

Equipment Rental Agreement

THIS EQUIPMENT RENTAL AGREEMENT dated this ____ day of _____, 20__

BETWEEN

DS1 Communications of 135 Weston Road Suite 204, Weston, Florida, 33326

(the "Lessor")

OF THE FIRST PART

-and-

(Type your company name and address here)

(the "Lessee")

OF THE SECOND PART

(the Lessor and Lessee are collectively the "Parties")

IN CONSIDERATION of the mutual covenants and promises in this Agreement, the sufficiency of which the Parties acknowledge, the Lessor leases the Equipment to the Lessee, and the Lessee leases the Equipment from the Lessor on the following terms:

Definitions

1. The following definitions are used but not otherwise defined in this Agreement:
 - a. "Casualty Value" means the market value of the Equipment at the end of the Term or when in relation to a Total Loss, the market value the Equipment would have had at the end of the Term but for the Total Loss. The Casualty Value may be less than but will not be more than the original purchase price of the Equipment.
 - b. "Equipment" means Nortel Compact ICS Telephone System, Nortel CP100 Voice mail and Auto Attendant System, (8) T7316e speaker phones. .
 - c. "Total Loss" means any loss or damage that is not repairable or that would cost more to repair than the market value of the Equipment.

Lease

2. The Lessor agrees to lease the Equipment to the Lessee, and the Lessee agrees to lease the Equipment from the Lessor in accordance with the terms set out in this Agreement.

Term

3. The Lease term commences on the 1st day of February, 2009 and will continue on a year-to-year basis (the "Term").

Rent

4. The rent will be paid in installments of \$315 each month, in advance, beginning on the 1st day of March, 2009 and will be paid on the 1st day of each succeeding month throughout the Term (the "Rent").

Delivery of Equipment

5. The Lessor will, at the Lessor's own expense and risk, deliver the Equipment to (Your company address goes here)

Use of Equipment

6. The Lessee will use the Equipment in a good and careful manner and will comply with all of the manufacturer's requirements and recommendations respecting the Equipment and with any applicable law, whether local, state or federal respecting the use of the Equipment, including, but not limited to, environmental and copyright law.
7. The Lessee will use the Equipment for the purpose for which it was designed and not for any other purpose.
8. Unless the Lessee obtains the prior written consent of the Lessor, the Lessee will not alter, modify or attach anything to the Equipment unless the alteration, modification or attachment is easily removable without damaging the functional capabilities or economic value of the Equipment.

Repair of Equipment

9. The Lessee will, at the Lessee's own expense, keep the Equipment in good repair, appearance and condition, normal and reasonable wear and tear excepted. The Lessee will supply all parts that are necessary to keep the Equipment in such a state.
10. If the Equipment is not in good repair, appearance and condition when it is returned to the Lessor, the Lessor may make such repairs or may cause such repairs to be made as are necessary to put the Equipment in a state of good repair, appearance and condition, normal and reasonable wear and tear excepted. The Lessor will make the said repairs within a reasonable time of taking possession of the Equipment and will give the Lessee written

notice of and invoices for the said repairs. Then the Lessee will reimburse the Lessor for the actual expense of said repairs.

11. The Lessee may, but is not obligated to, enforce any warranty that the Lessor has against the supplier or manufacturer of the Equipment. The Lessee will enforce such warranty or indemnity in its own name and at its own expense.

Warranties

12. The Equipment will be in working order and good condition upon delivery. The Equipment is of merchantable quality and is fit for the following purpose: Telephone Equipment shall be used for the purpose of communication from customers location specified above.

Loss and Damage

13. To the extent permitted by law, the Lessee will be responsible for risk of loss, theft, damage or destruction to the Equipment from any and every cause.
14. If the Equipment is lost or damaged, the Lessee will continue paying Rent, will provide the Lessor with prompt written notice of such loss or damage and will, if the Equipment is repairable, put or cause the Equipment to be put in a state of good repair, appearance and condition.
15. In the event of Total Loss of the Equipment, the Lessee will continue paying Rent, will provide the Lessor with prompt written notice of such loss and will replace the Equipment with encumbrance-free Equipment of the same model, type and configuration.

Ownership, Right to Lease and Quiet Enjoyment

16. The Equipment is the property of the Lessor and will remain the property of the Lessor.
17. The Lessee will not encumber the Equipment or allow the Equipment to be encumbered or pledge the Equipment as security in any manner.
18. The Lessor warrants that the Lessor has the right to lease the Equipment according to the terms in this Agreement.
19. The Lessor warrants that as long as no Event of Default has occurred, the Lessor will not disturb the Lessee's quiet and peaceful possession of the Equipment or the Lessee's unrestricted use of the Equipment for the purpose for which the Equipment was designed.

Insurance

20. The Lessee will, during the whole of the Term and for as long as the Lessee has possession of the Equipment, take out, maintain and pay for insurance against loss of and damage to the Equipment for the full replacement value of the Equipment and will name the Lessor as the loss payee.

21. The Lessee will, during the whole of the Term and for as long as the Lessee has possession of the Equipment, take out, maintain and pay for comprehensive general liability insurance against claims for bodily injury, including death, and property damage or loss arising out of the use of the Equipment. The insurance policy will have limits of at least (Equipment value) \$_____.
22. The insurance will be in the joint name of the Lessor and the Lessee so that both the Lessor and the Lessee will be protected from liability and will provide primary and non-contributing coverage for the Lessor. The insurance policy will have a provision that it will not be modified or cancelled unless the insurer provides the Lessor with thirty (30) days written notice stating when such modification or cancellation will be effective.
23. Upon written demand by the Lessor, the Lessee will provide the Lessor with an original policy or certificate evidencing such insurance.
24. The Lessee appoints the Lessor as the Lessee's attorney-in-fact ("Attorney") with the power to maintain the above insurance and to secure payments arising out of any insurance policy required by this Agreement. The Attorney has the power to do all acts that are necessary or desirable to secure such payments.
25. If the Lessee fails to maintain and pay for such insurance, the Lessor may, but is not obligated to, obtain such insurance, but if the Lessor does obtain such insurance, the Lessee will pay to the Lessor the cost of such insurance upon notification from the Lessor of the amount.

Taxes

26. The Lessee will report and pay all taxes, fees and charges associated with the Equipment, with the use of the Equipment, and with revenues and profits arising out of the use of the Equipment, including, but not limited to, sales taxes, property taxes, and license and registration fees. The Lessee will pay any and all penalties and interest for failure to pay any tax, fee or charge on or before the date on which the payment is due. The Lessee will pay any and all penalties and interest for failure to report required information to any taxing authority with jurisdiction over the Lessee or the Equipment. If the Lessee fails to do any of the foregoing, the Lessor may, but is not obligated to, do so at the Lessee's expense.
27. Notwithstanding any other provision of this Agreement, the Lessee will not be required to pay any tax, fee or charge if the Lessee is contesting the validity of same in the manner prescribed by the legislation governing the imposition of same, or in the absence of a prescribed form, in a reasonable manner. However, the Lessee will indemnify and reimburse the Lessor for damages and expenses incurred by the Lessor arising from or related to the Lessee's failure to pay any tax, fee or charge, regardless of whether the Lessee is contesting the validity of the same or not.
28. If the Lessee fails to pay any and all taxes, fees, and charges mentioned in this Agreement and the Lessor, on behalf of the Lessee, pays the same, the Lessee will reimburse the Lessor for the cost upon notification from the Lessor of the amount.

Indemnity

29. The Lessee will indemnify and hold harmless the Lessor against any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including attorney's fees and costs, arising out of or related to the Lessee's use of the Equipment.

Default

30. The occurrence of any one or more of the following events will constitute an event of default ("Event of Default") under this Agreement:
- a. The Lessee fails to pay any amount provided for in this Agreement within 5 days after same is due or otherwise breaches the Lessee's obligations under this Agreement.
 - b. The Lessee becomes insolvent or makes an assignment of rights or property for the benefit of creditors or files for or has bankruptcy proceedings instituted against it under the Federal bankruptcy law of the United States or other competent jurisdiction.
 - c. A writ of attachment or execution is levied on the Equipment and is not released or satisfied within 10 days.

Remedies

31. On the occurrence of an Event of Default, the Lessor will be entitled to pursue any one or more of the following remedies (the "Remedies"):
- a. Declare the entire amount of the Rent for the Term immediately due and payable without notice or demand to the Lessee.
 - b. Commence legal proceedings to recover the Rent and other obligations accrued before and after the Event of Default.
 - c. Take possession of the Equipment, without demand or notice, wherever same may be located, without any court order or other process of law. The Lessee waives any and all damage occasioned by such taking of possession.
 - d. Terminate this Agreement immediately upon written notice to the Lessee.
 - e. Pursue any other remedy available in law or equity.

Assignment

32. THE LESSEE WILL NOT ASSIGN THIS AGREEMENT, THE LESSEE'S INTEREST IN THIS AGREEMENT OR THE LESSEE'S INTEREST IN THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF THE LESSOR.

- 33. If the Lessee assigns this Agreement, the Lessee's interest in this Agreement or the Lessee's interest in the Equipment without the prior written consent of the Lessor, the Lessor will have recourse to the Remedies and will be entitled to all damages caused by the transfer to the extent that the damages could not reasonably be prevented by the Lessor.
- 34. THE LESSOR WILL NOT ASSIGN THIS AGREEMENT, THE LESSOR'S INTEREST IN THIS AGREEMENT OR THE LESSOR'S INTEREST IN THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF THE LESSEE. THE LESSOR WILL NOT ASSIGN OR TRANSFER THE LESSOR'S RIGHT TO COLLECT RENT OR ANY OTHER FINANCIAL OBLIGATION OF THE LESSEE.
- 35. If the Lessor assigns this Agreement, the Lessor's interest in this Agreement or the Lessor's interest in the Equipment, the Lessee will be entitled to terminate this Agreement without penalty.

Renewal

- 36. The Lessee may renew this Agreement for an additional Term if the Lessee has given the Lessor 31 days written notice of the Lessee's intention to renew and if the Lessee is not in default of any of the terms under this Agreement. All terms of the renewed Agreement will be the same except for this renewal clause and the amount of the rent. If the Parties can not agree as to the amount of the Rent, the amount of the Rent will be determined by mediation.

Additional Documents

- 37. Upon written demand by the Lessor, the Lessee will execute and deliver to the Lessor documents required by the Lessor to protect the Lessor's interest in the Equipment including, but not limited to, the documents necessary to file a UCC financing statement.

Additional Clauses

- 38. Installation, Programming and Initial training – (Installation amount here) \$_____.
- 39. An authorized agent for the building owner must allow DS1 Communications to enter the tenant space to retrieve rented equipment in the event tenant is evicted from leased space or if leased space has been vacated by tenant for any reason. Landlord will not block DS1 Communications from removing rented equipment for any reason. Landlord
Signature _____, Title _____,
Date _____.

Entire Agreement

- 40. This Agreement will constitute the entire agreement between the Parties. Any prior understanding or representation of any kind preceding the date of this Agreement will not be binding on either Party except to the extent incorporated in this Agreement.

Address for Notice

41. Service of all notices under this Agreement will be delivered personally or sent by registered mail or courier to the following addresses:

Lessor: , , , _____ .

Lessee: , , , _____, .

Payment

42. All dollar amounts in this agreement refer to U.S. dollars, and all payments required to be paid under this Agreement will be paid in U.S. dollars unless the Parties agree otherwise.

Interest

43. Interest payable on any overdue amounts under this Agreement will be at a rate of 5 percent per annum or at the maximum rate allowed under applicable legislation, whichever is lower.

Interpretation

44. Headings are inserted for the convenience of the Parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

Governing Law

45. It is the intention of the Parties to this Agreement that this Agreement and the performance under this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of Florida (the "State"), without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

46. If there is a conflict between any provision of this Agreement and the applicable legislation of the State (the "Act"), the Act will prevail and such provisions of the Agreement will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Agreement.
47. If there is a conflict between any provision of this Agreement and any form of Agreement prescribed by the Act, that prescribed form will prevail and such provisions of the Agreement will be amended or deleted as necessary in order to comply with that prescribed form. Further, any provisions that are required by that prescribed form are incorporated into this Agreement.

48. In the event that any of the provisions of this Agreement are held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions will nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Agreement and the remaining provisions had been executed by both Parties subsequent to the expungement of the invalid provision.

General Terms

49. This Agreement may be executed in counterparts. Facsimile signatures are binding and are considered to be original signatures.

50. Time is of the essence in this Agreement.

51. This Agreement will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each Party to this Agreement.

52. Neither Party will be liable in damages or have the right to terminate this Agreement for any delay or default in performance if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions, wars, insurrections, natural disasters, such as earthquakes, hurricanes or floods and/or any other cause beyond the reasonable control of the Party whose performance is affected.

Notice to Lessee

53. **NOTICE TO THE LESSEE:** This is a lease. You are not buying the Equipment. Do not sign this Lease before you read it. You are entitled to a completed copy of this Agreement when you sign it.

IN WITNESS WHEREOF the Parties have executed this Lease Agreement on this ____ day of _____, 20__.

DS1 Communications

Per: _____ (c/s)

(Your Company Name Here)

Per: _____ (c/s)