

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement ("Lease") is made and entered into effective as of this _____ day of _____, 20__ (the "Effective Date"), by and between **GEOTHERMAL SUPPLY COMPANY, INC.** ("GSC"), a Kentucky corporation, and _____ ("Lessee").

WHEREAS, GSC desires to lease to Lessee and Lessee desires to lease from GSC certain equipment (the "Equipment") that is more particularly described as Purge Pro (circle applicable description) **MAX/SUPERMAX/MEGAMAX**, together with any attachments and accessories, on the terms and conditions set out in this Lease; and

WHEREAS, Lessee warrants that all information given in this Agreement is accurate and is an appropriate representation of Lessee's circumstances and intentions; and

NOW, THEREFORE, the Parties agree as follows:

1. Equipment Lease. GSC hereby leases to Lessee and Lessee hereby leases from GSC the Equipment during the Term (as defined below), subject to the terms, covenants and conditions contained in this Lease.

2. Permitted Use; Compliance with Laws. Lessee acknowledges and agrees that the Equipment shall be used: (i) solely by Lessee, unless first obtaining written consent from GSC; (ii) the Equipment will be used within the Equipment's normal operating capacity and in accordance with the manufacturer's specifications and recommendations; and (iii) in the location designated by the parties, unless first obtaining written consent from GSC. Lessee shall comply with all federal, state and local laws, ordinances, regulations, conditions of insurance, and operating instructions with respect to the physical possession, condition, use, maintenance and operation of the Equipment and shall not make any modifications, alterations or additions to the Equipment without GSC's prior written consent. If GSC incurs any costs or expenses to bring the Equipment up to good working order and appearance due to Lessee's violation of any of the foregoing, Lessee shall promptly reimburse GSC for those costs or expenses. Lessee shall not operate the Equipment in any manner which would contravene the uses and purposes stipulated in the insurance policies referred to in Paragraph 11.

3. Term; Termination. The initial term of this Lease (the "Initial Term") shall commence on the date that the Equipment is received by Lessee and shall terminate on _____, 20__, or on the date Equipment is returned to GSC.

4. Rent. During the Term, Lessee agrees to pay as rent for the Equipment the sum of \$_____ per day. Should collection or litigation become necessary to collect rent, or other charges referenced herein, Lessee agrees to pay all collection costs, including but not limited to reasonable attorney's fees and court costs.

5. Acceptance. Receipt of Equipment by Lessee will constitute acceptance of the Equipment. Both parties warrant that upon acceptance, the Equipment was inspected and was in good and serviceable condition.

6. Title. GSC shall have sole title to the Equipment at all times during the Term. Lessee shall not acquire any ownership, title, property, right, equity or interest in the Equipment other than its rental interest solely as a renter subject to all the terms and conditions of this Lease. If for any reason, a court of law or other entity with jurisdiction over the Equipment deems Lessee to have any interest in the Equipment other than as a renter subject to the terms of the Lease, Lessee hereby grants to GSC a first priority security interest in the Equipment to secure the performance of all obligations of Lessee under this Lease, now owed or hereafter arising.

7. No Third Party Liens. Lessee shall not permit any third party or parties to assert any liens of any nature against the Equipment or by any agreement use the Equipment as collateral in any secured transaction or perfect any security interest in the same or otherwise encumber the Equipment.

8. Repairs, Replacement, and Maintenance. Lessee will keep the Equipment in good working order throughout the Term of this Lease and will operate the Equipment within the parameters of training or instruction provided by GSC. In the event the Equipment becomes unsafe or in a state of disrepair, Lessee agrees to immediately discontinue its use, notify GSC of its condition, and promptly return it to GSC. If the condition is not the fault of the Lessee, GSC will replace the Equipment of a like kind in good working order. Lessee acknowledges that the Equipment is subject to repair by GSC or a contracted third party. At GSC's discretion, the equipment may be repaired at Lessee's place of business or exchanged by GSC for the same or comparable model.

9. Surrender; Removal. Lessee shall surrender the Equipment to GSC upon expiration or termination of this Lease. Lessee shall, at its sole cost and expense, return the Equipment to GSC. The Equipment is to be returned in the same condition in which it was received, with the exception of ordinary wear and tear. Lessee is responsible for any damage to the Equipment or loss of its parts or attachments, while in its possession or control.

10. Risk of Loss. Lessee will keep the Equipment safe, secure and free from damage and any malfeasance at all times during the Term. Lessee shall be solely responsible and shall reimburse GSC for any loss that arise during the Term with the exception of routine wear and tear. If a loss occurs, Lessee shall promptly notify GSC in writing. GSC is not liable to Lessee for any loss, delay, or damage resulting from defects or inefficiency of the Equipment or accidental breakage.

11. Insurance.

- a. Insurance Policies Purchased by Lessee. Lessee shall secure and maintain in effect throughout the term hereof comprehensive general liability and property damage insurance covering the Equipment and insuring the Equipment against all risk of loss or damage from every cause whatsoever for not less than the full replacement value thereof as determined by GSC. All of such insurance shall be in the form and

amounts and with companies approved by GSC, and shall be in the joint names of GSC and Lessee. For this Equipment, the Lessee is required to have at minimum (circle corresponding amount) **\$25,000/\$82,000/\$130,000** in property damage coverage as that is the amount which corresponds with the type of equipment leased. Lessee should also obtain comprehensive general liability (CGL) insurance with limits of \$2,000,000 aggregate/ \$1,000,000 occurrence. Lessee shall pay the premium therefor and shall deliver said policies, or duplicates thereof, to GSC. Each insurer shall agree, by endorsement on the policy issued by it or by independent instrument furnished to GSC, that it will give GSC thirty (30) days written notice before the policy in question shall be altered or cancelled.

- b. **Duty of Lessee to Cooperate.** In the event of loss or damage to the Equipment, Lessee shall immediately report such loss or damage to GSC, to the insurance companies underwriting such risk, and to any and all applicable governmental agencies, both federal and state, and shall furnish such information and execute such documents as may be required and necessary to collect the proceeds from the insurance policies.
- c. **Use of Proceeds of Insurance.** In the event of, and only to the extent that there is, loss or damage to the Equipment which is covered by the insurance required hereunder the proceeds of such insurance shall be applied, at GSC's sole option (a) for the replacement, restoration, or repair of the Equipment, or (b) toward the payment of the Lessee's obligations hereunder. In the event that GSC elects to apply insurance proceeds to the repair or to the replacement of the damaged Equipment, this Lease shall continue in full force and effect without abatement of rent. In the event GSC elects to apply insurance proceeds to the payment of Lessee's obligations to pay rent hereunder, the Lessee's obligation for all or part of the rent shall cease only with respect to that part of the Equipment or that piece of Equipment lost or damaged, the insurance settlement received by GSC and to be apportioned equally as reductions in the amounts remaining payable for the balance of the term hereunder.
- d. **Lessee's Failure to Maintain Insurance.** In the event Lessee fails to secure and maintain adequate insurance coverage, or to pay taxes, assessments, licenses, fees, or other similar charges, all as hereinabove specified, GSC may, at its option, effect such insurance, or pay such taxes, assessments, licenses, fees or other similar charges, as the case may be. In such event, the cost thereof shall be payable by Lessee to GSC as additional rent with the next installment.

12. **Taxes.** GSC shall remain solely responsible for any property taxes assessed against the Equipment during the Term.

13. **Right of Entry.** If Lessee fails to surrender the Equipment upon termination or expiration of this Lease, GSC may during reasonable business hours and upon reasonable notice to Lessee access Lessee's premises to remove the Equipment. Lessee acknowledges that GSC may, at any time during the Term, as applicable, affix and maintain on the Equipment a plate indicating GSC's ownership thereof for the purpose of, among other things, giving notice to the Lessee's

creditors.

14. No Deemed Renewal. The continuation for any reason of a contractual relationship between GSC and Lessee after termination of the Term specified in this Lease shall not be deemed to be a renewal of this Lease unless so expressly agreed in writing by both Parties.

15. Warranty; Limitation of Liability. GSC IS PROVIDING THE EQUIPMENT TO LESSEE "AS-IS." EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE, NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL LOSSES ARISING OUT OF OR RELATING TO THIS LEASE.

16. No Reverse Engineering. Lessee shall not, and shall not permit anyone else to, copy, disassemble, reverse engineer or attempt to reverse engineer any of the Equipment or use GSC's Equipment.

17. Indemnification. Lessee agrees as part of the consideration for this Lease, to indemnify and save harmless GSC and GSC's successors and assigns from and against any and all losses, damages, claims, demands and liability of every nature, including reasonable attorney's fees, arising directly or indirectly from or in connection with Lessee's possession, use or operation of the Equipment, including actions or claims for negligence or strict liability in tort but excluding losses, damages, claims, demands, or liabilities arising solely from of GSC's intentional or grossly negligent acts.

18. Miscellaneous.

(a) Further Acts. Each Party agrees to perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Lease.

(b) Binding Effect. This Lease shall be binding upon, and shall inure to the benefit of, the respective heirs, executors, administrators, successors and assigns of the Parties.

(c) Entire Agreement; Amendments; Waiver. This Lease represents the entire agreement between the Parties with respect to the subject matter of this Lease, supersedes all prior discussions or understandings between the Parties with respect to that subject matter, and may only be modified by a writing signed by both Parties. Any waiver by either Party of a breach of any provision of this Lease must be in writing, signed by all Parties, and shall not operate or be construed as a waiver of any subsequent breach by either Party.

(d) Severability. If any provision of this Lease is held invalid or unenforceable, that invalidity or unenforceability will not affect the other provisions of this Lease. Any invalid or unenforceable provision shall be deemed severable to the extent of any such invalidity or unenforceability.

(e) Counterparts; Signatures. This Lease may be executed in counterparts, each of which shall be deemed an original, and such counterparts shall altogether constitute one and the same document. This Lease may be executed by facsimile signature or by electronic transmission

of a portable document format (pdf) or other image of a manual signature, and such facsimile or electronic signature shall be deemed an original.

(f) Notices. Any notice or other communication required or permitted under this Lease will be sufficiently given if delivered personally or sent by registered or certified mail, postage prepaid and return receipt requested, to the receiving Party at the address set out below or any other address the receiving Party may designate in writing. Any notice that is sent by mail under this Lease will be considered received on the date on which it is actually delivered to the premises of the Party to whom it is properly addressed, such date to be conclusively evidenced by the date of the return receipt.

If to Lessee:

[Insert Address]

If to GSC:

Matt Lile
GSC, Inc.
106 Cherry Street
Horse Cave, Ky 42749

(g) No Third Party Beneficiaries. This Lease is entered into solely for the benefit of the Parties and shall not be deemed to confer upon any third party any remedy, claim, cause of action or other right.

(h) Assignment. Lessee may not assign this Lease or his, her or its rights or obligations hereunder, without the written consent of GSC.

(i) Mutual Negotiation. This Lease and the language contained herein have been arrived at by the mutual negotiation of the Parties. No provision hereof will be construed against one Party in favor of another Party merely by reason of draftsmanship.

(l) Remedies. The Parties agree that the rights and remedies granted to a Party under this Lease are cumulative and in addition to, and not in lieu of, any other rights or remedies which the Party may possess at law or in equity.

IN WITNESS WHEREOF, the Parties have executed this Equipment Lease Agreement effective as of the date first written above.

**GEOHERMAL SUPPLY
COMPANY, INC.**

[Insert Lessee information]

By: _____

By: _____