



Equipping Lease Professionals For Success

**EQUIPMENT MAINTENANCE AND
RETURN PROVISIONS
RESOURCE GUIDE**

2006 UPDATE

This resource guide provides general as well as asset-specific updates for suggested language to be used in maintenance and return provisions in typical lease contracts. The ELA wishes to acknowledge the following members of its Equipment Management Committee, who helped compile these updates, under the direction of General Editor Chris Condon, Dover Management Group, Inc.

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The entire ELA Maintenance & Return Provisions Resource Guide can be accessed on the ELA web site at <http://elaonline.com/asset/>

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GENERAL
MAINTENANCE & RETURN PROVISIONS

GENERAL RETURN PROVISIONS

General

- Lessee agrees that the Equipment, when returned, shall be free and clear of all liens, security interests, encumbrances and rights of others.
- Lessee agrees that the Equipment, when returned, shall be in the same condition as when delivered to Lessee, reasonable wear and tear excepted, capable and ready for reuse by another user without the need for repair and or refurbishment. If, in the opinion of Lessor, the Equipment fails to meet these standards, Lessee agrees to pay on demand all costs and expenses incurred in connection with repairing the Equipment and restoring it to such condition.
- The risk of loss of the Equipment shall remain with Lessee until Lessor or such other entity to which the Equipment is returned accepts the returned Equipment.
- Unless and until all the Equipment is returned and accepted, or otherwise disposed of by written agreement of Lessor and Lessee, and until all other terms and conditions have been met, the term of the Lease with respect to such Equipment shall continue.
- All usage of the Equipment by the Lessee will be for its originally intended purpose, in a safe and lawful manner, and in accordance with operating instructions and limitations as prescribed by the manufacturer

Inspection of Equipment

- Lessor may enter the premises where the Equipment is located at any time within normal business hours for inspection purposes with a minimum of ____ * day's notice, and in accordance with provisions of quiet enjoyment

**Notice Periods can vary from 0 hours to 5-days based on the equipment type and status of Lessee. Typically 24 or 48-hours notice is reasonable.*
- Lessor may enter the premises where the Equipment is located during normal business hours for the last _____ days of the Initial Term or during any Extended Term for the purpose of showing and/or demonstrating the Equipment to prospective purchasers or Lessees of the Equipment, and/or for an appraisal of the Equipment
- Lessee shall make all records pertaining to maintenance and repair available to Lessor for inspection

Insurance on Equipment during Return period

- Lessee will obtain and pay for a policy of transit insurance for the delivery period in an amount equal to the higher of Replacement Value or Termination Value of the Equipment and Lessor shall be named as Loss Payee on such policies

Days of Notice of Return

- Lessee shall give Lessor _____ * days written notice that Lessee is returning the Equipment along with an inventory of all models and serial numbers of the equipment to be returned

**Notice Periods can vary from 30 to 360 days based on the equipment type; ease or difficulty in reselling the equipment; de-installation time; transportation time to an off-site location; selling on-site time; and/or any other variables specific to the equipment.*

Transportation of Equipment

- Upon the expiration of the Term of the Lease, Lessee, at its sole expense, shall return all of the Equipment leased under such Lease by delivering it to such place as Lessor may designate * and on board such carrier as Lessor shall specify

** The Lessor designated location can vary considerably for instance from Continental US to "within ____ miles of current equipment location and should be somewhat determined by geographical use for the equipment; storage facilities available; type of equipment; or individual corporate policy*

Disassembly of Equipment "Generic" (also see examples under asset-specific equipment types)

- Lessee agrees that the disassembly will be according to the manufacturer's recommendations
- Lessor will be held harmless for any damages to disassembly site
- Lessee agrees to provide Lessor with a written inventory of all models and serial numbers of the Equipment to be returned

Storage

- The Lessee shall provide safe, suitable, accessible and insured storage for a period of (____) days after lease expiration to the Lessor for the purposes of remarketing the equipment to other users. During such time the Equipment should be reasonably maintained and protected from the elements, and accessible for inspection.

GENERAL MAINTENANCE PROVISIONS

Below are some common, generic Maintenance Provisions that can be used for most equipment types

- Lessee will maintain the Equipment in a condition and manner suggested by the original manufacturer as required honoring any warranty whether or not such warranty remains in effect.
- Lessee will maintain the Equipment in good operating condition and appearance, and cannot discriminate such maintenance between owned or leased equipment
- Lessee will use only manufacturer's approved replacement parts and components in the performance of any maintenance and repair of the Equipment
- Lessee will maintain current maintenance and repair records for the Equipment in a professional, logical, useable manner such that the Lessor can determine whether or not the maintenance practices relative to the Equipment are in compliance with the Lease.
- Lessee will not make any alterations to the leased Equipment without prior written approval of the Lessor
- Lessee will not make any alterations to the Equipment that will damage or restrict the Equipment from its initial use and design or that when removed, would cause damage to the unit, or cause detriment to the market value of the Equipment.
- Lessee shall, at its sole cost and expense, enter into and maintain in force, for the term of each Equipment Schedule, a maintenance contract with the manufacturer of the Equipment or such party as shall be acceptable to Lessor, and shall provide Lessor with a copy of such contract and all related supplements thereto
- If Lessee has the Equipment maintained by a party other than the manufacturer, Lessee assumes and agrees to pay any costs necessary to have the manufacturer re-certify that the Equipment will be eligible upon resale for the manufacturer's maintenance contract at the manufacturer's standard rates

ASSET- SPECIFIC

MAINTENANCE & RETURN PROVISIONS

COPIERS 01-06

Suggested Return Provisions

- All manuals, maintenance records, maintenance jackets and repair orders will remain with the Equipment.
- Proof in writing is required from a manufacturer's representative or qualified technical service representative that the Equipment has passed performance tests within the manufacturer's specifications and has been recertified for continued maintenance.
- For Color Copiers: Secure the scanning mechanism and drain all fuser oil from the machine prior to shipping.
- All accessories including but not limited to plugs, wires, cables, stackers, sorters, finishers, print controllers and stands will be returned. All items must be removed from inside stands and cabinets prior to shipping. All doors must be securely fastened. Document sorters, finishers and print controllers must be detached and packed individually. Toner / Ink cartridges must also be removed and separately packed. All separate packages are to be shipped with the corresponding copier.
- Copiers will be cornered, shrink-wrapped and secure. No accessories or additional items are to be shipped on top of the copier.
- Disposal of any ancillary waste material will have been made in accordance with manufacturer's specifications and in compliance with local, state, Environmental Protection Agency and federal law.
- All security, password and user codes must be deprogrammed and also supplied with the return of the equipment.
- Usage throughout the lease term shall not exceed _____ copies/impressions. Any copies/impressions in excess of the limit shall be charged to Lessee at _____ per copy/impression.

CORPORATE AIRCRAFT 01-06

Suggested Maintenance Provisions

(a) Maintenance and Operation. During the Term, Lessee, at its own cost and expense, shall (i) maintain, inspect, service, repair, overhaul and test the Airframe and each Engine in accordance with FAA approved and Manufacturer's recommended maintenance programs; (ii) maintain (in the English language) all Records and (iii) promptly furnish to Lessor such information as may be required to enable Lessor to file any reports required by any governmental authority as a result of Lessor's ownership of the Aircraft. All maintenance procedures shall be performed in accordance with all FAA and Manufacturer's standards and procedures by properly trained, licensed, and certified maintenance sources and maintenance personnel utilizing replacement parts approved by the FAA and the Manufacturer, so as to keep the Airframe and each Engine and Part in good operating condition, ordinary wear and tear alone excepted, and to enable the airworthiness certificate for the Aircraft to be continually maintained.

Lessee shall keep the Aircraft enrolled and participating at all times in the maintenance service program ("MSP") provided with respect to the Aircraft engines by the Aircraft engine manufacturer or such other engine maintenance provider as is agreed to in writing by Lessor.

(b) Additions, Alterations and Replacement Parts. Lessee shall be entitled from time to time during the Term to acquire and install on the Aircraft at Lessee's own cost and expense (and Lessor hereby appoints Lessee to be Lessor's agent for such purpose, so long as no Event of Default or Default has occurred and is continuing), any additional accessory, device or equipment as may be available at such time ("Additions") but only so long as such Additions (i) are ancillary to the Aircraft; (ii) are not required to render the Aircraft complete for its intended use by Lessee; (iii) will not impair the originally intended function or use of the Aircraft or diminish the value of the same; (iv) can be readily removed without causing material damage to the Aircraft and (v) in the event that Lessee has executed a Special Tax Indemnity Rider to the Lease, do not result in a "Tax Loss" as such term is defined in such Special Tax Indemnity Rider. Title to each Addition, which is not removed by Lessee prior to the return of the Aircraft to Lessor, shall vest in Lessor upon such return.

Any alteration or modification ("Alterations") with respect to the Aircraft that may at any time during the Term be required to comply with any applicable law or any governmental rule or regulation, including, without limitation, any airworthiness directives, shall be made at the expense of Lessee.

Lessee, at its own cost and expense, will promptly replace all Parts which may from time to time become worn out, lost, stolen, taken, destroyed, seized, confiscated, requisitioned, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, with original equipment manufacturer (OEM) parts, or if not available, OEM approved parts.

Lessee shall repair all damage to the Aircraft resulting from the installation and removal of Additions, Alterations and/or replacement parts so as to restore the Aircraft to its condition prior to installation, ordinary wear and tear excepted.

Alterations and/or replacement parts shall be deemed accessions, and title thereto shall be immediately vested in Lessor without cost or expense to Lessor.

(c) Aircraft Marking. Lessee agrees, at its own cost and expense, to (i) cause the Airframe and the Engines to be kept numbered with the identification or serial number as specified in the Lease hereof; (ii) prominently display on the Aircraft that "N" number, and only that "N" number, specified in the Lease or such other "N" number as has been approved in writing by Lessor and duly recorded with the FAA; (iii) notify Lessor in writing thirty (30) days prior to making any change in the configuration, appearance or coloring of the Aircraft from the time the Aircraft is accepted by Lessee hereunder (other than changes in configuration mandated by the FAA or changes which are reasonably consistent with the configuration, appearance and coloring of the Aircraft as of the Acceptance Date) and in the event of any such change or modification of configuration, coloring or appearance, (other than as permitted hereby) at the request of Lessor to restore the Aircraft to the configuration, coloring and/or appearance of the Aircraft as of the Acceptance Date or, at Lessor's option to pay to Lessor an amount equal to the reasonable cost of such restoration and (iv) affix and maintain in the Airframe adjacent to the airworthiness certificate and on each Engine a two-inch by four-inch plaque made of metal or other permanent material or permanently painted stencil bearing the following legend:

"This property is Owned by and Leased from _____,
_____. Any removal, alteration, disposal or other change in the
condition or location of this property must be approved by the Owner-Lessor."

and such other markings as from time to time may be required by law or otherwise deemed necessary or advisable by Lessor in order to protect the title of Lessor to the Aircraft and the rights of Lessor under this Lease.

Suggested Return Provisions

(a) Condition Upon Return. Unless purchased by Lessee, upon the expiration, cancellation or other termination of the Lease (whether following an Event of Default or otherwise), Lessee, at its own expense, will return the Aircraft (together with all Records) to Lessor at a location specified by Lessor within the continental United States and in the condition in which the Aircraft is required to be maintained pursuant to this M&R Addendum and any other applicable provisions of the Lease. The Aircraft shall be fully equipped with the Engines or the same number, make and model number of engines as are set forth in the Lease, which shall fully comply with this M&R Addendum, and which, in the opinion of Lessor, have the same or improved utility, value, useful life, performance, and efficiency (normal wear and tear excepted) as the Engines had on the Acceptance Date and are suitable for use on the Airframe and owned by Lessor and properly installed thereon. Lessee shall not be relieved of any of its duties, obligations, covenants, or agreements under the Lease (including, without limitation, its obligation to pay Rent) prior to the return of the Aircraft in the manner and condition required with respect to such return. The Aircraft, at Lessee's expense, upon redelivery pursuant hereto (i) shall have a currently effective FAA airworthiness certificate; (ii) shall be free and clear of all Liens other than the Lease and any Lessor's Liens; (iii) shall be in the same configuration and in the same operating condition, ordinary wear and tear excepted, as when delivered to Lessee on the Acceptance Date;

(iv) shall be in good operating condition, in good physical condition and good appearance (ordinary wear and tear excepted) with all systems operating normally; (v) shall have no damage history (including, without limitation, any damage history required to be reported on a FAA form #337 or pursuant to any other governmental reporting requirement), unless such damage has been repaired in accordance with the provisions hereof, and after the making of such repairs, the Fair Market Sales Value of the Aircraft has not been negatively affected (or in the event that the Fair Market Sales Value of the Aircraft continues to be negatively affected after such repairs, Lessee may avoid any Default that might otherwise result therefrom by paying to Lessor an amount equal to the difference between the Fair Market Sales Value of the Aircraft without such history and the Fair Market Sales Value of the Aircraft with such history); (vi) shall have no open (and shall be in compliance with) all mandatory service bulletins, manufacturer's directives or airworthiness directives and all other applicable service, maintenance, repair and overhaul regulations issued by the FAA and/or any Manufacturer, and (vii) shall be otherwise in the condition and repair required under the Lease. For purposes of clause (v) of the preceding sentence, the existence and the extent of any diminution in Fair Market Sales Value contemplated therein shall be determined by mutual agreement, and if no such agreement is reached between the parties within ten (10) Business Days of Lessor's notice that it desires a valuation with respect to such damage history (the "Damage History Notice"), the parties will use the appraisal process set forth in Paragraph (c) of the Option Addendum to determine the existence and extent of such diminution. The parties will use their best efforts to complete such valuation as promptly as practicable, but, in any event, within thirty (30) Business Days after the Damage History Notice. A final determination regarding the existence and extent of any diminution shall be binding and conclusive on both parties. Upon Lessor's request, Lessee shall assign to Lessor Lessee's rights under any manufacturers or servicers maintenance service contracts and/or extended warranties for the Aircraft, the Engines and/or any Parts.

If at the time of the return of the Aircraft to Lessor, the actual average annual flight hours accumulated with respect to the Airframe (such product, the "Actual Annual Hours") for the period from the Acceptance Date to such return date (such period, the "Operating Period"), is greater than the Estimated Annual Hours (as defined below), then, Lessor and Lessee shall consult for the purpose of determining the Fair Market Sales Value and the Excess Use Amount (as defined below) of the Aircraft as of the return date, and any values agreed upon in writing shall constitute such Fair Market Sales Value and Excess Use Amount of the Aircraft for the purposes of this M&R Addendum. If Lessor and Lessee fail to agree upon such values within thirty (30) days after the return date, then Lessor and Lessee shall follow the appraisal procedure set forth in paragraph (c) of the Option Addendum to the Lease for the purpose of determining the Fair Market Sales Value and Excess Use Amount of the Aircraft. Lessee shall then pay to Lessor within ten (10) days of Lessor's written demand therefor (which demand shall, unless determination of the amount payable is otherwise agreed upon by Lessor and Lessee without consulting with an appraiser, be accompanied by a copy of an appraiser's report containing such determination) an amount equal to the Excess Use Amount. For the purposes of this M&R Addendum, (A) "Excess Use Amount" shall mean the amount by which the Aircraft's Fair Market Sales Value has been diminished as a result of the Actual Annual Hours accumulated with respect to the Airframe during the Operating Period being greater than the Estimated Annual Hours per annum on average; and (B) "Estimated Annual Hours" shall mean the anticipated number of average annual flight hours as shown in the Lease.

(b) Mid-Life Condition. At the time of such return (i) each Engine shall have available operating hours until both the next scheduled "hot section" inspection and the next scheduled major overhaul of not less than fifty percent (50%) of the total operating hours available between such "hot section" inspection or major overhaul, as the case may be; (ii) the Airframe shall have remaining not less than (aa) fifty percent (50%) of the available operating hours allowed between major airframe inspections; and (bb) fifty percent (50%) of number of available operating months allowed between major airframe inspections until the next scheduled major airframe inspection;

(iii) each Propeller shall have available operating hours until the next scheduled inspection and the next scheduled overhaul of not less than fifty percent (50%) of the total operating hours or calendar time available between such inspection or overhaul, as the case may be; and

(iv) all life limited parts and components shall have remaining not less than fifty percent (50%) of the available hours, cycles and/or months, as the case may be, until the next scheduled replacement. In addition to the requirements set forth in clauses (i), (ii) (iii) and (iv) above, all inspections and scheduled maintenance required to be performed on the Airframe, Engines, Propellers and all life limited parts and components within one hundred twenty (120) days of the date of return and/or one hundred hours (100) of additional operation shall have been performed by Lessee.

(c) Engines. In the event that any Engine does not meet the conditions set forth in Section II (b) (i) above, for each such Engine Lessee shall pay Lessor an amount equal to the sum of (i) the current estimated cost of the next scheduled "hot section" inspection (including in such estimated cost, all required replacements of life limited parts) multiplied by the fraction wherein the numerator shall be the greater of (A) zero and (B) the remainder of (x) the actual number of operating hours since the previous hot section inspection, minus (y) 50% of the total operating hours allowable between hot section inspections, and the denominator shall be the total operating hours allowable between hot section inspections, plus (ii) for each such Engine, the product of the current estimated cost of the next scheduled major overhaul (including in such estimated cost, all required replacements of life limited parts) multiplied by the fraction wherein the numerator shall be the greater of (A) zero and (B) the remainder of (x) the actual number of hours of operation since the previous major overhaul minus (y) 50% of the total operating hours allowable between major overhauls, and the denominator shall be the total operating hours allowable between major overhauls.

Notwithstanding the foregoing, the requirements of Section II (b)(i) above and the final sentence of Section II (b) above (but solely with respect to the Engines) shall be deemed to have been satisfied if at the time of return of the Engines (x) the Engines being returned to Lessor shall be covered by a service and maintenance contract in form and substance satisfactory to Lessor which provides for the maintenance and/or overhaul of the Engines ("Maintenance Contract"), (y) either (i) adequate reserves for future required maintenance and/or overhaul shall have been provided for pursuant to such Maintenance Contract or (ii) all amounts due and payable pursuant to such Maintenance Contract shall have been paid in full through the date of return and (z) the entity which provides the maintenance and/or overhaul services under such Maintenance shall either (i) recognize the transfer by Lessee to Lessor of the rights and interests of Lessor (or its designee) under such Maintenance Contract or (ii) acknowledge the rights and interests of Lessor (or its designee) under such Maintenance Contract.

(d) Propellers. In the event that any Propeller does not meet the conditions set forth in Section II (b) (iii) above, for each such Propeller Lessee shall pay Lessor an amount equal to the sum of (i) the current estimated cost of the next scheduled inspection (including in such estimated cost, all required replacements of life limited parts) multiplied by the fraction wherein the numerator shall be the greater of (A) zero and (B) the remainder of (x) the actual number of operating hours since the previous inspection, minus (y) 50% of the total operating hours allowable between inspections, and the denominator shall be the total operating hours allowable between inspections, plus

(ii) for each such Propeller, the product of the current estimated cost of the next scheduled overhaul (including in such estimated cost, all required replacements of life limited parts) multiplied by the fraction wherein the numerator shall be the greater of (A) zero and (B) the remainder of (x) the actual number of hours of operation since the previous overhaul minus (y) 50% of the total operating hours allowable between overhauls, and the denominator shall be the total operating hours allowable between overhauls.

(e) Airframe. In the event that the Airframe does not meet the conditions set forth in Section II (b) (ii) above, Lessee shall pay Lessor an amount equal to the sum of the product of the current estimated cost of the next scheduled major airframe and pressure vessel inspection (including in such estimated cost, all required replacement of life limited parts) multiplied by the fraction wherein the numerator shall be the greater of (i) zero and (ii) the remainder of (x) the actual number of respective operating hours or months of operation since previous major airframe and pressure vessel inspection, minus (y) 50% of the respective total operating hours or months of operation allowable between scheduled major airframe and pressure vessel inspections, and the denominator shall be the respective total operating hours or months of operation between scheduled major airframe and pressure vessel inspections.

(f) Parts and Components. In the event any life limited part or component does not meet the conditions set forth in Section II (b)(iv) above, Lessee shall pay to Lessor with respect to each part or component for which said requirement is not met the dollar amount obtained by multiplying (i) the ratio that the life expended in excess of fifty percent (50%) of the available hours, cycles and/or months, as the case may be, until the next scheduled replacement bears to the total allowable life (measured in hours, cycles and/or months, as the case may be) for such part or component by (ii) Lessor's cost of replacement of such part or component. Lessor's cost of replacement of a part or component shall include Lessor's then current cost of purchasing the part or component itself and all of Lessor's then current costs associated with the replacement.

(g) Treatment of Charges. All prorated inspection and/or overhaul charges, if any, shall be payable as Supplemental Rent and shall be due upon presentation to Lessee of an invoice setting forth in reasonable detail the calculation of such amounts due, including the names of all sources used for the required cost estimates. Unless both Lessor and Lessee agree to an alternative source, the Manufacturers of the Airframe and Engines shall be used as the sources for all cost estimates.

(h) Fuel and Records. Upon the return of the Aircraft in accordance with the terms and conditions hereof; (i) each fuel tank shall contain no less than fifty percent (50%) of its full capacity or, in the case of differences in such quantity, an appropriate adjustment will be made at the then current market price of fuel and (ii) Lessee shall deliver all Records to Lessor. In the event any Records are missing or incomplete, Lessor shall have the right to cause any such Records to be reconstructed at the expense of Lessee.

(i) Storage. Upon the expiration, cancellation or other termination of the Lease, Lessee will, if requested by Lessor, permit Lessor to store the Aircraft at the Primary Hangar Location. During such storage period Lessee will, at its own cost and expense, keep the Aircraft properly hangared, and will permit Lessor or any Person designated by Lessor, including the authorized representatives of any prospective purchaser, lessee or user of the Aircraft to inspect the same. Lessee shall not be liable, except in the case of negligence, gross negligence or intentional misconduct of Lessee or of its employees or agents, for injury to, or the death of, any Person exercising, either on behalf of Lessor or any prospective purchaser, lessee or user, the rights of inspection granted hereunder. Lessee shall bear the risk of loss and shall pay any and all expenses connected with insuring and maintaining the Aircraft during such storage period. Notwithstanding the foregoing, upon the expiration of the Term for any reason other than expiration, cancellation or termination, which occurs as a result of an Event of Default, the storage period provided for in this paragraph and the obligation to hangar and insure the Aircraft shall be limited to fifteen (15) days.

(j) Inspections. Lessor shall arrange for the inspection of the Aircraft on the Return Date to determine if the Aircraft has been maintained and returned in accordance with the provisions of this Lease. Lessee shall be responsible for the cost of such inspection and shall pay Lessor such amount as additional Rent within ten (10) days of demand. If the results of such inspection indicate that the Aircraft, any engine thereto or part thereof, has not been maintained or returned in accordance with the provisions of this Lease, Lessee shall pay to Lessor within ten (10) days of demand, as liquidated damages, the estimated cost ("Estimated Cost") of servicing or repairing the Aircraft, engine or part. The Estimated Cost shall be determined by Lessor by obtaining two quotes for such service or repair work and taking their average. Lessee shall bear the cost, if any, incurred by Lessor in obtaining such quotes. Lessor shall have the right, but not the duty, to inspect the Aircraft, any component thereof and/or the Records, at any reasonable time and from time to time, wherever located, upon reasonable prior written notice to Lessee. Upon request of Lessor, Lessee shall confirm to Lessor the location of the Aircraft and shall, at any reasonable time and from time to time, upon reasonable prior written notice to Lessee, make the Aircraft and/or the Records available to Lessor for inspection.

(k) If Lessee fails to return the Aircraft on the Return Date, Lessor shall be entitled to damages equal to the higher of (i) the Rent for the Aircraft, pro-rated on a per diem basis, for each day the Aircraft is retained beyond the Return Date; or (ii) the daily fair market rental for the Aircraft at the Return Date. Such damages for retention of the Aircraft after the Return Date shall not be interpreted as an extension or reinstatement of the Term.

FOOD PROCESSING 01-06

Suggested Return Provisions

- At least _____ (____) days and not more than _____ (____) days prior to expiration or earlier termination of the Lease, provide to Lessor a detailed inventory of all components of the Equipment. The inventory should include, but not be limited to, a listing of model and serial numbers for all components comprising the Equipment.
- At least _____ (____) days prior to expiration or earlier termination of the Lease, upon receiving reasonable notice from Lessor, provide or cause the vendor(s) or manufacturer(s) to provide to Lessor the following documents: (1) one set of service manuals, blue prints, process flow diagrams and operating manuals including replacements and/or additions thereto, such that all documentation is completely up-to-date; and (2) one set of documents, detailing equipment configuration, operating requirements, maintenance records, and other technical data concerning the set-up and operation of the Equipment, including replacements and/or additions thereto, such that all documentation is completely up-to-date;
- At least _____ (____) days prior to expiration or earlier termination of the Lease, cause the manufacturer's representative or a qualified equipment maintenance provider, acceptable to Lessor, to perform a comprehensive physical inspection, including testing all material and workmanship of the Equipment; and if during such inspection, examination and test, the authorized inspector finds any of the material or workmanship to be defective or the Equipment not operating within the manufacturer's specifications, then Lessee shall repair or replace such defective material and, after corrective measures are completed, Lessee will provide for a follow-up inspection of the Equipment, at Lessee's expense by the authorized inspector;
- At least _____ (____) days prior to expiration or earlier termination of the Lease, upon receiving reasonable notice from Lessor, allow Lessor the right to re-market the Equipment from the Lessee's plant at Lessor's expense with the Lessee's full cooperation and assistance. Lessee shall allow the Lessor to re-market the equipment up to _____ (____) days from the Lease expiration at the Lessee's location. Lessee shall make the Equipment available for on-site operational inspections by potential purchasers and provide personnel, electrical power, lighting, heat, water and other operational requirements necessary to demonstrate the Equipment to any potential buyer. If Lessor deems an Equipment auction necessary, Lessor shall be permitted to auction the Equipment on-site with Lessee's full cooperation and assistance;
- Permit Lessor to video tape the Equipment "under power" at Lessee's facility at a time during normal working hours mutually agreeable to Lessee for the purposes of assisting in the re-marketing of the equipment.
- Ensure that the Equipment will be cleaned, sterilized and cosmetically acceptable, and in such condition so that it may be immediately installed and placed into use in the same environment without the need of repair or refurbishment;

- Have the equipment returned with adequate protective coatings over all surfaces, as determined by the manufacturer and equipment shall be free from rust and corrosion;
- Ensure all items of Equipment will be completely steam-cleaned, sterilized and approved by the necessary governmental agencies which regulate the use and operation of such equipment in accordance with all federal, state and local health requirements and guidelines so as to available for immediate use by a third party;
- Ensure the Equipment shall be mechanically and structurally sound, capable of performing the functions for which the Equipment was originally designed, in accordance with the manufacturers published and recommended specifications;
- Where Equipment with computer control systems, including monitors, all monitors and video screens shall not exhibit "burn-in" and all computer related Equipment will be compliant to the manufacturer's then current specifications.
- Current up-to-date software will be installed including any subsequent changes made to the micro code of the soft ware and shall be returned to Lessor with the Equipment. All cables, accessories and components from the original invoices will remain with the Equipment. The Lessor will not be held responsible for and will be held harmless for any proprietary information left on the hard drive by Lessee. Lessee will remove any BIOS passwords or any and all passwords before any computer equipment leaves the Lessee's location. The Equipment will be at or above the configuration originally leased by Lessee from Lessor;
- Provide for the de-installation and packing of the Equipment to include, but not be limited to, the following: (1) all process fluids shall be removed from the Equipment and disposed of in accordance with the then current waste disposal laws and regulations. At no time are materials which could be considered hazardous waste by any regulatory authority to be shipped with machinery; (2) all internal fluids such as lube oil and hydraulic fluid are to be filled to operating levels; filler caps are to be secured and disconnected hoses are to be sealed to avoid spillage; (3) the manufacturer's representative shall de-install the Equipment in accordance with the specifications of the manufacturer and will be returned with a certificate qualifying that the Equipment to be in good condition, all components meet or exceed the manufacturer's minimum recommended specifications; (4) the Equipment shall be packed properly and in accordance with the manufacturer's recommendations; (5) the Lessee shall transport the Equipment in a manner consistent with the manufacturer's recommendations and practices;
- Properly remove all non-manufacturer markings (e.g. Lessee markings, graffiti, etc.);
- Ensure all Equipment and Equipment operations conform to all applicable local, state and federal laws, health and safety guidelines;
- Provide insurance and safe, secure storage for the Equipment for up to _____ (____) days after expiration or earlier termination of the Lease at either the Lessee's location or at _____ (____) accessible location (s) whichever is satisfactory to Lessor.

FURNITURE, FIXTURES & EQUIPMENT 01-06

Suggested Return Provisions

- Provide one set of documents, detailing equipment configuration, and other technical data concerning the set-up the equipment, including replacements and/or additions thereto, such that all documentation is completely up-to-date;
- Provide a detailed inventory of all returned equipment, components and parts, and label all packed material with inventories for each individual crate, carton, pallet etc.;
- Cause the Equipment to be disassembled, packed, crated and otherwise properly prepared for shipping as follows: (1) the manufacturer's representative or the qualified maintenance provider shall de-install such Equipment (including all wire, cable and mounting hardware) in accordance with the specifications of the manufacturer; (2) such Equipment shall be packed in accordance with the manufacturer's recommendations; and (3) Lessee shall transport such Equipment in a manner consistent with the manufacturer's recommendations and practices;
- Cause each Item of Equipment, including, without limitation, all original dividers, trays, and file hangers, all of which shall be intact, all keys originally provided with the Equipment, each labeled by unit number and general description of the Item to which it relates, and all electrical and telephonic outlets, together with all manuals, maintenance records, repair orders and other written materials pertinent to the Equipment's assembly and disassembly to be transported to such location as provided for in the Lease;
- Cause all the Equipment to be cleaned and treated to remove all dirt, grime, rust, corrosion and other damage and deterioration and generally to be in the condition and appearance consistent with the best practices of dealers in used equipment similar in nature to the Equipment, including, without limitation, to be fit for its intended purpose;
- Cause all cuts, scratches, tears, dents or other disfigurements to the Equipment to be repaired in a workmanlike manner by a professional office furniture or store fixture repair person or restorer;
- Cause all fasteners, clamps, wheels, nuts, bolts and other hardware integral to the reassembly and use of the Equipment as originally intended, to be packaged and labeled in a clear and readable manner;

PRINTING 01-06

Suggested Maintenance Provisions

- Lessee shall maintain and lubricate the Equipment in accordance with the maintenance manual and lubrication schedule recommended by the manufacturer.
- Once every six months, the drive side (gear side) of each printing unit shall be inspected to determine the existence of undue wear.
- Once every six months, the sequence startup shall be inspected to determine that the starting controller is working properly.
- Once each year, all rollers shall be removed and resurfaced.
- Once each month, any blankets shall be replaced.
- Once each year, each printing unit shall be broken down and the oil changed.
- Lessee shall keep an accurate logbook for all Equipment maintenance (including, without limitation, lubrication, parts replacement, inspections and dates of service), which shall be signed by the supervising authority.
- Samples of all printing projects should be kept on file. The dates, time, and name of the supervising authority should be included with each sample filed as well as the rated speed at which the sample was printed. These files shall be kept by Lessee and be supplied to Lessor upon request.
- Material used in the operation of the Equipment will be compatible with those recommended by the manufacturer.
- Maintenance and repairs shall be performed by a factory authorized individual or a trained maintenance individual with the authority to act in accordance with the above procedures.

Suggested Return Provisions

- Prior to return of the Equipment, Lessee must demonstrate that the Equipment can perform at the manufacturer's original performance specifications with regard to speed, register control and quality of printed matter. An outside printing expert selected by Lessor, and paid by Lessee, shall supervise the demonstration and shall perform an electrical and mechanical inspection of the Equipment. The inspection shall include, without limitation, a torsional vibration analysis (tva) of any presses with comparable tests on other items if such tests are available. The printing expert shall also inspect printed matter coming off any press for its salability. If the printing expert determines that corrective actions are required to enable the Equipment to perform at the manufacturer's original performance specifications, then Lessee shall insure that these corrective actions are performed to the original manufacturer's specifications prior to Lessee's return of the equipment.
- The Equipment shall be deinstalled, crated and transported according to the manufacturer's recommendations and only by a licensed erector/rigger selected by Lessor who specializes in printing equipment deinstallation and reassembly. Deinstallation shall include, without limitation, certification, proper crating, proper blueprinting, mapping, tagging and labeling of each individual part including cables, electrical apparatus, wires and components. Lessor shall be held harmless for any damages to disassembly area.
- All process fluids, ink spillage and/or any hazardous materials will be removed from the Equipment and disposed of in accordance with the then current local, state, federal and EPA waste disposal regulations. Lessor shall be held harmless for any damages to disassembly site.
- Equipment shall be returned with all manuals, maintenance records, log books, plans, drawings, blueprints and schematics, process flow diagrams, inspections and overhaul records and operating requirements or other materials pertinent to the Equipment's operation, maintenance, assembly and disassembly.
- All non-manufacturer markings and any other markings, which are not necessary for the operation, maintenance or repair of the Equipment, shall be removed in a professional manner so as not to cause damage to the press.
- Equipment will be cleaned and in conformance with the then current local, state, federal and EPA waste disposal regulations, including those prescribed by OSHA.
- Equipment must be in such condition that it may be immediately re-installed and put into use in a Graphic Arts production environment without the need for any additional repairs or refurbishment.
- Equipment with predictable or scheduled replacements or overhaul lives shall have not less than 50% useful life remaining before the next such replacement or overhaul.

- There will be no structural or mechanical damage. Frames, structural members, accessories and attachments must be structurally sound without breaks or cracks and in compliance with all federal, state, local and other regulatory requirements.
- Lessee must provide Lessor the opportunity to resell the equipment from the Lessee's location with the Lessee's full cooperation and assistance as is mutually agreed for a period of _____()days from lease expiration. Lessee must cease production operation of the equipment at lease expiration but keep the equipment in operating condition for demonstration purposes.
- Usage throughout the lease term shall not exceed _____ copies/impressions. Any copies/impressions in excess of the limit shall be charged to Lessee at _____ per copy/impression.

TELECOMMUNICATIONS 01-06

Suggested Return Provisions

- At least (____) days and not more than (____) days* prior to expiration of the Lease provide to Lessor a detailed inventory of all components of the Equipment. The inventory should include, but not be limited to, a listing of model and serial numbers for all components comprising the Equipment and, upon specified request by/of Lessor, a detailed listing of all internal circuit boards and other such components by both the model and serial number and a listing of all software features listed individually.

** Typically, 3-4 months prior to return*

- At least (____) days* prior to expiration of the Lease, cause manufacturer's representative or qualified equipment maintenance provider, acceptable to Lessor, to perform a comprehensive physical inspection including testing all material and workmanship of the Equipment; and if during such inspection, examination and test, the authorized inspector finds any of the material or workmanship to be defective or the Equipment not operating within the manufacturer's specifications, then Lessee shall repair or replace such defective material and, after corrective measures are completed, Lessee will provide for a follow-up inspection of the Equipment by the authorized inspector acceptable to Lessor.

** Typically, 60-90 days prior to return*

- Have each item of Equipment returned with an in-depth field service report to certify that the Equipment has been properly inspected, examined and tested and is operating within the manufacturer's specifications.
- At Lease termination or upon receiving reasonable notice from Lessor, provide or cause the vendor(s) or manufacturer(s) to provide to Lessor the following documents: (1) one set of service manuals and operating manuals including replacements and/or additions thereto, such that all documentation is completely up-to-date; (2) one set of documents, detailing equipment configuration, operating requirements maintenance records, and other technical data concerning the set-up and operation of the Equipment, including replacements and/or additions thereto, such that all documentation is completely up-to-date.
- Ensure the Equipment shall be mechanically and structurally sound, clean and cosmetically acceptable, capable of performing the function for which the Equipment was originally designed in accordance with the manufacturers published and recommended specifications.
- All Equipment shall be cleaned and treated with respect to rust, corrosion and appearance in accordance with the manufacturer's recommendations and consistent with the best practices of dealers in similar used equipment.
- All plugs, cables, circuitry, connectors, grids, adapters, cords, receivers and wires required for the full functioning of the equipment are in proper working order and have been properly labeled and assembled for return with the Equipment.

- Properly remove all non-manufacturer installed markings, which are not necessary for the installation, operation, maintenance or repair of the Equipment in a professional manner so as not to cause damage to the equipment.
- Provide for the deinstallation, packing, transporting and certifying of the Equipment to include, but not limited to, the following: (1) the manufacturer's representative shall de-install all Equipment (including all wire, cable and mounting hardware) in accordance with the specifications of the manufacturer; (2) each item of Equipment will be returned with a certificate supplied by the manufacturer's representative certifying the Equipment to be in good condition and (where applicable) to be eligible for the manufacturer's maintenance plan; the certificate of eligibility shall be transferable to another operator of the Equipment; (3) the Equipment shall be packed properly and in accordance to the manufacturer's recommendations; (4) Lessee shall transport the Equipment in a manner consistent with the manufacturer's recommendations and practices to location (s) selected by Lessor; and (5) Lessee shall obtain and pay for a policy of transit insurance for the redelivery period in an amount equal to the replacement value of the Equipment and Lessor shall be named as the loss payee on all such policies of insurance.
- Software licenses must be fully transferable to a new user. Any costs associated with such transfer will be borne by the original lessee. All software related to, or which is an integral part of the Equipment, has been assembled for return to Lessor and re-licensed to Lessor or new owners.
- At the request of Lessor, provide safe, secure storage for the Equipment for (____) days after expiration or earlier termination of the Lease at an accessible location satisfactory to Lessor.

UNDERGROUND MINING 01-06

Suggested Return Provisions

- Lessee shall return the Equipment in good working condition, operating order and appearance, within the manufacturer's accepted tolerances and specifications for operation in all material respects, and in compliance with the maintenance provisions of this Lease, able to safely continue to perform all of its normal functions without the need for overhaul or repair, including but not limited to:
- The Equipment will be capable of being immediately assembled and operated by a third party Lessee without further inspection, repair, replacement, alterations, or improvements (excluding third party peculiar requirements for compatibility with third party products, operating practices, Equipment, or facilities.) Lessee shall return the Equipment with no less than ___% useful life remaining, including all operating parts and components. The machine main frame shall have a minimum of ___% remaining. These remaining useful life requirements shall be based upon a total useful life of _____ hours or tons for parts and components and _____ hours or tons for the machine frame.
- The Equipment will meet all rules and regulations of MSHA, OSHA, EPA, and any other regulatory agency having jurisdiction of the use, and maintenance of the Equipment.
- All worn or broken or missing parts will have been replaced, rebuilt, or rotated on a timely schedule as suggested by the manufacturers' specifications and as otherwise required to comply with the terms of the Lease.
- Any modifications, alterations, or changes, which may have been made with respect to the Equipment or components thereof, must not decrease the marketability or value of the Equipment. The Equipment will be complete and operational with all components equal to or better than those originally supplied and in the condition specified herein.
- The hydraulic system, hoses, lines, cylinders, and fittings will be free of leaks and will function at or above manufacturers' rated capacity necessary for safe operating performance.
- Batteries and cables will be functionally sound with no dead cells or cracked cases. All electrical components will be in good working order.
- All crawler frame, crawler drive train, and crawler pad related components should be free from any deficiencies.
- All fluids will be clean and at specified levels. New filters will be in place.
- The frame will be free of broken members and free of stress cracks and other faults.

- The Equipment, if idled, shall have been "moth balled" in a manner consistent with the manufacturers' specifications and recommendations for such an exercise.
- All advertising, decals, or insignia, customer numbers (not including serial numbers or other manufactures' identification) and other customer identification shall be removed from the Equipment in a good and workmanlike manner without damage to the Equipment.
- All machine covers, mounting brackets, and cable and hose covers shall be configured and shaped as originally shipped, free from cracks and dents.
- All cutting and conveyor drive components shall be free from all leaks. All components shall be complete in all respects. Weekly oil sampling from all gear reductions and hydraulic systems is required. Abnormal levels of contaminants or metal shall mandate component replacement.
- Upon written request by the Lessor, the Lessee shall provide free storage for any item of Equipment for a period not to exceed _____ (__) days after expiration of the pertinent lease term before returning it to the Lessor. During and at the end of any storage period Lessee shall at all times comply with and be obligated to the terms of this lease (including but not limited to the obligation to maintain the insurance described in this lease), except the obligation to pay Monthly Lease Payments pursuant to the Lease covering the stored Equipment.
- Lessee also acknowledges and agrees that the Equipment will be steam cleaned, match marked, removed, packed, crated, and rigged in accordance with the manufacturers specifications upon return: all operating language, programs, and records and logs of use and maintenance shall be current, in compliance with manufacturers' specifications and recommendations, and in compliance with all governmental requirements, and shall be returned with the Equipment. Records and logs of use shall include an accurate and quantifiable accounting of raw tons conveyed through the period of machine use. Lessor is hereby authorized to enter lessee's premises, or cause an inspection agent to be specified by Lessor, that said agent has inspected the Equipment and is of the opinion the Equipment is in the condition described herein. If any item of Equipment is returned in any condition other than herein specified, Lessee shall immediately advance payment for all repairs and other costs needed to place the Equipment in the required condition.