

**EQUIPMENT LEASE AGREEMENT
WITH PURCHASE OPTION**

EQUIPMENT LEASE AGREEMENT, made and entered into this **day of August 2008**, by and between JRC Leasing, Inc. ("Lessor") and ("Lessee")

In consideration of their mutual promises and other valuable considerations, Lessor and Lessee agree as follows:

1. **Lease of Equipment.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the equipment described in Appendix A attached hereto (the "Equipment").
2. **Term.** The term of this Lease shall be for a term of **48 months**, commencing on the date of this Agreement.
3. **Lease Payments.**
 - a. Rent. Lessee shall pay Lessor, as rent for the use of the Equipment, the amount of **\$2,610.90 per month** until the expiration date of this Agreement, together with all mileage charges, maintenance fees and such additional charges as may be provided herein. If Lessee fails to make any or all of the payments specified above within ten (10) days of the due date, Lessee agrees to pay, in addition to all collection costs incurred by Lessor, including reasonable attorney fees, interest on all amounts past due at the rate of one and one-half percent (1.5%) per month or the maximum legal rate allowed by applicable state law, whichever is higher.
 - b. Additional Charges. After delivery of the Equipment, Lessee shall pay Lessor, in addition to the amount specified above, all charges for structural alteration, special equipment, painting, lettering or artwork requested by Lessee. Such charges shall be separately invoiced and shall be due upon receipt. Lessee shall obtain written authorization from Lessor prior to making any alteration to the Equipment. Lessee shall bear the cost of any modification or additional equipment required to bring the Equipment into compliance with statutory regulations implemented after execution of this Agreement.
 - c. Mileage Determination. For purposes of computing all owed mileage charges, miles shall be computed according to PC Miler version 18, or most current version in use by Lessor.
 - d. Deduction Authorization. Lessee hereby authorizes Lessor to make all arrangements necessary to have all payments set forth herein deducted from Lessee's compensation to be paid by the authorized motor carrier for whom Lessee will be providing transportation services under an Operating Lease Agreement pursuant to Paragraph 6 herein. In the event that the compensation to be paid to Lessee by

operating carrier identified in Paragraph 6 is insufficient to pay the amounts owed to Lessor under this Agreement, or if carrier fails to deduct such amounts, Lessor may require Lessee to immediately pay to Lessor any additional amount owed.

4. **Offset.** Lessee hereby waives any and all existing and future claims, defenses, and offsets against any rent or other payments due hereunder. Lessee agrees to pay the rent and other amounts hereunder regardless of any claim, defense, or offset that may be asserted by Lessee or on Lessee's behalf.
5. **Option to Purchase.** Provided that Lessee has made all rent payments to Lessor as required under this Agreement, Lessee shall have the right and privilege, at its option, to purchase the Equipment at the termination date of this Agreement or as otherwise set forth in this Agreement. This option shall be exercised by written notice to the Lessor, or any assignee of Lessor, by Lessee not earlier than one hundred twenty (120) days prior to the termination date, together with payment of the full net cash purchase price of the Equipment. The net purchase price for the Equipment shall be
6. **\$ 15,000.00** together with any remaining rental payments or other costs due and owing under this Agreement. On the exercise of this option, Lessor shall duly execute and deliver to Lessee all documents necessary and proper to effect transfer of ownership of the Equipment to Lessee, free and clear of all encumbrances, security interests and liens (other than encumbrances, security interest or liens suffered or permitted by Lessee to become effective thereon), upon payment by Lessee in cash or certified check of the net cash purchase price. In addition to payment of the net cash purchase price, Lessee shall, at the time of purchase, pay Lessor for the amount of any unexpired licenses, applicable taxes, and other pre-paid expenses previously paid by Lessor for the Equipment prorated to the date of the sale and Lessee shall be responsible to pay any sales or use tax arising from the purchase and to reimburse Lessor for any such taxes paid by Lessor by reason of such sale.
6. **Use and Compliance with Applicable Laws.** Lessee agrees to enter into an Operating Lease Agreement during the term of this Agreement with Earl L. Henderson Trucking Co. (the "Operating Carrier") for the purposes of providing transportation services in interstate and/or intrastate commerce pursuant to the Federal Highway Administration's ("FHWA") leasing regulations (49 C.F.R. Part 376). In the event that the Operating Lease between Lessee and Operating Carrier is terminated during the term of this Agreement, Lessee shall have the option of: (1) exercising the purchase option contained in this Agreement by paying Lessor the net cash purchase specified in Paragraph 5 together with all remaining rent payments to be made pursuant to Paragraph 3, within ten (10) days from the date of such termination; or (2) turning in the Equipment to Lessor immediately, in which case the termination provision specified herein shall apply. Lessee shall use the Equipment in a careful and proper manner. Lessee shall not

use the Equipment in violation of any foreign, federal, state, territorial, or municipal law or regulation and shall be solely responsible for any fines, penalties, or forfeitures occasioned by any violation thereof while using the Equipment. 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 15 hereof. Nothing herein shall authorize Lessee or any other person to operate the Equipment, or to incur any liability or obligation, on behalf of Lessor.

7. **Maintenance.** Lessee agrees to comply with Lessor's maintenance program as set forth in Appendix B during the term of this Agreement. Except as set forth in Appendix B, Lessee shall service, maintain and repair the Equipment at facilities approved by Lessor during the term of this Agreement. Lessee further agrees to maintain the Equipment in accordance with the regulations of the U.S. Department of Transportation and, subject to the provisions set forth in Appendix B, Lessee shall pay the cost of all maintenance and repairs as are necessary for its safe and efficient operation, including maintenance, inspections, or repairs sufficient to comply with all applicable statutes and government rules and regulations.
8. **Security Deposit.** Lessee shall deposit with Lessor the sum of Three Thousand Dollars (\$3,000.00) to be held by Lessor as security for the faithful performance of all terms, covenants, and conditions of this Agreement. The security deposit shall be paid to Lessor by Lessee upon execution of this Agreement which amount is to be deducted from Lessee's compensation at \$100.00 every week beginning on the first week of services for teams and \$50.00 beginning the first week of services for solo operators provided by Lessee under the Agreement. Upon the expiration or earlier termination of this Agreement, Lessor may utilize the balance of the security deposit to apply to any damages sustained or suffered by Lessor, to bring the Equipment back to acceptable maintenance standards, or to reimburse Lessor for any other expense that is owed by Lessee pursuant to this Agreement. The balance of the security deposit, if any, shall be returned to Lessee within forty-five (45) days of the termination of this Agreement. Upon request, Lessor shall provide Lessee with an itemized statement showing the balance and activity of the security deposit. Lessor shall pay interest on the security deposit in an amount equal to the average yield on 91-day, 13-week Treasury Bills, as established on the weekly auction by the U.S. Department of Treasury last held before the date hereof, 1%.
9. **Alteration.** Without the prior written consent of Lessor, Lessee shall not make any alterations, additions, or improvements to the Equipment. Lessor may at its option make such alterations, additions, or improvements as it shall deem appropriate.
10. **Condition of the Equipment.** Acceptance of the Equipment by Lessee at the time of delivery shall constitute Lessee's acknowledgment that the Equipment is fit for use and is in good, safe, serviceable, and worthy

condition. Lessee shall immediately inspect the Equipment delivered pursuant to this Lease, and shall notify Lessor in writing of any defects in the Equipment. If Lessor receives no such written notice within three (3) days after delivery of any item of the Equipment, Lessee will be presumed, as between Lessor and Lessee, to have accepted the Equipment and to be satisfied with the Equipment in such condition and repair.

11. **Inspection.** Lessor shall have the right to inspect the Equipment upon request and at least once every ninety (90) days at Lessor's place of business, at which Lessee shall deliver the Equipment at no cost to Lessor.
12. **Surrender.** Upon the expiration or earlier termination of this Lease, with respect to any item of the Equipment, Lessee shall return the same to Lessor in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof alone excepted, within two (2) days following such expiration or termination. In the event of earlier termination, Lessee shall be charged and pay to Lessor, **\$1,500.00** within the first six months and **\$475.00** after six months for the remaining lease period to recoup administrative costs and expenses incurred by Lessor in contracting the Equipment to Lessee and in termination of this Lease.
13. **Representation and Warranties.** LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT. Lessee shall lease the Equipment "as is" under this Agreement. Lessee agrees that it has selected the Equipment upon its own judgment and expressly disclaims any reliance upon any statements or representations made by Lessor or any persons on Lessor's behalf. Lessor hereby assigns to Lessee for and during the Lease term all manufacturer's warranties or guarantees, expressed or implied, issued on or applicable to the Equipment and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties or guarantees at Lessee's expense. LESSOR SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY TYPE OR CHARACTER RESULTING FROM THE USE, MISUSE, OPERATION OR MAINTENANCE OF THE EQUIPMENT BY LESSEE.
14. **Risk of Loss.** Lessee hereby assumes and shall bear the entire risk of loss, theft, destruction, and damage to the Equipment while in its possession, from any cause whatsoever. Occurrence of any such loss or damage shall not relieve Lessee of any obligation imposed under this Agreement.
15. **Insurance.**
 - a. **Insurance Policies Purchased by Lessee.** Lessee shall secure and maintain in effect throughout the term hereof 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 Lessor. All of such insurance shall be in the form and amounts and with companies approved by Lessor, and shall be in the joint names of Lessor and Lessee. Lessee shall pay the premium therefor and shall deliver said policies, or duplicates thereof, to Lessor. Each insurer shall agree, by endorsement on the policy issued by it or by independent instrument furnished to Lessor, that it will give Lessor 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 Lessor, 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 Lessor'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 Lessor 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 Lessor 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 amounts of rent so abated in no event to exceed the amount of insurance settlement received by Lessor and to be apportioned equally as reductions in the amounts remaining payable for the balance of the term hereunder.
16. **Lessee's Indemnity.** Lessee agrees as part of the consideration for this Lease, to indemnify and save harmless Lessor and its successors and assigns from and against any and all loss, damage, 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 out of Lessor's intentional or grossly negligent acts.
17. **Taxes.** Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances and shall pay any and all taxes, assessments, license fees, registration fees, and similar charges on or relating to the Equipment, including without limitation, any and all sales taxes, use taxes, excise taxes,

personal property taxes, assessments and other governmental fees and charges on or relating to the Equipment, including all such taxes, assessments, fees, and charges upon Lessor by reason of the ownership of the Equipment, and all such taxes, assessments, fees, and charges on the use, rental shipment, transportation, delivery, or operation of the Equipment excepting, however, federal, state, and local net income taxes.

18. **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, Lessor 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 Lessor as additional rent with the next installment.
19. **Title to the Equipment.** Lessor shall retain full legal title to the Equipment, and it is understood that the Lessee shall acquire no right, title, or interest to the Equipment, except as expressly set forth in this Agreement.
20. **Assignments and Sublettings.** Lessee shall not assign, mortgage, encumber, or transfer this Lease in whole or in part, or sublet the Equipment or any part thereof, nor grant a license or concession in connection therewith, without the prior written consent of Lessor.
21. **Event of Default.** Any of the following shall be deemed an "Event of Default":
 - a. Failure of Lessee to pay any rent installment payment within five (5) days of the date upon which the same becomes due;
 - b. Any breach or failure of Lessee to observe or perform any of its other obligations under this Lease, which shall continue for fifteen (15) days after notice in writing to Lessee of the existence of such default;
 - c. Abandonment of the Equipment;
 - d. Dissolution, liquidation, or termination of the business of Lessee; insolvency or failure of Lessee to pay its debts as they mature in the ordinary course of business; the making of an assignment for the benefit of the creditors of Lessee; the filing of a voluntary petition in bankruptcy by Lessee; the filing of a petition or answer by Lessee seeking a reorganization, arrangement, composition, readjustment, liquidation, or other relief of the same or different kind under any provisions of the federal bankruptcy laws or any other provisions of the federal bankruptcy laws or any other applicable insolvency law or statute; the adjudication of Lessee as a bankrupt or insolvent; the appointment of a trustee, receiver, guardian, conservator or liquidator

of Lessee with respect to all or substantially all of its property; the filing of an involuntary petition in bankruptcy against Lessee, or the filing of a petition against Lessee seeking a reorganization arrangement, composition, readjustment, liquidation, or other relief of the same or different kind under any provision of the bankruptcy laws or any applicable insolvency law or statute, and the failure of Lessee in good faith to commence promptly and pursue diligently action to dismiss such petition;

- e. The taking by any party of the Equipment, or any part thereof, upon foreclosure, levy, execution, attachment or other process of law or equity enforced against Lessee;
- f. If, in Lessor's reasonable opinion, Lessee has neglected, abused or misused the Equipment in any way; or
- g. If the Operating Lease Agreement between Lessee and the Operating Carrier is terminated by either party for any reason.

22. **Lessor's Remedies.** Upon the occurrence of any Event of Default, Lessor may, at its option, in addition to any other remedy or right it has hereunder or by law:

- a. Declare the entire amount due hereunder immediately due and payable without notice or demand to Lessee;
- b. Recover from Lessee an amount equal to the unpaid balance due and to become due under this Lease;
- c. Cause Lessee, at Lessee's expense, to return the Equipment to Lessor at a point in the United States designated by Lessor, or Lessor, through its employees, agents or attorneys, may enter upon the premises where the Equipment is located and take immediate possession of the same without demand or legal process, in which case Lessee authorizes Lessor or its agents to enter upon any premises where the Equipment may be found for the purpose of repossessing the same, and Lessee specifically waives any right of action it might otherwise have arising out of such entry and repossession, whereupon all rights of Lessee in the Equipment shall terminate immediately. No such retaking of possession shall constitute a termination of this Lease unless Lessor so notifies Lessee in writing;
- d. Terminate this Lease and retain all prior payments of rent and retake possession of the Equipment as hereinbefore provided; or
- e. Pursue any other remedy it may have at law or equity.

23. **Lessor' Expenses.** Lessee shall pay Lessor all costs and expenses, including attorney's fees, incurred by Lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms, covenants, or conditions hereof.
24. **Authority to File.** Lessee authorizes Lessor to prepare and file a financing statement, or any other documents which Lessor elects to file, with respect to the Equipment and this Lease signed only by Lessor. Lessor and Lessee specifically intend this transaction to be a true lease, and it is expressly agreed and understood that neither this provision nor any other provision of this Lease or any filing with respect to it is intended to make it a security agreement. Rather, any such filing by Lessor is intended solely for Lessor's protection in the event of a determination contrary to the intentions expressed in this paragraph.
25. **Notices.** Any notices to be given hereunder shall be deemed sufficiently given when in writing and when (a) actually served on the party to be notified or (b) placed in an envelope directed to the party to be notified at the following addresses and deposited in the United States mail by certified or registered mail, postage prepaid:
- a. If to Lessor: JRC Leasing, Inc.
1 Industrial Drive
Salem, Illinois 62881
- b. If to Lessee: _____

Such addresses may be changed by either party by written advice as to the new address. Each party shall be under a continuing duty to provide a correct address to the other.

26. **Entire Lease.** This Lease contains the entire understanding among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Lease.
27. **Parties' Obligations Binding.** This Lease shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and assigns where permitted by this Lease.
28. **Lease and Counterparts.** This Lease and any amendments hereto may be executed in several counterparts and when executed shall constitute one agreement binding upon all of the parties hereto, notwithstanding that all are not signatories to the original or the same counterpart.

29. **Nonwaiver.** No waiver of any term, covenant, or condition of this Lease shall be valid unless in writing and signed by the party or person to be charged. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the term, covenant, or condition to be performed by Lessee to which the same may apply, and until complete performance by Lessee of any term, covenant, or condition, Lessor shall be entitled to invoke and remedy available to Lessor under this Lease or by law or in equity despite said forbearance or indulgence.
30. **Applicable Law.** This Lease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Illinois, and in the event of any disagreement, the laws of the State of Illinois shall apply and suit must be brought in Illinois.
31. **Severability.** If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, and unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had ever been contained herein.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date first above written.

"LESSOR"

"LESSEE(s)"

JRC LEASING, INC.

By: _____

By: _____

Printed: Joshua Kaburick

Printed: _____

Address: 1 Industrial Drive
Salem, IL 62881

Address: _____

Fax: (618) 548-1597

Fax: _____

APPENDIX A

EQUIPMENT LIST

<u>TRACTOR</u>	<u>YEAR</u>	<u>MAKE</u>	<u>SERIAL #</u>
2751	2009	Cascadia	1FUJGLDR29LAE2232

APPENDIX B

Maintenance Program

The parties agree that the following terms and conditions shall apply with respect to the service, maintenance and inspection of the Equipment identified in Appendix A herein:

1. Lessee agrees, at its sole cost and expense, to service, maintain and repair the Equipment at a facility specifically approved by Lessor during the term of this Agreement. Lessee further agrees to maintain the Equipment in accordance with the regulations of the U.S. Department of Transportation, and to cause its drivers to check tire inflation, oil, coolant and other fluid levels each day. Lessee shall be responsible for all damage or additional maintenance to the Equipment which results from Lessee's failure to adequately service the vehicle or to perform the daily inspection. Lessor shall not have any responsibility for the cost or expense involved in maintaining, servicing or repairing the Equipment except as set forth below.
2. In the event the Equipment shall be disabled for any reason, Lessee and/or its driver shall immediately notify Lessor. Lessee agrees that it will not cause or permit any person other than Lessor or persons authorized by Lessor to make any repairs or adjustments to the Equipment, and shall abide by Lessor's directions concerning emergency repairs.
3. Lessee is responsible, without limitation, for all loss or damage to the Equipment caused by careless or abusive handling by Lessee or a driver employee of Lessee, and Lessee further agrees to defend, indemnify and hold Lessor harmless from all loss, liability and expense, including attorney fees, on account of injury or death to any person or damage to property not covered or payable in full under the insurance coverage required to be procured by Lessee under this Agreement, notwithstanding Lessor's proven negligence or other proven fault.
4. [OPTIONAL] Lessee hereby authorizes Lessor to establish a maintenance escrow account to be paid to Lessor by Lessee in the amount of three and one half cents (\$0.035) per mile for each authorized mile the Equipment is operated by Lessee during the term of this Agreement. Such escrow account may be used, at the discretion of Lessee and upon prior approval of Lessor, to reimburse Lessor for the following types of maintenance, service and repair expenses for the Equipment:

- a) All preventative maintenance, replacement parts, and repairs to keep the vehicle in good repair and operating condition;
- b) Oil and lubricants necessary for the efficient operation of the vehicle;
- c) All necessary tires and tubes;
- d) Road service due to mechanical and tire failure; and
- e) DOT required annual inspections.

However, the escrow fund shall not be used for maintenance, service or repairs costs of less than Two Hundred Fifty Dollars (\$250.00) except under extenuating circumstances and at the complete discretion of Lessor. If the cost of any repair or maintenance exceeds the amount in the fund, Lessor shall be authorized to retain the entire amount of the fund and may make demand upon Lessee for the balance owed for any maintenance or repairs, if any. Upon the expiration or earlier termination of this Agreement, Lessor shall return the escrow fund to Lessee within forty-five (45) days, provided, however, Lessor may deduct from the escrow fund any damages sustained or suffered by Lessor, to bring the Equipment back to acceptable maintenance standards, or to reimburse Lessor for any other expense that is owed by Lessee pursuant to this Agreement. Upon request, Lessor shall provide Lessee with an itemized statement showing the balance and activity of the escrow fund. Lessor shall pay interest on the escrow fund in an amount equal to the average yield on 91-day, 13-week Treasury Bills, as established on the weekly auction by the U.S. Department of Treasury last held before the date hereof, 1%.

5. [OPTIONAL] The following costs and expenses shall be charged to Lessee or, as authorized above, deducted from Lessee's maintenance escrow fund, for any maintenance, service or repair work performed by Lessor, any affiliated company of Lessor, or any authorized outside vendor authorized by Lessor:
- a) All parts, including tires, provided at a maintenance facility operated by Lessor or any affiliated company of Lessor shall be charged to Lessee at cost plus fifteen percent (15%). All labor at a maintenance facility operated by Lessor or any affiliated company of Lessor shall be charged to Lessee at the hourly rate posted at each such facility.
 - b) All parts and labor provided by an approved outside maintenance facility shall be charged to Lessee at the facility's cost plus a Ten Dollar (\$10.00) administrative fee for each repair invoice.

- c) Lessor reserves the right to subcontract maintenance, service and repair for the Equipment at Lessor's complete discretion.

LESSOR

LESSEE(s)

By: _____

By: _____

Printed: Joshua Kaburick

Printed: _____