent with 24 hours notice.

2. LESSOR and LESSEE agree that this document is the original contract and any variations, additions, or modifications thereto can only be made with the written consent of LESSOR.

3. NORMAL WEAR AND TEAR: The LESSEE agrees to return the equipment to the LESSOR in the same operating condition as stated in the Agreement, less normal wear and agrees to compensate the LESSOR in full for any damage done to the equipment which is not chargeable to normal depreciation.

4. LIABILITY OF LESSEE: You assume all risks inherent in the operation and use of the rented equipment by you and anyone else. You agree to assume the entire responsibility for the defense of, and to pay, indemnify, and hold us harmless from, and release us from, any and all claims for damage to property or bodily injury (including death), or for loss of time or inconvenience resulting from the use, operation or possession of the rented equipment.

5. FAILURE OF EQUIPMENT: Waiver of Damages: LESSOR makes no warranties, expressed or implied, as to the equipment's merchantability or fitness for any particular purpose. In the event of any failure of the leased equipment, of any nature whatsoever, LESSEE shall immediately notify the LESSOR. Without LESSOR'S written authorization, LESSEE shall not incur any expense for LESSOR'S account for the repair of the equipment. LESSOR shall not be responsible to LESSEE for any loss, damage, or injury to LESSEE or any other party, caused by, resulting from, or in any way connected with the operation or failure of and any defect in the equipment, in no event shall LESSOR be responsible for special consequential damage whatsoever or however caused.

7. NO ASSIGNMENT OR ENCUMBRANCE: LESSEE agrees to keep the equipment free from any lien and encumbrance of any kind, and agrees not to assign this Agreement or any interest hereunder without the prior written consent of LESSOR.

8. RIGHT TO REMOVE EQUIPMENT from LESSEE'S premises or job-site: IF LESSEE fails to make any of the rental payments provided for herein, or fails to keep the equipment in proper working condition, or misuses the equipment in any manner, or does not keep or perform any of the conditions set out herein, or if a petition of bankruptcy be filed by or against the LESSEE or if the LESSEE shall make an assignment for the benefit of his creditors, the LESSOR may without notice, take possession of the equipment wherever situated. The LESSEE further agrees to pay all of LESSOR'S costs and expenses incurred in connection with the retaking of said equipment.

9. RIGHT TO INSPECTION: The LESSOR shall have the right, at any time during business hours, to enter the LESSEE'S premises or job-site for the purpose of inspecting/servicing the equipment and making any repairs and adjustments necessary to the proper and safe operation thereof. LESSOR also reserves the right in its sole discretion, to remove the equipment covered by this Agreement and to replace the same with similar equipment at any time during the term hereof.

10. EXTENSION OF CREDIT: LESSOR agrees to pay all invoices in accordance with the following terms: (1) One rental month is four weeks or 28 days. (2) All sums past due 30 or more days shall bear a service charge of 1½% per month as reimbursement to LESSOR for clerical, administrative, and other expenses incurred as a result of the delinquency. I/We expressly agree to pay the service charge as liquidated damages and not as a penalty, representing reasonable and fair compensation for the foreseeable losses/expenses resulting therefrom. (3) LESSEE agrees to pay actual attorney fees and costs if any part of this account is assigned to an attorney for collection, whether or not court action is taken or judgment is rendered. This agreement is to be construed under the laws of the State of California, and if legal action is brought to enforce this agreement, San Diego, California, shall be the exclusive jurisdiction and legal venue for said action.

11. CONTRACT EXTENSION: It is the policy of LESSOR to "continue" contracts on equipment remaining on rental to LESSEE until such time as the Lessee calls the equipment "off rent" with 24 hours notice. The terms and conditions of the original executed rental contract are carried over and incorporated by reference.

12A. LOSS OR DESTRUCTION OF THE EQUIPMENT: If the equipment should be lost, stolen, destroyed or rendered unfit for service, the LESSEE agrees to pay the LESSOR the MSRP amount of the equipment, which both parties agree to be the fair market value of the equipment, plus interest at the highest legal rate until paid in full. Further, both parties agree that the equipment is unique in its design and function and is inherently valuable as rental equipment. Therefore, Lessee agrees to pay the loss of rental fees until such time that the equipment can be repaired or replaced. NOTICE: LESSEE'S Insurance will be primary. Any further customer requirements or supplementary insurance will constitute additional charges. LESSEE is advised to contact his insurance agent or broker to make certain that he is protected by his own insurance within the terms and conditions of this Agreement.

12B. If DAMAGE WAIVER has been accepted and charged on this Agreement for waiver of subrogation, then Paragraph 12A is void and the following is substituted therefore. LESSOR and LESSEE agree that LESSOR waives any claim against LESSEE for direct physical loss of, or damage of the leased equipment from any external cause, EXCEPT as follows:

- a. Disappearance of the equipment or theft or conversion not documented with the applicable public authorities (such as a police report), and a copy promptly supplied to the LESSOR of any damage or loss and to cooperate fully with LESSOR supplying all information necessary to document said claim. NOTE: THIS WAIVER OF SUBROGATION DOES NOT APPLY TO ANY BODILY INJURY OR PROPERTY DAMAGE LIABILITY CLAIMS.
- b. The sum of \$500.00 or 100% of the current monthly rental charge, whichever is greater, for loss or damage as a result of theft, vandalism or malicious mischief.
- c. Accessories such as hose, cable, duct, fittings, valves, and other similar items are excluded from the theft or damage coverage and LESSEE shall be responsible for these items.
- d. Use of the equipment outside of its design or in violation of any of the terms of this Agreement.
- e. Damage or loss as a result of overloading or exceeding the rated capacity of the equipment, which includes operating on too low or too high of voltage and/or damage caused by artificial current.
- f. Loss caused by negligence or willful neglect of LESSEE.
- g. Loss or shortage due to mysterious disappearance or conversion.
- h. Damage or loss as a result of the lack of proper/adequate air or water flow to the equipment.
- i. Equipment used outside of the continental United States.

DAMAGE WAIVER:

For an additional fee of 10% of the total equipment rental charge, LESSOR agrees to waive claims for damage to equipment while in LESSEES possession (as per paragraph 12A). Customer understands that damage waiver is not insurance.

Customer accepts/declines the damage waiver by initialing.

Accept _____ Decline _____

Note: See paragraph 12B Above.

Damage waiver required unless customer has provided us with a certificate of insurance showing that Aerco Systems, Inc. is additionally insured.

As agent of LESSEE and having the authority to contract for same, I have read and understand the terms and conditions of this contract, and have been offered or received instruction, and understand the safe operation and maintenance of the equipment listed. Aerco Systems, Inc., the LESSOR, hereby rents to the undersigned LESSEE, subject to the terms and conditions set forth on this contract, SUBJECT EQUIPMENT IN GOOD CONDITION. RENTAL PERIOD STARTS AND ENDS AT AERCO SYSTEMS' YARD.

CUSTOMER SIGNATURE: _____ DATE: _____

PRINT NAME: _____ P.O. No. _____

Credit Card Authorization: Aerco Systems, Inc. accepts Visa/Mastercard & Amex If credit card is used for payment of this contract, the above signature authorizes Aerco to automatically charge the credit card for future billings, including but not limited to, rent, loss, damage or missing accessories.