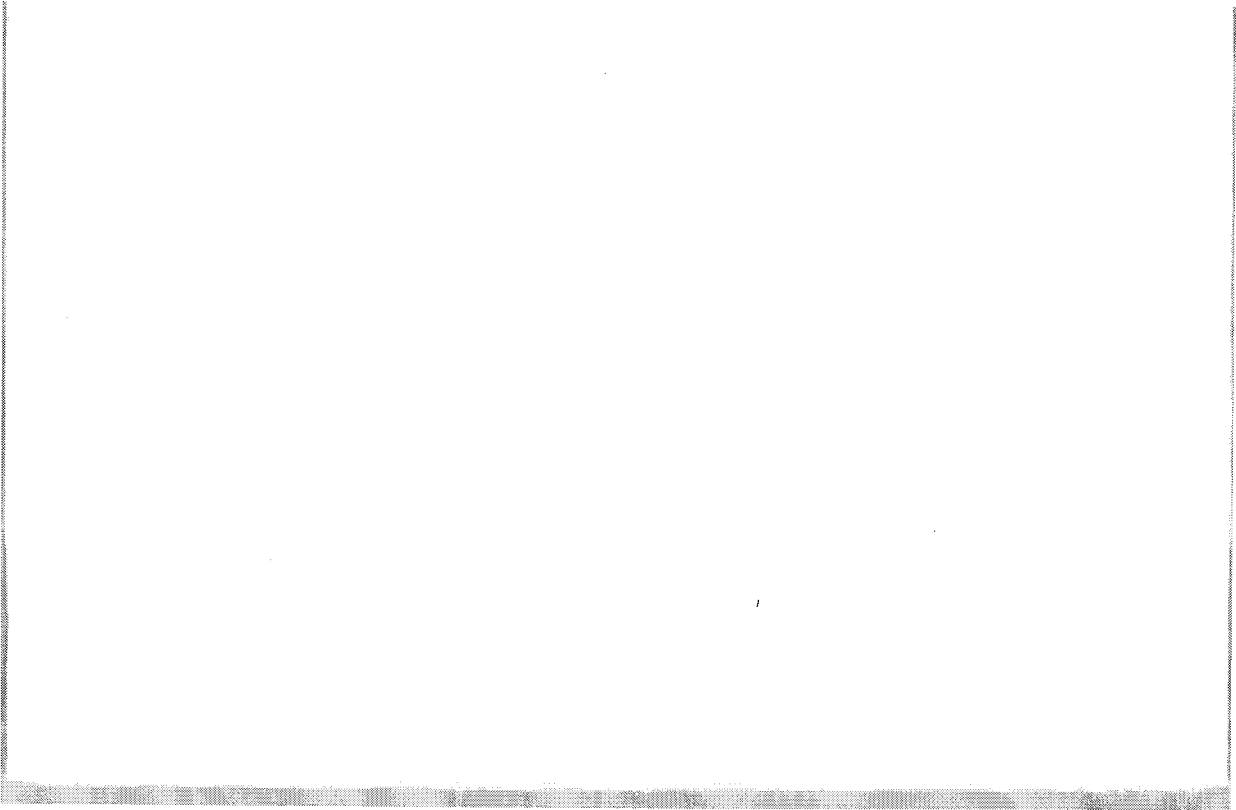


10-3558  
CARD)

**EXHIBIT 1**





For ABC Leasing Needs  
 22232 - 17<sup>th</sup> Ave. SE  
 Suite 204  
 Bothell, WA 98021

Lease No. 1355-1  
 (425) 806-4645  
 (800) 995-1897  
 FAX: (425) 806-1813

**EQUIPMENT LEASE**

NAME AND ADDRESS OF LESSEE: **Allied Health Care Services, Inc.  
 89 Main Street  
 Orange, NJ 07050**

SUPPLIER OF PROPERTY (COMPLETE ADDRESS): **Donner Medical Marketing  
 70 Sutton Drive  
 Berkeley Heights, NJ 07922**

LEASED PROPERTY
(50) PLV 102 Lifecare Ventilators, sn's: 138479, 138480, 138481, 138482, 138483, 138484, 138485, 138487, 138488, 138489, 138490, 138491, 138492, 138493, 138494, 138495, 138496, 138497, 138498, 138499, 138505, 138506, 138507, 138508, 138509, 138510, 138511, 138512, 138513, 138514, 138515, 138516, 138517, 138518, 138520, 138521, 138522, 138523, 138524, 138525, 138526, 138527, 138528, 138529, 138531, 138532, 138533, 138534, 138537, 138538

LOCATION OF PROPERTY: STREET ADDRESS		89 Main Street					
CITY	COUNTY	STATE	ZIP				
Orange	Essex	NJ	07050				
Amount of Each Rental Payment (Plus Sales Tax if applicable)	Rental Commencement Date	Rental Periods Will Be	No. of Rental Payments				
\$6,056.93	11/01/07	Monthly	60				
COMMITMENT FEE:				Total Payable in Advance			
Advance Payment(s)	Security Deposit	Processing Fee					
\$6,056.93	\$6,056.93	\$250.00	\$12,363.86				

ADDITIONAL TERMS: THIS LEASE IS NONCANCELABLE

1. **Agreement to Lease.** ABCO Leasing, Inc. ("Lessor") agrees to lease to the undersigned lessee ("Lessee"), and the Lessee agrees to lease from the Lessor, the personal property described above ("Property") on the terms specified in this equipment lease ("Lease").

2. **Entire Agreement.** This Lease (a) represents the entire agreement between Lessee and Lessor with respect to the subject matter covered, (b) supersedes any prior understandings with respect to that subject matter and (c) may only be amended in a writing duly executed by both Lessee and Lessor.

3. **Agency Disclaimer.** NO ONE, EXCEPT A CORPORATE OFFICER OF LESSOR, HAS ANY AUTHORITY TO APPROVE OR MODIFY THIS LEASE, OR TO ACT OR MAKE ANY REPRESENTATIONS ON BEHALF OF LESSOR.

4. **Lessee Representations.** To induce Lessor to enter into this Lease, Lessee represents or acknowledges that: (a) Lessee has selected the Property and its supplier(s) ("Supplier") without reliance on any advice from Lessor; (b) Lessor does not select, manufacture or supply the Property; (c) Lessor has not previously acquired the Property; (d) Lessee has approved the purchase order which will evidence Lessor's purchase of the Property; (e) Lessee is acquiring the Property for its own use and not for sublease or other disposition in the ordinary course of business; and (f) THIS LEASE IS MADE FOR BUSINESS PURPOSES AND NOT PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

5. **Warranty Disclaimers, Claim Limitations and Liquidated Damages.** LESSOR LEASES THE PROPERTY TO LESSEE "AS IS" WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY CONDITION, QUALITY, SPECIFICATION, CAPACITY, COMPLIANCE WITH LAW, MATERIALS OR WORKMANSHIP, AND LESSOR EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. AS BETWEEN LESSEE AND LESSOR, LESSEE ASSUMES THE RISK OF ANY PROBLEM WITH THE PROPERTY AND AGREES THAT: (a) NO SUCH PROBLEM SHALL RELIEVE LESSEE FROM THE OBLIGATION TO PAY RENT OR OTHERWISE PERFORM THIS LEASE, AND (b) LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHETHER BASED ON CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCT LIABILITY OR ANY OTHER THEORY, ON ACCOUNT OF ANY PROBLEM WITH THE PROPERTY WHATSOEVER. IF LESSEE IS NOT IN DEFAULT HEREUNDER, LESSOR AGREES TO ASSIGN TO LESSEE ANY WARRANTY CLAIMS OF LESSOR AGAINST THE SUPPLIER AND MANUFACTURER SO THAT LESSEE MAY ENFORCE SUCH CLAIMS AT LESSEE'S SOLE EXPENSE. LESSEE ALSO AGREES THAT THE LIQUIDATED DAMAGE PROVISIONS IN PARAGRAPHS 13 AND 21 OF THIS LEASE PROVIDE A REASONABLE ESTIMATION OF THE DAMAGES CAUSED BY A CASUALTY LOSS OF THE PROPERTY OR LESSEE'S BREACH OF THIS LEASE. LESSEE ACKNOWLEDGES THAT THE TERMS OF THIS PARAGRAPH HAVE BEEN EXPLICITLY NEGOTIATED AND THAT LESSOR WOULD NOT ENTER INTO THIS LEASE WITHOUT THE WARRANTY DISCLAIMERS AND OTHER TERMS OF THIS PARAGRAPH.

LESSEE'S INITIALS: X

By execution hereof, the signer hereby certifies that he or she has read this Lease INCLUDING THE REVERSE SIDE HEREOF, and that he or she is duly authorized to execute this Lease on behalf of the Lessee.

This Lease is effective only upon execution by an authorized officer of Lessor at its address listed above, following Lessee's execution hereof.

LESSOR:  
 ABCO LEASING, INC.  
 By:   
 Its: V.P./General Mgr.  
 Date: 11/6/07

LESSEE:  
 Allied Health Care Services, Inc.  
 By/Title: X   
 Charles K. Schwartz / President X 11/6/07  
 Date  
 By/Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

The Terms and Conditions on the other side are a part of this Lease Agreement

## EQUIPMENT LEASE #1355-1 reverse page

6. **Term.** The term of this Lease shall begin on the date it is accepted by Lessor and continue for the number of "rental periods" after the "rental commencement date"; provided that, unless otherwise agreed, if the Property is not delivered to Lessee within ninety days after such acceptance, either party may terminate this Lease on five days' notice to the other party, and provided further that if such a termination occurs while Lessor has an outstanding purchase order for the Property, Lessee shall assume and indemnify Lessor against all obligations relating to such purchase order.
7. **Delivery.** If the Property is delivered in good condition, Lessee shall promptly sign and return Lessor's standard form Property Acceptance Certificate, the receipt of which Lessee hereby acknowledges.
8. **Rent Commencement.** The "rental commencement date" shall be: (a) the first day of the calendar month during which Lessee signs the Property Acceptance Certificate if that Certificate is signed on or before the 15<sup>th</sup> day of the month; or (b) the first day of the next calendar month if Lessee signs the Property Acceptance Certificate on or after the 16<sup>th</sup> day of a calendar month. Lessee authorizes Lessor to fill in the proper rental commencement date on the front side of this Lease after the Lessee signs such Certificate. Lessee also authorizes Lessor to complete or correct the serial numbers or other description of the Property after it has been delivered.
9. **Rent and Processing Charges.** Lessee shall pay Lessor the "amount of each rental payment" on or before the rental commencement date and on or before the first day of each rental period thereafter for the "number of rental payments" specified in the table of basic terms on the front of this Lease. All rental payments shall be payable in full without deduction or setoff. Lessee shall also pay or reimburse Lessor on demand for all filing fees, recording expenses and other reasonable Lease processing charges.
10. **Use and Maintenance.** Lessee shall use the Property carefully and comply with all laws relating to its possession, use or maintenance. At Lessee's expense, Lessee shall also keep and maintain the Property in good working condition, order and repair at the "location" set forth on the front side unless Lessor consents in writing to another location.
11. **Surrender.** Upon expiration of the Lease term, Lessee agrees to redeliver the Property, carefully crated for shipment and freight prepaid, to Lessor at Lessor's place of business or such other reasonable place as Lessor may designate, in like condition as when delivered to Lessee except for ordinary wear and tear. In the event the Lessee fails to redeliver the Property when due, and without limiting any other remedies available to Lessor, Lessee shall also be liable to Lessor for an amount equal to 150% of the last scheduled rental payment for each month, or portion thereof, that Lessee retains the Property beyond the term of the Lease. **WARNING: FAILURE TO PROMPTLY RETURN THE LEASED PROPERTY MAY RESULT IN CRIMINAL PROSECUTION.**
12. **Alteration, Liens, Taxes.** Lessee shall: (a) not permit alteration of the Property without Lessor's prior written consent (and any alteration shall belong to Lessor); (b) keep the Property free and clear of all liens, liens and encumbrances; and (c) pay all charges and taxes (local, state and federal including without limitation, personal property taxes) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Property excluding only federal and state income taxes on the Lessor's net income.
13. **Casualty Loss.** Lessee shall bear the entire risk of loss, theft, damage or destruction of the Property from any cause whatsoever (a "Casualty Loss"), and agrees that no Casualty Loss, whether before or after delivery of the Property, shall relieve Lessee of its obligation to pay rent or otherwise perform this Lease. In the event of a Casualty Loss, Lessee shall, at the Lessor's option and Lessee's sole expense, immediately: (a) repair or replace the Property with identical property in good condition with clear title thereto in Lessor, or (b) pay to Lessor the sum of the following amounts as **LIQUIDATED DAMAGES**: (i) total rent and other payments then past due under this Lease; plus (ii) all future rent and other amounts payable for the balance of the Lease term; plus (iii) Lessor's "estimated residual value" (as hereinafter defined), with all future rent and other obligations, including the estimated residual value discounted at the time of payment to present value by an annual factor of six percent. As used in this Lease, the term, "Estimated Residual Value" shall mean the Lessor's good faith estimate of the fair wholesale value of the Property at the normal expiration of the Lease term, assuming that it were returned to Lessor in like condition as when delivered to Lessee except for ordinary wear and tear. Upon Lessor's receipt of the Casualty Loss payment, Lessor agrees that its entire interest in said Property shall become the property of Lessee and Lessee's insurer (as their interests may appear) in its then condition, AS IS, without warranty from Lessor, express or implied.
14. **Insurance.** At Lessee's own expense, Lessee shall procure and maintain in force throughout the Lease term and until the Property is returned to Lessor: (a) primary general liability insurance, including bodily injury and property damage protecting the interest of Lessor and Lessee with limits of not less than \$500,000 naming Lessor as additional insured; and (b) primary all risk physical damage insurance, including burglary and theft, covering the replacement value of the Property and naming the Lessor as loss payee. Lessee shall furnish to Lessor satisfactory evidence of the required insurance. The proceeds of any insurance received by Lessor on account of any Casualty Loss which Lessee has paid shall be released to Lessee upon appropriate proof unless the Lessee is then in default hereunder. Such policies shall be with companies acceptable to Lessor and shall provide for at least thirty days' written notice of cancellation to Lessor. Lessor may act as attorney-in-fact for Lessee in making, adjusting, or settling any claims under any insurance policies insuring the Property.
15. **Indemnity.** LESSEE SHALL FOREVER INDEMNIFY, DEFEND AND HOLD LESSOR HARMLESS FROM ALL CLAIMS, ACTIONS, PROCEEDINGS, EXPENSES, TAXES, PENALTIES, DAMAGES, LOSSES, INJURIES, DEATHS AND LIABILITIES (INCLUDING ATTORNEY'S FEES AND COURT COSTS WHETHER OR NOT SUIT IS INSTITUTED AND AT TRIAL OR ON APPEAL) ARISING IN CONNECTION WITH THE PROPERTY, INCLUDING WITHOUT LIMITATION: (a) LESSEE'S BREACH OF THIS LEASE; (b) THE MANUFACTURE, SELECTION, ACQUISITION, DELIVERY, INSTALLATION, SERVICING, OWNERSHIP, POSSESSION, USE OR MISUSE OF THE PROPERTY; OR (c) LESSOR'S PURCHASE, TAX OR OTHER OBLIGATIONS WITH RESPECT TO THE PROPERTY IN THE EVENT LESSEE TERMINATES THIS LEASE OR REJECTS OR REVOKES ACCEPTANCE OF THE PROPERTY. This indemnity shall survive the expiration, early termination, or cancellation of the Lease.
16. **Lessor's Assignment.** Lessor may assign any or all of its rights hereunder without Lessee's consent and without assigning any of the Lessor's obligations. In that event, Lessee agrees not to assert against the assignee any claim or defense Lessee may have against Lessor.
17. **Lessee's Assignment.** Without Lessor's prior written consent, Lessee agrees not to: (a) assign, encumber, or in anyway dispose of any interest in this Lease or the Property, or (b) sublet or permit the Property to be used by anyone other than agents or employees of Lessee. If Lessee is a corporation, partnership or similar entity, any transfer of a controlling interest in the entity either by disposition of the existing ownership interests or issuance of new ownership interests shall be deemed to constitute an indirect assignment of the Lessee's interest in the Property requiring Lessor's consent hereunder. Subject to these limitations, the rights and obligations of both parties shall bind and inure to the benefit of their respective heirs, personal representatives, successor and assigns.
18. **Late Charges and Interest.** If Lessee fails to pay when due any rent or other amount required hereunder, Lessee agrees to pay a late charge of five percent of each delinquent amount or ten dollars, whichever is greater, with interest on the delinquent amount at the lesser of twelve percent or the maximum rate allowed by law from due date until paid. If Lessor in its sole discretion elects to pay any amount required hereunder to be paid by Lessee to any third party, but which Lessee has not paid when due, Lessee shall immediately reimburse Lessor and pay Lessor the above late charge with interest on each payment by Lessor.
19. **Security Deposit.** Prior to delivery of the Property, Lessee shall deposit with Lessor the security deposit specified on the front side of this Lease. Lessor will pay no interest on the security deposit and may deposit and use the funds in its general account. If Lessee does not default hereunder, the security deposit shall be returned to Lessee at the expiration of the Lease term. If Lessee does default hereunder, Lessor may (but shall not be required) to use the security deposit to cure the default, in which case Lessee shall immediately pay Lessor the amount necessary to restore the full security deposit.
20. **Default.** Lessee shall be in default under this Lease if: (a) Lessee fails to pay when due any rent or other amount which Lessee owes Lessor; (b) Lessee fails to perform any other obligation which Lessee owes Lessor; (c) voluntary or involuntary petition is filed with respect to Lessee under the bankruptcy laws (including without limitation a petition for reorganization, arrangement or extension) or under any receivership or insolvency law; (d) Lessee is insolvent or unable to pay debts as they mature; (e) any property of Lessee is seized or levied upon by governmental proceedings; (f) Lessee dies or dissolves; (g) Lessee defaults on any other agreement it has with Lessor; (h) any of the foregoing events occur with respect to any of Lessee's guarantors; or (i) Lessor believes in good faith that the prospect for payment or performance of the Lease is impaired.
21. **Remedies.** If Lessee is in default, Lessor may: (a) enforce Lessee's obligations under the Lease, including payment of all past due amounts, or recover damages for Lessee's breach thereof; or (b) declare immediately due and recover as **LIQUIDATED DAMAGES** the sum of: (i) all rents and other amounts past due under the lease; (ii) the entire unpaid balance of future rent and other amounts which will become due for the balance of the Lease term; and (iii) Lessor's estimated residual value (as defined in paragraph 13 above). All accelerated future obligations, excluding sales, use, personal property and other tax obligations, but including the residual obligation, shall be discounted to present value at the time of payment or entry of judgment, whichever first occurs, by an annual factor of six percent. In addition, Lessor may enter any premises and take possession of the Property (and all additions and substitutions) without notice, demand or legal process, and without terminating Lessee's obligations under this Lease. If Lessor repossesses the Property, it may sell, re-lease or otherwise dispose of the Property in a commercially reasonable manner and apply the net proceeds realized (after deducting from the gross proceeds the total of Lessor's expenses of repossession, collection and sale, including attorney's fees, whether or not suit has been instituted) against all rent and other amounts due to Lessor from Lessee pursuant to this Lease. Lessee shall remain liable to Lessor for any deficiency. All remedies of Lessor are cumulative and may, to the extent permitted by law, be exercised concurrently or separately and the exercise of only one remedy shall not be deemed an election of remedy, preclude exercise of any other remedy, or terminate Lessee's obligations pursuant to the Lease. Time is of the essence to this Lease, and Lessee's obligations hereunder shall not be affected or excused by acceptance of any past due payment or any delay in enforcement of Lessor's rights hereunder. The **LIQUIDATED DAMAGES** specified in this paragraph are a fair estimation of the actual but difficult to ascertain damages which would result from a breach of the Lease and are not intended as a penalty.
22. **Early Termination.** If any Default as defined in Paragraph 20 occurs before delivery of the Property to Lessee, in addition to all other rights and remedies Lessor otherwise has by law, Lessor may at its option terminate the Lease. Any indemnification or other liabilities of Lessee to Lessor which arose before the effective date of termination shall survive the termination.
23. **Financial Reports, Inspection Rights and Financing Statements.** Lessee shall furnish such financial information as Lessor may reasonably request from time to time, including profit and loss statements and balance sheets, and all such financial information shall be true and complete as of the date and for the period indicated. Lessor shall have the right at any time during reasonable business hours to inspect the Property and observe its use. Lessee hereby appoints Lessor (and its successors and assigns) as its attorney-in-fact for purposes of executing and filing any financing statements or similar documents that Lessor deems necessary to give public notice of its interests in the Property, even though the parties acknowledge that THIS LEASE IS NOT INTENDED AS SECURITY.
24. **Ownership.** The Property is, and shall remain, personal property, owned by Lessor (even if attached to realty), and Lessee has no rights in the Property except as set forth herein. Lessor may affix notice of its ownership on the Property at any time. Lessee shall not attach the Property to realty without Lessor's consent and without obtaining an agreement (satisfactory to Lessor) from all persons having an interest in the realty waiving all interests in the Property.
25. **Enforcement Expenses.** Lessee shall pay Lessor all expenses including, (without limitation) reasonable attorney's fees whether or not suit is instituted, travel, lodging, communication, expert witness and similar costs incurred by Lessor in enforcing any of the provisions of this Lease.
26. **Notice.** All notices and consents hereunder shall be ineffective unless in writing, delivered in person or mailed by certified or registered mail, postage prepaid to the parties at their addresses on the front side, or other address as either party may notify the other in writing.
27. **Governing Law, Jurisdiction; General.** This Lease shall be deemed to have been delivered, accepted and entered into at the principal offices of Lessor in Washington, at its address listed on the front side hereof, where this Lease is being signed on behalf of Lessor, and all performance on the part of Lessee shall be deemed to have been required to be performed by Lessee at said offices of Lessor. This Lease shall be governed by and interpreted in accordance with the Internal law of the State of Washington. Lessee agrees that jurisdiction and venue in any action relating to this Lease shall, at Lessor's option, be maintained only in courts located in King or Snohomish County, Washington. Lessee agrees that Lessor may also maintain any such action in an appropriate court in another jurisdiction selected by Lessor which has jurisdiction over Lessee. Any controversy or claim relating to this Lease may also, at Lessor's option, be settled by arbitration in King or Snohomish County, Washington in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Lessee consents to the jurisdiction and venue of each court referenced in the immediately preceding three sentences, and Lessee waives any objection relating to improper venue and/or forum non conveniens with respect to any action or proceeding in any such court. If there is more than one Lessee named in this Lease, the liability of each shall be joint and several. This Lease constitutes the entire agreement between Lessor and Lessee and supersedes all prior or contemporaneous agreements, understandings, negotiations, and communications regarding the subject matter hereof. This Lease shall not be amended or changed except by a written agreement signed by Lessor and Lessee; provided, however, that Lessee authorizes Lessor, without notice, to supply omitted information and correct patent errors in this Lease or any other document executed by or on behalf of Lessee. No provision of this Lease (or any part thereof) which may be deemed unenforceable shall in any way invalidate any other provision (or parts), all of which shall remain in full force and effect. No provision hereof for Lessor's benefit, and no default of Lessee hereunder, may be waived except in a writing signed by Lessor. No failure or delay by Lessor to exercise any right or remedy shall operate as a waiver thereof. Any waiver by Lessor of any provision or default in any instance shall not constitute a waiver as to any other provision or default in any other instance.



For All Your Leasing Needs

22232 - 17<sup>th</sup> Ave. SE  
Suite 204  
Bothell, WA 98021

Lease No. 1355-1

(425) 806-4645  
(800) 995-1897  
FAX: (425) 806-1813

**PROPERTY ACCEPTANCE CERTIFICATE**

LESSOR:

ABCO LEASING, INC.  
22232 - 17<sup>th</sup> Ave. SE  
Suite 204  
Bothell, WA 98021

LESSEE: (full legal name and address)

Allied Health Care Services, Inc.  
89 Main Street  
Orange, NJ 07050

DESCRIPTION OF PROPERTY:

(50) PLV 102 Lifecare Ventilators, sn's:  
138479, 138480, 138481, 138482, 138483, 138484, 138485, 138487, 138488, 138489, 138490, 138491, 138492,  
138493, 138494, 138495, 138496, 138497, 138498, 138499, 138505, 138506, 138507, 138508, 138509, 138510,  
138511, 138512, 138513, 138514, 138515, 138516, 138517, 138518, 138520, 138521, 138522, 138523, 138524,  
138525, 138526, 138527, 138528, 138529, 138531, 138532, 138533, 138534, 138537, 138538

The undersigned lessee ("Lessee") hereby certifies to ABCO Leasing, Inc. ("Lessor") that: (a) Lessee has received the above-described property ("Property") in good condition; (b) all necessary installation, testing and initial servicing has been completed; (c) Lessee has received a copy of and approved the purchase order, sales confirmation or other contract evidencing Lessor's purchase of the Property; (d) Lessee unconditionally accepts the Property for purposes of the lease of the Property between Lessor and Lessee; and (e) Lessee approves Lessor's payment of the purchase price for the Property.

Lessee also reaffirms that: (a) LESSOR MAKES NO WARRANTIES REGARDING ANY QUALITIES OR CHARACTERISTICS OF THE PROPERTY; (b) LESSOR DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PURPOSE; (c) LESSOR EXCLUDES LIABILITY FOR CONSEQUENTIAL OR OTHER DAMAGES RELATING TO ANY PROBLEM WITH THE PROPERTY; and (d) LESSEE SHALL MAKE ALL LEASE PAYMENTS TO LESSOR EVEN IF THE PROPERTY FAILS TO PERFORM AS EXPECTED.

Executed as of X 11/02, 20 07

LESSEE:

Allied Health Care Services, Inc.

**WARNING:** Do not sign this PROPERTY ACCEPTANCE CERTIFICATE if you have not received all of the equipment to be provided under this lease or if the equipment is not performing satisfactorily.

By: X Charles K. Schwartz  
Title: President

By: \_\_\_\_\_

Title: \_\_\_\_\_

OPTION

ABCO Leasing, Inc. ("Lessor") hereby grants to Allied Health Care Services, Inc. ("Lessee") an option to purchase all but not part of the property described in that certain Lease # 1355-1 between Lessor and Lessee, as accepted by Lessor on 11/6, 2007, for the sum of \$1.00 (one and 00/100 dollar), provided that Lessee fully and punctually performs all terms and conditions of the Lease. This option shall be exercisable only by written notice to Lessor at least sixty days before the end of the lease term and by payment of the purchase price to Lessor within fifteen (15) days after the end of the lease term, without which this option and Lessee's rights hereunder shall expire.

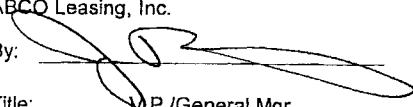
Lessee specifically acknowledges that the purchase price contained in this option is the closest approximation which the parties can now make of the reasonable value of the property at the end of the lease term, after consideration of anticipated depreciation, potential obsolescence, the extent to which Lessee intends to use the property during the lease term, and the greater extent to which Lessee might use the property but for this option to purchase. Lessee also acknowledges that THE PROPERTY IS OFFERED AS IS, WHERE IS, that LESSOR MAKES NO WARRANTIES, EXPRESSED OR IMPLIED, AS TO ANY QUALITIES AND CHARACTERISTICS, IF ANY, WHICH ARISE BY LAW, COURSE OF DEALING, USAGE OF TRADE OR OTHERWISE, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE.

After exercise of this option, Lessee shall indemnify and hold Lessor harmless from any personal property taxes attributable to the property.

Dated this: X 11 day of NOVEMBER, 20 07.


LESSOR:

ABCO Leasing, Inc.

By:   
Title: V.P./General Mgr.

LESSEE:

Allied Health Care Services, Inc.

By: X   
Charles K. Schwartz  
Title: President

By: \_\_\_\_\_

Title: \_\_\_\_\_







For All Your Leasing Needs

22232 - 17<sup>th</sup> Ave. SE  
Suite 204  
Bothell, WA 98021

Lease No. 1355-1

(425) 806-4645  
(800) 995-1897  
FAX: (425) 806-1813

**PURCHASE ORDER**

NAME AND ADDRESS OF LESSEE

SUPPLIER OF PROPERTY (COMPLETE ADDRESS)

Allied Health Care Services, Inc.  
89 Main Street  
Orange, NJ 07050

Donner Medical Marketing  
70 Sutton Drive  
Berkeley Heights, NJ 07922

DESCRIPTION: MODEL #, SERIAL #, AND/OR OTHER IDENTIFICATION	PRICE
(50) PLV 102 Lifecare Ventilators, sn's: 138479, 138480, 138481, 138482, 138483, 138484, 138485, 138487, 138488, 138489, 138490, 138491, 138492, 138493, 138494, 138495, 138496, 138497, 138498, 138499, 138505, 138506, 138507, 138508, 138509, 138510, 138511, 138512, 138513, 138514, 138515, 138516, 138517, 138518, 138520, 138521, 138522, 138523, 138524, 138525, 138526, 138527, 138528, 138529, 138531, 138532, 138533, 138534, 138537, 138538	
LOCATION OF PROPERTY: STREET ADDRESS CITY <u>Orange</u> COUNTY <u>Essex</u> STATE <u>NJ</u> ZIP <u>07050</u>	LESSOR'S COST \$250,000.00

TO: Above-Named Supplier ("Supplier")

At the request of the Lessee, ABCO Leasing, Inc. ("Buyer"), offers to purchase from Supplier the property described above ("Property") on the terms specified in this Purchase Order:

- NO ALTERATION OF TERMS.** UNLESS OTHERWISE AGREED IN WRITING BY THE BUYER, THIS PURCHASE ORDER MAY BE ACCEPTED ONLY UPON THE TERMS SPECIFIED HEREIN. BY SHIPPING THE PROPERTY, SUPPLIER SHALL BE DEEMED TO HAVE ACCEPTED SUCH TERMS. ANY ADDITIONAL OR DIFFERENT TERMS IN SUPPLIER'S ACKNOWLEDGMENT OR OTHER RESPONSE HERETO SHALL BE DEEMED OBJECTED TO BY BUYER AND SHALL BE OF NO EFFECT.
- TOTAL COST.** The Buyer's total cost for the Property, including (without limitation) the purchase price and all freight, installation, taxes and related charges, shall be the "Lessor's Cost" stated in the foregoing table ("Total Cost").
- PAYMENT.** Payment of the Total Cost shall be due on the later of Supplier's invoice due date or the 10<sup>th</sup> day of the first calendar month after the date that the above-named lessee ("Lessee") signs and delivers to Buyer a Property Acceptance Certificate acknowledging receipt and acceptance of the Property in good condition with all installation and initial servicing completed.
- DELIVERY.** Unless otherwise agreed in writing by Buyer and Lessee, Supplier must deliver the Property, at the sole risk and expense of Supplier, to Lessee at the "Location of Property" specified in the foregoing table within 90 days after the date of this Purchase Order ("Outside Delivery Date").
- LIMITATION OF BUYER'S LIABILITY.** Buyer shall have no liability under this Purchase Order unless the Lessee shall have executed and returned to Buyer a Property Acceptance Certificate acknowledging receipt of the Property in good condition and acceptance of the Property for purposes of an equipment lease between the Lessee and Buyer ("Lease").
- PROPERTY SELECTION BY LESSEE.** Supplier acknowledges that the Lessee has selected the Property and has asked Buyer to purchase and lease it to Lessee on the terms set forth in the Lease. Lessee is authorized on behalf of Buyer to receive delivery of, to inspect, and to accept or reject the Property.
- WARRANTIES.** Supplier warrants to Buyer and Lessee that: (a) the Property is new unless otherwise stated in this Purchase Order; (b) the Property will conform to the specifications set forth in this Purchase Order; (c) the Property will be merchantable and fit for the purpose for which it was designed and marketed to Lessee; (d) the Property has not already been delivered to Lessee; and (e) the Property is priced at fair market value. Lessee may reject, at any time, and either Buyer or Lessee shall have the right to return to Supplier, at Supplier's sole risk and expense, any Property that is defective or does not conform to the specifications. Defects shall not be waived by failure of Lessee to notify Seller thereof upon receipt of Property or by the payment of invoice. Supplier shall be liable to Buyer and Lessee for all damages, including reasonable expenses and attorneys' fees suffered by Buyer or Lessee, as a result of Supplier's furnishing defective Property or other breach of contract. All warranties and service normally accompanying the Property shall be extended by Supplier directly to Lessee or, at Buyer's direction, to Buyer or any other user of the Property.
- INDEMNITY.** Supplier shall indemnify and hold harmless the Buyer, Lessee and their respective officers, agents, employees, successors and assigns from all claims, proceedings, liabilities and expenses (including reasonable attorneys' fees) suffered or incurred by any of them as a result of (a) defective Property furnished by Supplier, (b) infringement or violation of any patent, copyright or trade secret, or (c) breach of warranty or any related theory of liability. This indemnity shall survive the expiration, cancellation or fulfillment of this Purchase Order.
- RIGHT OF CANCELLATION.** Buyer may cancel this Purchase Order if: (a) Supplier breaches any warranty, covenant or obligation of supplier hereunder; or (b) Lessee breaches any warranty, covenant or obligation of Lessee under the Lease before the Property has been delivered to Lessee. In the event of cancellation, Supplier shall refund to Buyer all sums which Buyer has paid to Supplier for or on account of the Property.
- ADDITIONAL TERMS.**

BUYER:

ABCO LEASING, INC.

By:

Title: Y8. GBN. mgr

Date: 11/6/07

APPROVED BY LESSEE:

Allied Health Care Services, Inc.

By:  Charles K. Schwartz / President

By: \_\_\_\_\_

Date:  11/02/07



ST-4 (2-00, R-12)

State of New Jersey  
DIVISION OF TAXATION

ELIGIBLE NONREGISTERED  
PURCHASER: SEE INSTRUCTIONS \*\*

SALES TAX

PURCHASER'S NEW JERSEY  
CERTIFICATE OF AUTHORITY NUMBER

FORM ST-4

22-2278835

**EXEMPT USE CERTIFICATE**

To be completed by purchaser and given to and retained by seller.  
Please read and comply with the instructions given on both sides of this certificate.

TO ABCO Leasing, Inc. Date 11/01/07  
(Name of Seller)

22232-17th Avenue SE, #204, Bothell, WA 98021  
Address City State Zip

The undersigned certifies that there is no requirement to pay the New Jersey Sales and/or Use Tax on the purchase or purchases covered by this Certificate because the tangible personal property or services purchased will be used for an exempt purpose under the Sales & Use Tax Act.

The tangible personal property or services will be used for the following exempt purpose:

MEDICAL EQUIPMENT

The exemption on the sale of the tangible personal property or services to be used for the above described exempt purpose is provided in subsection N.J.S.A. 54:32B- [ ] (See reverse side for listing for principal exempt uses of tangible personal property or services and fill in the block with proper subsection citation).

I, the undersigned purchaser, have read and complied with the instructions and rules promulgated pursuant to the New Jersey Sales and Use Tax Act with respect to the use of the Exempt Use Certificate, and it is my belief that the seller named herein is not required to collect the sales or use tax on the transaction or transactions covered by this Certificate. The undersigned purchaser hereby swears under the penalties for perjury and false swearing that all of the information shown in this Certificate is true.

Allied Health Care Services, LLC

NAME OF PURCHASER (as registered with the New Jersey Division of Taxation)

89 Main Street, Orange, NJ 07050

(Address of Purchaser)

By Charles K. Schwartz President

(Signature of owner, partner, officer of corporation, etc.) Charles K. Schwartz (Title)

MAY BE REPRODUCED  
(Front & Back Required)



**UCC FINANCING STATEMENT AMENDMENT**

DEPARTMENT OF TREASURY  
UCC SECTION  
FILED

2009 APR -7 P 5:00

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)  
**Sharon Ferdon 800.995-1897**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**ABCO Leasing, Inc.**  
**22232 - 17th Avenue SE, Suite 204**  
**Bothell, WA 98021**

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #  
**24443333**

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS.

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  **ASSIGNMENT (full or partial):** Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. **AMENDMENT (PARTY INFORMATION):** This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.  
 Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.  
 **CHANGE name and/or address:** Please refer to the detailed instructions in regards to changing the name/address of a party.  
 **DELETE name:** Give record name to be deleted in item 6a or 6b.  
 **ADD name:** Complete item 7a or 7b, and also item 7c; also complete items 7a-7g (if applicable).

6. **CURRENT RECORD INFORMATION:**

6a. ORGANIZATION'S NAME  
**Allied Health Care Services, Inc.**

OR 6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. **CHANGED (NEW) OR ADDED INFORMATION:**

7a. ORGANIZATION'S NAME  
**Whidbey Island Bank**

OR 7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
**PO BOX 589 Oak Harbor WA 98277 USA**

7d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 7e. TYPE OF ORGANIZATION 7f. JURISDICTION OF ORGANIZATION 7g. ORGANIZATIONAL ID #, if any  
**Corporation Washington 151000341**  NONE

8. **AMENDMENT (COLLATERAL CHANGE):** check only one box.  
 Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

COPY

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT** (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME  
**Horizon Bank**

OR 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
**#1355-1 Debtor: Allied Health Care Services, Inc. NEW JERSEY**



2444333-3

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]  
**Sharon Ferdon 800.995-1897**

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**ABCO Leasing, Inc.**  
**22232 - 17th Avenue SE, Suite 204**  
**Bothell, WA 98021**

DEPARTMENT OF TREASURY  
 UCC SECTION  
 FILED  
 2007 NOV -1 P 5:00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**Allied Health Care Services, Inc.**

OR  
 1b. INDIVIDUAL'S LAST NAME

1c. MAILING ADDRESS  
**89 Main Street**

CITY: **Orange** STATE: **NJ** POSTAL CODE: **07050** COUNTRY: **US**

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any

**Corporation NJ 0100097128**  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR  
 2b. INDIVIDUAL'S LAST NAME

2c. MAILING ADDRESS

CITY

STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any

NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**Horizon Bank**

OR  
 3b. INDIVIDUAL'S LAST NAME

3c. MAILING ADDRESS

CITY: **Everett** STATE: **WA** POSTAL CODE: **98204** COUNTRY: **US**

4. This FINANCING STATEMENT covers the following collateral:

(50) PLV 102 Lifecare Ventilators, sn's:  
 138479, 138480, 138481, 138482, 138483, 138484, 138485, 138487, 138488, 138489, 138490, 138491, 138492, 138493, 138494,  
 138495, 138496, 138497, 138498, 138499, 138505, 138506, 138507, 138508, 138509, 138510, 138511, 138512, 138513, 138514,  
 138515, 138516, 138517, 138518, 138520, 138521, 138522, 138523, 138524, 138525, 138526, 138527, 138528, 138529, 138531,  
 138532, 138533, 138534, 138537, 138538

COPY

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.  Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (OPTIONAL FEE)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

#1355-1 Debtor: Allied Health Care Services, Inc. NEW JERSEY

2444333-3

**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

OR **Allied Health Care Services, Inc.**

9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEPARTMENT OF TREASURY  
 UCC SECTION  
 FILED  
 2007 NOV -7 P 5:00

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

11c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

11d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR

11e. TYPE OF ORGANIZATION

11f. JURISDICTION OF ORGANIZATION

11g. ORGANIZATIONAL ID #, if any

NONE

12.  ADDITIONAL SECURED PARTY'S or  ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

**ABCLeasing, Inc.**

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

12c. MAILING ADDRESS

**22232 - 17th Avenue SE, Suite 204**

**Bothell**

STATE

POSTAL CODE

COUNTRY

**WA**

**98021**

**US**

13. This FINANCING STATEMENT covers  timber to be cut or  as-extracted collateral, or is filed as a  fixture filing.

14. Description of real estate:

16. Additional collateral description:

COPY

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest).

17. Check only if applicable and check only one box.

Debtor is a  Trust or  Trustees acting with respect to property held in trust or  Decedent's Estate

18. Check only if applicable and check only one box.

Debtor is a TRANSMITTING UTILITY

Filed in connection with a Manufactured-Home Transaction — effective 30 years

Filed in connection with a Public-Finance Transaction — effective 30 years