

Municipal Lease Agreement \$1.00 Purchase Option Transaction Agreement

Lessor: <p style="text-align: center;">Lease Servicing Center, Inc. dba National Cooperative Leasing</p> <p style="text-align: center;">220 22nd Ave. E, Suite 106 Alexandria, MN 56308</p>
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Lessee:			
(Full Legal Name)			
(Street Address)			
(City)	(State)	(Zip Code)	(County)

We have written this Agreement in plain language because we want you to understand its terms. Please read your copy of this Agreement carefully and feel free to ask us any questions you may have. The word "Agreement" means this master lease agreement. The word "Schedule" means any lease schedule under this Agreement which has been signed by you and accepted by us. The word "Lease" means this Agreement and a Schedule. The words and "you" and "your" mean the Lessee named above. The words "we," "us," and "our" refer to the Lessor named above. Other capitalized terms not otherwise defined in this Agreement are described in the Schedule.

TERMS AND CONDITIONS

IMPORTANT: THE PROVISIONS OF THIS AGREEMENT MAY NOT BE ALTERED EXCEPT BY WAY OF WRITTEN AGREEMENT BETWEEN YOU AND US. NEITHER NATIONAL COOPERATIVE SERVICES CORPORATION, NOR SHARP ELECTRONICS CORPORATION (SHARP), NOR ANY DEALER OR SALESPERSON IS OUR AGENT. THEY HAVE NO AUTHORITY TO SPEAK ON OUR BEHALF OR MAKE ANY CHANGES TO THIS LEASE. THEIR STATEMENTS WILL NOT AFFECT YOUR RIGHTS OR OBLIGATIONS UNDER THIS AGREEMENT OR ANY LEASE.

1. AGREEMENT; PAYMENTS: We agree to lease to you and you agree to lease from us the Equipment ("Equipment") listed on any Schedule. You promise to pay us the Lease payments according to the terms of the schedule. Subject to termination for non-appropriation described in Section 17, you are unconditionally obligated to pay to us all Lease payments and other amounts due under each Schedule for the full Term. You are not entitled to reduce or set-off against Lease payments or other amounts due under each Schedule for any reason whatsoever. If payment is not received when due, you agree to pay a charge at the rate of eighteen (18%) percent per annum or the maximum amount permitted by law, whichever is less, on any unpaid delinquent balance. You may make separate arrangements with Sharp or its authorized dealers ("Sharp Dealers") to provide maintenance, service, and supplies for the Equipment. If you make these arrangements, and authorize us to do so, we may, as a convenience to you, Sharp and/or the Sharp Dealer, arrange with Sharp or the Sharp Dealer, to include billings for such items on our invoices for Lease payments. These billings may be based on "Additional Copy Charges" for copies in excess of the copy allowance provided in the Schedule. "Additional Copy Charges" will be invoiced following the end of each Meter Read Frequency Period provided in the Schedule. You agree that we will not be responsible to provide you with any maintenance, service, and supplies and that any payments you make to us on account of any combined billing will be attributed first against any Lease payments which are then due, with the remainder to be paid to Sharp Dealer.

2. GENERAL TERMS; EFFECTIVENESS: You agree to all the terms and conditions of this Agreement and each Schedule. All Equipment will be used for business and/or commercial purposes and will not be used for personal, family or household purposes. You acknowledge receipt of this Agreement and each Schedule. THIS AGREEMENT AND EACH SCHEDULE WILL NOT COMMENCE AND WILL NOT BE BINDING ON US UNTIL ACCEPTED IN OUR DOUGLAS COUNTY, MINNESOTA OFFICES. You appoint us as your attorney-in-fact to execute, deliver and record financing statements on your behalf to show our interest in the Equipment. You agree that we are authorized, without notice to you, to supply missing information or correct obvious errors in this Agreement and any Schedule.

3. ACCEPTANCE; COMMENCEMENT: You agree to furnish us a written statement (a) acknowledging receipt and proper installation of the Equipment in good working condition and (b) accepting the Equipment for all purposes under the Lease. The term of this agreement will begin on the date the lessor signs the lease (called the "Commencement Date") and continuing on the same day of each billing period for the term of the Lease. Unless otherwise stated in the contract, the first payment will be due thirty days from the "Commencement Date".

4. PURCHASE OPTION: Upon expiration of the original Term or extended Term, and if (a) you have paid all Lease Payments, all outstanding charges, and additional Copy Charges and are not in default, (b) the Schedule contains a purchase option, and (c) you have given us at least thirty (30) days written notice, prior to the end of the Term, that you will exercise the purchase option, then you will have the option to purchase the Equipment at the end of the Term for the purchase option amount stated in the Schedule. At the time of purchase, you must pay us the purchase option amount for the Equipment, plus any property, sales or use taxes assessed or levied on the equipment or its sale. Upon our receipt of the purchase option amount plus all applicable taxes, we will transfer title to the equipment to you "AS-IS, WHERE-IS" WITHOUT ANY REPRESENTATION OR WARRANTY.

5. WARRANTIES: WE ARE LEASING THE EQUIPMENT TO YOU "AS IS," WITH NO WARRANTIES EXPRESSED OR IMPLIED AND SPECIFICALLY DISCLAIM WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. You acknowledge that you have selected the Equipment covered by each Schedule. We are not liable to you for any breach of those warranties. You agree that upon your acceptance of this Equipment, you will have no set-offs or counter-claims against us.

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT (INCLUDING THOSE ON THE REVERSE SIDE) AND ANY SCHEDULES SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. TERMS OR ORAL PROMISES THAT ARE NOT CONTAINED IN THIS WRITTEN AGREEMENT MAY NOT BE LEGALLY ENFORCED. YOU AGREE TO COMPLY WITH THE TERMS AND CONDITIONS OF EACH LEASE. EACH LEASE IS NOT CANCELABLE.

YOU CERTIFY THAT ALL THE INFORMATION GIVEN IN THIS AGREEMENT, ANY SCHEDULES AND YOUR APPLICATION WAS CORRECT AND COMPLETE WHEN THIS AGREEMENT WAS SIGNED. THIS AGREEMENT IS NOT BINDING UPON US OR EFFECTIVE UNLESS AND UNTIL WE EXECUTE THIS AGREEMENT. THIS AGREEMENT AND ALL SCHEDULES WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH YOU ARE LOCATED. YOU AGREE TO THE JURISDICTION AND VENUE OF FEDERAL AND STATE COURTS IN THE STATE YOU ARE LOCATED IN.

ACCEPTED BY:

LESSOR: **Lease Servicing Center, Inc.
dba National Cooperative Leasing**

BY: _____
(Signature of Authorized Signer)

TITLE: _____
(Printed Name and Title)

PROPOSED BY:

LESSEE:

BY: X _____
(Signature of Authorized Signer)

TITLE: _____
(Printed Name and Title)

DATE: _____

DATE: _____

FED TAX ID#: _____

6. **LIABILITY:** WE ARE NOT RESPONSIBLE FOR ANY LOSSES OR INJURIES TO YOU OR ANY THIRD PARTIES CAUSED BY THE EQUIPMENT OR ITS USE NOR IN ANY EVENT WILL BE RESPONSIBLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES. You agree to reimburse us for, and to defend us against any claims for losses or injuries caused by the Equipment and any costs or attorney fees related to those claims.

7. **MAINTENANCE AND INSTALLATION:** Sharp Dealer will install (and remove with our prior written consent) the Equipment in accordance with Sharp's service policies. You will be responsible to maintain the Equipment in good working order and in compliance with all laws and regulations. Even if the Equipment malfunctions, or is damaged, you agree to continue to make Lease payments.

8. **ACCESS; METER READING; RETURN AND ALTERATION:** You agree to give us, Sharp and Sharp Dealers unrestricted access to your premises to read meters, inspect, install, with our prior written consent remove and, if applicable, repair Equipment. You agree to provide meter readings for each item of Equipment as we, Sharp, or a Sharp Dealer may request. You will not make or permit any alterations to Equipment except as approved by us, or performed by Sharp or a Sharp Dealer.

9. **EQUIPMENT OWNERSHIP:** You shall have title to the Equipment immediately upon delivery and shall be deemed to be the owner of the Equipment as long as you are not in default under the Lease. In the event of default, title to the Equipment shall revert to us free and clear of any rights or interests you may have in the Equipment. If this document is found not to be a Lease, then you grant us a security interest in the equipment. You also give us the right to immediately file, at your expense, any Uniform Commercial Code ("UCC") financing statements or related filings and you appoint us your attorney-in-fact to sign your name to any such filing that was made.

10. **EQUIPMENT LOCATION:** You will keep the Equipment at the address shown on the Schedule and you will not allow the Equipment to be moved from that address unless you get our prior written consent.

11. **TAXES; PERSONAL PROPERTY TAX:** You agree that you will pay us, when invoiced, all taxes (including any sales, use, and personal property taxes), fines, interest and penalties relating to each Lease and the Equipment (excluding taxes based on our net income). You agree to file any required personal property tax returns and, if we ask, you will provide us with proof of payments. We may, but do not have to, contest any tax assessment.

12. **INSURANCE:** You will bear the entire risk of loss, theft and destruction of the Equipment until all amounts due and to become due under the Lease are paid in full and the Equipment has been returned to us in good working order. You will either: (a) (upon our written approval) self insure the Equipment and either replace or repair any lost, stolen, damaged or destroyed Equipment within thirty (30) days after the occurrence thereof (with clear title to any replacements or repairs being transferred to us); or (b) keep the Equipment insured for its full replacement value against all types of loss, including theft, and name us or our Assignees as loss payee and provide and maintain an acceptable general public liability insurance policy, or with our written approval self insure against general public liability. If we have not approved a self insurance plan and you have not provided acceptable evidence of insurance, or if you request that we obtain property insurance for our interest only we may, but will not be obligated to, obtain such insurance for the loss, damage or destruction of the Equipment, and charge you the insurance premiums we must pay for such coverage for the full term of the Lease. This cost for coverage may be different from your cost to obtain coverage under your own insurance policy. Coverage will include such risk and deductibles, if any, as we may request from our insurance provider. At your sole discretion and expense, you may wish to obtain insurance coverage from your insurance company for any interest you may have in the Equipment or Lease. No loss, theft or damage will relieve you of any payment obligations under any Lease.

13.) **ASSIGNMENT:** YOU MAY NOT SELL, PLEDGE, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT OR ANY SCHEDULE. We may, with out notifying you, sell, assign or transfer all or any parts of this Agreement, any Schedule and/or the Equipment. Any such assignment, sale, or transfer will not relieve us of any obligation we may have to you under the Lease. Our Assignee (and any subsequent Assignees) will have the same rights that we have, but will not have to perform any of our obligations. You agree that you will not assert against the Assignee any claims, defenses or set-offs that you may have against us or any supplier. If you are given notice of an Assignee, you agree to respond to any requests about the Lease and, if directed by us, to pay the Assignee all Lease payments and other amounts due under the Lease.

14.) **Default; Damages:** If you fail to make any Lease payment when due or are otherwise in default of your duties or obligations under any Lease, we may (as liquidated damages and not as a penalty) accelerate the remaining balance due or to become due under such Lease and demand the immediate return of the Equipment to us. IF you do not return the Equipment to us within (10) days of our notice of your default, you will also pay a liquidated Equipment charge equal to our reasonable estimate of the fair market value of the Equipment which shall not be less than the anticipated Lease-end residual value of the Equipment. We may also use any remedies available to us under the Uniform Commercial code or any other applicable law. You agree to pay our attorney fees agreed to be 25% of any outstanding balance plus all actual costs, including all costs of any Equipment repossession. You agree that we have no duty to mitigate any damages to us caused by your default. You waive any notice of our repossession or disposition of the Equipment. By repossessing any Equipment, we do not waive our right to collect the balance due or to become due on any Lease. Our delay or failure to enforce our rights under this Agreement or any Schedule will not prevent us from doing so at a later time.

15.) **FINANCE LEASE; AMENDMENTS:** THIS AGREEMENT AND EACH SCHEDULE IS A "FINANCE LEASE" UNDER THE UNIFORM COMMERCIAL CODE ("UCC"). THIS AGREEMENT AND EACH SCHEDULE MAY NOT BE AMENDED EXCEPT IN WRITING, WHICH WE HAVE SIGNED. YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES YOU MAY HAVE UNDER UCC 2A-303 AND UCC 2A-508 THROUGH 2A-522, INCLUDING, WITHOUT LIMITATION, ANY RIGHT TO: (a) CANCEL THIS AGREEMENT AND EACH SCHEDULE; (b) REJECT TENDER OF THE EQUIPMENT; (c) REVOKE ACCEPTANCE OF THE EQUIPMENT; (d) RECOVER DAMAGES FOR ANY BREACH OF WARRANTY; (e) GRANT A SECURITY INTEREST IN THE EQUIPMENT; AND (f) MAKE DEDUCTIONS OR SET - OFFS, FOR ANY REASON, FROM AMOUNTS DUE US UNDER THIS AGREEMENT AND EACH SCHEDULE. IF ANY PART OF THIS AGREEMENT AND EACH SCHEDULE IS INCONSISTENT WITH UCC 2A, THE TERMS OF THIS AGREEMENT AND EACH SCHEDULE WILL GOVERN.

16.) **GOVERNMENT WARRANTIES:** You represent and warrant that: (a) you are a duly organized public body corporate and politic with full power and authority to enter into and perform your obligations under this Agreement; (b) all necessary actions of your governing body have been taken and all necessary procedures have been complied with to give full effect to the execution, delivery and performance of this Agreement; (c) this Agreement is valid binding and enforceable according to its terms; (d) you have budget and appropriated sufficient funds to make all Payments and meet all of your other obligations for the current fiscal year and such funds have not been expended for other purposes; (e) you will do all things lawfully within your power to obtain and maintain funds for payments (including providing for such payments in each budget or appropriation request submitted and adopted), to have such portions of budgets or appropriation requests approved, and to exhaust all available reviews and appeals in the event such portion of any complied budget or appropriation request is not approved; (f) you have complied with all public bidding requirements applicable to this Agreement and the acquisition of the Equipment; and (g) the Equipment will be used only by you and only to perform essential government or proprietary functions consistent with the permissible scope of your authority.

17.) **NON-APPROPRIATION:** You intend to remit and reasonably believe that moneys in an amount sufficient to remit all Lease payments and other payments can and will lawfully be appropriated and made available to permit your continued utilization of the Equipment and the performance of its essential function during the Term. The person(s) in charge of preparing your budget will include in each of your fiscal budgets a request for the Lease payments to become due in such fiscal period. We acknowledge that appropriations of moneys for Lease payments is a governmental function which you cannot contractually commit yourself in advance to perform and this agreement does not constitute: (i) a multiple fiscal year direct or indirect debt or financial obligation; or (ii) an obligation payable in any fiscal year beyond the fiscal year for which funds are lawfully appropriated; or (iii) an obligation creating a pledge of or a lien of your tax or general revenues. In the event that your governing board does not approve an appropriation of funds at any time during the Term for the Equipment subject to the Lease, you shall have the right to return the Equipment to us and terminate the Lease on the last day of the fiscal period for which appropriations were received without penalty or expense to you, except as to the portion of Lease payments for which funds shall have been appropriated and budgeted. In the event you return the Equipment to us, you will remove the Equipment and return it to a place designated by us, freight and insurance pre-paid, in good working order, ordinary wear and tear expected; you will be responsible for any damage to the Equipment during shipping. At least thirty (30) days prior to the end of your fiscal year, your chief executive officer (or legal counsel) shall certify in writing that (a) funds have been appropriated for the fiscal period, and (b) you have exhausted all funds legally available for the payment of Lease payments. You acknowledge and agree that this non-appropriation provision is not intended to be used as a substitute for convenience termination nor for the purpose of replacing the Equipment with other substantially identical property. To the extent permitted by applicable law, you acknowledge and agree not to utilize the non-appropriation provision for such purposes.

18.) **SAVINGS:** If any provision of this Agreement or any Schedule is unenforceable, invalid or illegal, the remaining provisions will continue to be effective. If a Lease provides for a 10% or \$1.00 purchase option, each Lease payment includes a principal component based on to Equipment cost and an interest component. The Equipment cost is the Rent divided by the Lease Rate Factor. The portion of the Rent that constitutes interest can be determined by applying to the Equipment cost the rate which will amortize the Equipment cost down to the purchase option amount by payment of the Rent. The lease charge rate can also be calculated using the sum of the Equipment Cost as the present value, the purchase option amount as the future value, the Lease payment as the payment and the Lease Term as the term. The lease charge rate may be higher than the actual annual interest rate because of the amortization of certain, expenses and fees incurred by us. If Lessee us located in Georgia, Maryland, New Hampshire, New Mexico, or Wisconsin: If a Lease provides for a 10% or \$1.00 Purchase Option, each Lease payment includes a payment of principal and interest based on the Equipment Cost, and the Lease Rate. The Equipment cost is the present value of the Lease payment discounted at the Lease Rate over the Lease Term. We both intend to comply with all applicable laws. If it is determined that your payments under a Lease result in an interest payment higher than allowed by applicable law, then any excess interest collection will be applicable law, then any excess interest collected will be applied to the repayment of principal and interest will be charged at the highest rate allowed by law. In no event will we charge or receive or will you pay any amounts in excess of the legal amount.

19.) **MERGER:** THE ABOVE TERMS AND CONDITIONS REPRESENT AND MERGE ALL THE TERMS AND CONDITION INTO THIS AGREEMENT. NEITHER THIS AGREEMENT NOR ANY SCHEDULE MAY BE MODIFIED OR ALTERED EXCEPT IN WRITING AND SIGNED BY ONE OUR OFFICERS.

SIGNER'S INITIALS (REQUIRED)

SAMPLE

