



Addendum "A"

To

Lease Number: 142141-000

Reference is made to the above-referenced Lease Agreement ("Lease") dated 3/27/08, by and between GAZZANI MOTORS, INC. as Lessee, and BALBOA CAPITAL CORPORATION as Lessor.

Notwithstanding the terms and conditions contained in the Lease and to the limited extent hereof, the parties hereto agree as follow:

"THE END OF TERM OPTION AS REFERRED TO WITHIN THE LEASE AGREEMENT SHALL BE FMVNR (FAIR MARKET VALUE NO RESIDUAL) EQUAL TO 0 % OF THE ORIGINAL EQUIPMENT COST."

In all other respects, the terms and conditions of the Lease, as originally set forth, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their authorized signatories, have executed this Addendum "A" at the date set forth below their respective signatures.

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

Lessor:
BALBOA CAPITAL CORPORATION

By: [Signature]
Vice President

Date: 5/6/08

Lessee:
GAZZANI MOTORS, INC

By: [Signature]
Name: John Gazzani
Title: President

Date: 03/28/08

sign →



Change Addendum

Lease Agreement: 142141-000

Reference is made to the above-referenced Lease Agreement ("Lease") dated 3/27/08 by and between GAZZANI MOTORS, INC., as Lessee, and BALBOA CAPITAL CORPORATION, as Lessor.

Notwithstanding the terms and conditions contained in the Lease and to the limited extent hereof, Lessor and Lessee agree as follows:

The Monthly Rent amount of "\$415.18" is hereby changed to "\$423.18" and Lessee agrees to make such payments as set forth in the Lease.

The Deposit amount of "\$830.36" is hereby changed to "\$846.36", which shall be applied as set forth in the Lease.

In all other respects, the terms and conditions of the Lease, as originally set forth, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto, by their authorized signatories, have executed this Change Addendum on the date set forth below their respective signatures.

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

Lessor:
BALBOA CAPITAL CORPORATION

By: [Signature]
Vice President

Date: 5/6/08

Lessee:
GAZZANI MOTORS, INC.

By: [Signature]
Name: John Gazzani
Title: President

Date: 04/01/08

Lessee Information

Business Name: Gazzani Motors, Inc.		Business Address: 215 MARKET STREET East Paterson, NJ 07407	Equipment Location Address: (if different than billing address of Lessee) 215 MARKET STREET Elmwood Park, NJ 07407
Business Phone: 201-796-1607	Business Tax ID#:		

Lease Terms and Conditions

Monthly Rent (plus applicable taxes): \$415.18	Base Term (months): 60	Required Deposit: \$830.36	Deposit Applied to: First and Last <u>1</u> Monthly Rentals	Doc Fees: Bill for \$250.00
End of Term Option: Fair Market Value Purchase Option				

Equipment Supplier Information / Equipment Description: SEE EXHIBIT "A"

The undersigned agrees that this lease reflects the agreement of the parties, including all terms of the second page of this agreement. For purposes of this Lease Agreement and any schedules attached (Lease), you, and your shall mean the Lessee indicated below, and we, us, and our refer to the Lessor, Balboa Capital Corporation, it's agents, employees and it's successors and assigns.

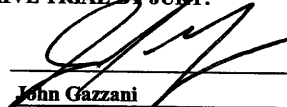
Signature: 
Name: John Gazzani **Title:** President **Date:** 03/27/08

ACKNOWLEDGED BY: BALBOA CAPITAL CORPORATION

By:  **Vice President** **Date:** 5/6/08

Lease Guaranty

For purposes of this Guaranty, Lease shall mean the Lease set forth above and on the second page of the Lease Agreement. I/ME/MY shall mean the person making the guaranty and if married, his or her marital community. YOU/YOUR shall mean the Lessor. I agree that I have an interest in the Lessee, economic or otherwise, and that you would not enter into this Lease without this guaranty. I unconditionally guaranty that Lessee will fully and promptly pay all its Obligations under the Lease when they are due and will perform all its other obligations under the Lease even if you modify or renew the Lease. The Lease guaranty will be jointly and severally responsible. You do not have to notify me if the Lessee is in default under the Lease. You may obtain any information from credit reporting agencies you deem necessary to enforce this guaranty. If the Lessee defaults, I will immediately pay all Obligations due under the Lease. I agree that I will not be released or discharged if you: (i) fail to perfect a security interest in or any property which secures the Obligations (Collateral); (ii) fail to protect the Collateral; or (iii) abandon or release the Collateral. I agree that you do not have to proceed first against the Lessee or any Collateral. I hereby waive notice of acceptance of this guaranty and of all other notices or demands of any kind which I may be entitled to. I will reimburse you for all expenses you incur in enforcing your rights against the Lessee or me, including, without limitation, attorneys' fees and costs. I acknowledge that I have read and understood the Lease and this Guaranty. This is an irrevocable, continuing guaranty and binds my heirs, administrators and representatives. I CONSENT TO THE JURISDICTION OF THE COURTS OF ORANGE COUNTY, CALIFORNIA AND/OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION, AT YOUR SOLE OPTION, FOR THE DETERMINATION OF ALL DISPUTES RELATED TO THE LEASE OR THIS GUARANTY. I agree that this guaranty shall be governed by the laws of the State of California. **YOU WAIVE TRIAL BY JURY.**

Signature:  **Signature:** _____
Name: John Gazzani **Name:** _____
Date: 03/27/08 **Date:** _____

1. LEASE: You agree to lease from us and we agree to lease to you, the equipment listed above or on any schedule to this Lease (Equipment). You unconditionally promise to pay us the sum of all the rental and other payments indicated above or on any schedule (Rent). You authorize us to insert in this lease any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. All Rent and other payments under this Lease or any other agreement with us (collectively Obligation or Obligations) are payable in U.S. dollars, and may be adjusted upward or downward no more than ten percent (10%) to reflect actual costs. We may from time to time, in our sole discretion, accept a photocopy or electronically transmitted facsimile copy of this Lease, any Schedules to this Lease, or other Lease documents as the binding and effective record of such agreement(s) whether or not an ink signed counterpart thereof is also received by us from you, provided, however, that no such agreement(s) shall be binding upon us until and unless they are signed by us in any signature line where we are to sign as indicated on the Lease, Schedule or other agreement. Any such photocopy or electronically transmitted facsimile received by us shall, when executed by us, constitute an original document for the purpose of establishing the provisions thereof and shall be legally admissible under the best or original evidence rule and binding on the parties.

2. TERM OF LEASE: This Lease shall become effective upon acceptance by us by signing and dating this Lease. **A prorata portion of the aggregated average of the Rent based on a daily charge or one-thirtieth (1/30) of the Rent from the date the Equipment has been delivered and is usable by you ("Commencement Date") to the end of the month shall be payable at the Commencement Date.** The Base Term of this Lease shall begin on the first day of the month following the Commencement Date and terminate upon the expiration of the number of months stated under Base Term, above. Following the Commencement Date, Rent and other Obligation payments are due on the first of each month, payable to a location to be designated in writing. **YOUR OBLIGATION TO PAY RENT TO US IS UNCONDITIONAL AND NOT SUBJECT TO ANY REDUCTION, SET-OFF, DEFENSE, OR COUNTERCLAIM AND MAY NOT BE CANCELLED FOR ANY REASON WHATSOEVER.** In the event this Lease is not fully completed for any reason beyond our control, all deposits made by you will be retained by us as compensation for documentation, processing and other expenses. We have the right, but not the obligation, to electronically withdraw funds from your bank account to pay for any unpaid Rent, taxes, fees, charges and assessments.

3. PAYMENT OF LEASE OBLIGATIONS: Payment of the Lease Obligation shall be made by electronically withdrawing funds from the bank account on which your deposit check was drawn. You authorize us to debit from this account on which your deposit check was drawn, on or after the 1st day of each month, for scheduled Lease Payments or other amounts due and owing at the time under the Lease. You acknowledge that, if we assign the Lease to a third party, the assignee is authorized to debit the account on which your deposit check was drawn. If you would prefer to authorize us to debit another account, fill in the blanks provided below along with a copy of a voided check from the specified account.

Account Number: _____ ABA / Routing Number: _____

Financial Institution Name: _____

Initials 

4. NO WARRANTIES; NO AGENCY; WE ARE LEASING THE EQUIPMENT TO YOU AS-IS, WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ORDINARY USE. You understand and agree that we are independent from the vendor, manufacturer and/or supplier (collectively "Supplier(s)") of the Equipment and that neither the Supplier nor any other person is our agent, nor are they authorized to waive or change any term or condition of this Lease. You agree that no

representation, guaranty or warranty by the Supplier or other person is binding on us. So long as you are not in default under any terms of this Lease, we transfer to you any warranties made to us, as the owner of the Equipment, by the Supplier. You agree that any breach by the Supplier will not relieve or excuse your Obligations to us. Regardless of cause, you will not assert any claim whatsoever against us for any direct, consequential, special or indirect damages. If you have entered into a maintenance agreement for the Equipment and the cost of the maintenance agreement is included in the Rent, you acknowledge that we are not responsible for any service,

repairs, or maintenance of the Equipment, and that we are not a party to the maintenance agreement. If you have a dispute regarding maintenance of service then you will nevertheless continue to pay all Obligations as they become due.

5. UCC-ARTICLE 2A (whenever the term Article 2A is used herein, it is understood to include equivalent provisions of California Commercial Code Division 10 when California law is applicable): You agree that this Lease is a "Finance Lease" under Article 2A of the Uniform Commercial Code as adopted by the State of California. You acknowledge that (a) we did not select, manufacture or supply the Equipment, but at your request we have purchased the Equipment for lease to you; and (b) based solely on your own judgment, you have selected the Supplier and the Equipment that you are leasing from us. You agree that you have approved any purchase or supply contract with the Supplier before signing this Lease. You may have rights under the supply or purchase contract, and you may contact the Supplier for a description of those rights or any warranties. To the extent permitted by applicable law. **YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON YOU UNDER UCC §§ 2A-393 AND 2A-508 THROUGH 2A-522, INCLUDING WITHOUT LIMITATION, THE RIGHT TO REPUDIATE THE LEASE AND REJECT THE EQUIPMENT; REVOKE ACCEPTANCE OF THE LEASE; OR RECOVER DAMAGES FROM US FOR ANY BREACH OF WARRANTY.**

6. DELIVERY OF EQUIPMENT: You request that we arrange delivery to you at your expense. We may at our discretion confirm by telephone that you have accepted the Equipment and this telephone verification of your acceptance of the Equipment shall have the same effect as a signed Equipment Acceptance.

7. ASSIGNMENT: You may not sell, transfer, assign or sublease the Equipment without our prior written approval. We may sell, assign or transfer this Lease without notifying you; and you agree that if we do, the new Lessor will have the same rights and benefits that we now have, and will not have to perform any of our obligations. You agree that the rights of the new Lessor will not be subject to any claims, defenses or setoffs that you may have against us.

8. OWNERSHIP, RIGHTS AND QUIET ENJOYMENT: You agree that we are the owner of and have title to the Equipment. You agree, at your expense, to protect and defend our title and other rights to the Equipment. You shall have the right to quiet use and enjoyment of the Equipment for the term of this Lease, provided you are not in default. We also have the right, at reasonable times, to inspect the Equipment at your expense.

9. CARE, USE AND LOCATION; LOSS OF EQUIPMENT: You are responsible for installing and keeping the Equipment in good working order and repair. You will keep and use the Equipment only at your address shown on this Lease, only for business or commercial purposes and in compliance with all applicable laws ordinances or regulations. You will not make any alterations to the Equipment without our prior written consent, nor will you permanently attach the Equipment to any real estate. You are responsible for protecting the Equipment from damage, and from any other kind of loss while you have the Equipment or while it is being delivered to you. In the event the Equipment is lost, stolen or damaged then you shall have the option within one week of such event to: (a) repair or replace the Equipment or (b) pay to us the unpaid balance of the remaining Rent under this Lease and our residual interest in the Equipment, discounted to present value at the rate of five percent (5%) plus any other Obligations.

10. TAXES AND FEES: You agree to pay when due all taxes (including personal property tax, fines and penalties) and fees relating to this Agreement or the Equipment. If we pay any of the above for you, you agree to reimburse us and to pay us a processing fee for each payment we make on your behalf. In addition, you also agree to pay us any filing fees prescribed by the Uniform Commercial Code or other law and reimburse us for all costs and expenses involved in documenting and servicing this transaction. You further agree to pay us an origination fee in an amount up to \$500 on the date the first payment due. You also acknowledge that in addition to the lease payments, we may assess and you may be required to pay additional taxes and/or fees. Such fees may not only cover our costs they may also include a profit.

11. INDEMNITY: We are not responsible for any injuries or losses to you or any other person or property caused by the installation, operation, maintenance or use of the Equipment. You agree to reimburse us for and defend us against any claims for such losses or injuries, including, without limitation, those arising out of the negligence, tort or strict liability claims. This indemnity shall continue even after the term of this Lease has expired.

12. INSURANCE: During the term of this Lease, Lessee agrees to maintain, at Lessee's expense, "Special Form" property insurance protecting the Equipment for its full replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement; and public liability insurance, in amounts acceptable to Lessor, naming Lessor as an additional insured (together "Required Insurance"). Lessee must provide Lessor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Lease or of any subsequent written request. If Lessee does not do so, Lessor may obtain insurance from an insurer of Lessor's choosing in such forms and amounts as Lessor deems reasonable to protect Lessor interests ("Lease Insurance"). Lease Insurance covers the Equipment and Lessor; it does not name Lessee as an insured. Lessee agrees to pay Lessor periodic charges for Lease Insurance ("Insurance Charges") that include: a premium that may be higher than if Lessee maintained Required Insurance separately; a finance charge of up to the implicit rate of the Lease on any premium advances made by Lessor or Lessors agents; and billing and processing fees; each of which may generate a profit to Lessor and Lessor agents. If Lessee fails to pay billed Insurance Charges within 30 days of their due date, Lessor may pay them by applying funds paid under the Lease or debiting Lessee's account under any previously authorized automatic payment. Lessor shall discontinue billing Insurance Charges upon receipt of satisfactory evidence of Required Insurance. Lessee agrees to arbitrate any dispute with Lessor or Lessor agents regarding Lease Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class action arbitration.

13. DEFAULT AND REMEDIES: If you (A) do not pay any Obligation when due; (B) break any of your promises, representations or covenants under this Lease; (C) any guarantor enters (voluntarily or involuntarily) into a bankruptcy proceeding; (D) are a corporation and more than 20% of the issued and outstanding voting capital stock is transferred to or acquired by any person or entity that is not an owner as of the date of this Lease; (E) you change your name, state of incorporation, chief executive office and/or place of residence without providing us with 30 days prior written notice of such change, you will be in default. In the event of a default by you, we can require that you return the Equipment to us and pay to us the remaining balance of all of the Rent due under this Lease, discounted to present value at five percent (5%), together with any other amounts due under this Lease. We can also require that you pay to us our residual

interest in the Equipment. Interest shall accrue on all Obligations due us from the date of default until paid at the rate of eighteen percent (18%) per annum, but only to the extent permitted by law. We shall also be entitled to recover from you all damages caused by that default. We can also use any of the remedies available to us under the UCC or any other law, including repossession of the Equipment or other Collateral. You agree to reimburse us for all charges, costs, expenses and attorney's fees that we have to pay to enforce this Lease or collect the Obligations under this Lease and in any lawsuit or other legal proceeding which we bring or defend. You also agree that in the event of a dispute related to or arising out of this Lease, the Lessor in such dispute shall be entitled to recover its reasonable attorney's fees and costs. If we have to take possession of the Equipment, you agree to pay the cost of repossession, storing, shipping, repairing and selling the Equipment. You agree that we are entitled to abandon the Equipment if we reasonably believe it to be in our best interests.

14. OTHER RIGHTS: Time is of the essence in this Lease. You agree that any delay or failure by us to enforce our rights under this Lease or any other agreements shall not prevent us from enforcing any rights at a later time. Both parties intend this Lease to be a valid and legal document, and agree that if any part is determined to be unenforceable, all other parts will remain in full force and effect. You also grant us a security interest in the Equipment and any proceeds of, accessions and attachments to the Equipment as security for your Obligations. You agree that we may file financing statements or other related filings in our name or in the name of any agent designated by us. You hereby authorize us, or our assigns, to file a financing statement without your signature, in form or content and from time to time as we deem proper, listing you as Lessee or Debtor.

15. LESSEE REPRESENTATIONS AND WARRANTIES: You hereby represent and warrant that at the time you sign this Lease you are and shall remain a business entity duly organized, validly existing, and in good standing under the laws of the state of organization, that your exact legal name, state of incorporation, location of your chief executive office and/or your place of residence as applicable, have been correctly identified to us. You further represent and warrant that at the time you sign this Lease the person executing this Lease or any related document on behalf of you or any related guarantor shall be authorized to take such action and bind you and the guarantor to the Lease, and that the execution, delivery and performance of this Lease is duly authorized by your organizational documents and, if necessary, resolutions of your directors and/or shareholders, partners, or managers and/or members.

16. RETURN OF EQUIPMENT; RENEWAL: If no default exists or has occurred under this Lease, you may, at the end of the original or any renewal term, purchase all (but not less than all) of the Equipment for a sum set forth on the front of this lease, plus any applicable taxes. If a \$1.00 or \$101 buyout is indicated in the End of Term section on the front of the Lease then, at the end of the Lease Term, you shall purchase the equipment for that amount. If the Fair Market Value Purchase Option is indicated in the End of Term section on the front of this Lease then, at least 180 days prior to the end of the original term, you must give us written notice, via certified mail, that you will purchase the Equipment for its fair market value, which we shall determine in our reasonable judgment, or that you will return the equipment to us. If you do not give us such written notice or if you do not purchase or deliver the equipment in accordance with the terms and conditions of this Lease, then this Lease shall automatically renew for a 12 month term, and thereafter renew for successive 3 month terms until you deliver the Equipment to us. During such renewal(s), the Rent shall be the highest monthly rate set forth in this Lease. We may cancel the renewal by sending you written notice 90 days prior to such renewal term. This End of Term option may become null and void at our discretion if any Event of Default occurs or continues at any time during the original term of the Lease. Upon payment of End of Term option price, and if no default exists, we shall transfer our interest in the Equipment to you "AS-IS, WHERE IS" without any representation or warranty whatsoever and this Lease will terminate. Provided you have given the required notice, and are not then in default, you shall return the Equipment, freight and insurance prepaid to us in good repair, condition, and working order, ordinary wear and tear excepted, in a manner and to a location designated by us. Until the End of Term Option price is actually paid, you will be responsible to continue to pay rent at the monthly rate set forth in this Lease.

17. LATE CHARGE; FEES: If any part of any Obligation is not made by you within five (5) days of its due date, you agree to pay us fifteen percent (15%) of each such late payment (to the extent permitted by law).

18. ENTIRE AGREEMENT; CHANGES: This Lease contains the entire agreement between you and us, and it may not be altered, amended, modified, terminated or otherwise changed except in writing and signed by both you and us. A limiting endorsement on a check or other form or payment will not be effective to modify the Obligations or any of the other terms and conditions of this Lease, and we may apply any payment received without being bound by such limiting endorsements.

19. COMPLIANCE; NOTICES: In the event you fail to comply with any terms of this Lease, we can, but we do not have to, take any action necessary to effect your compliance. If we are required to pay any amount to obtain your compliance, the amount we pay plus all of our expenses in causing your compliance, shall become additional Obligations. This Lease is for the benefit of and is binding upon you and your personal representatives, successors and assigns.

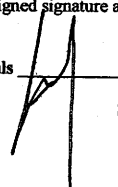
20. CHOICE OF LAW; JURISDICTION: YOU AND WE AGREE THAT THIS LEASE SHALL BE BINDING WHEN ACCEPTED IN WRITING BY US AT OUR OFFICES AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU AND WE EACH CONSENT TO THE JURISDICTION OF THE COURTS OF ORANGE COUNTY, CALIFORNIA AND/OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION FOR THE DETERMINATION OF ALL DISPUTES ARISING UNDER THIS LEASE. YOU WAIVE TRIAL BY JURY IN ANY ACTION BETWEEN US.

21. REPRESENTATIONS AND COVENANT OF LESSEE: You represent that all financial and other information furnished to us was, at the time of delivery, true and correct. During the term of this Lease, you shall provide us with such interim or annual financial statements and filed tax returns as we request.

22. COUNTERPARTS: If this document was sent electronically, you hereby warrant that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make all such alterations or revisions non-binding and void. Only one counterpart of the Lease and of each Schedule or Addenda shall bear our ink signed signature and shall be marked "Original". To the extent that any Lease, Schedule or Addenda constitute chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the Lease, Schedule, or Addenda that bears our ink signed signature and is marked "Original".

Lease Number: 142141-000

Initials



SL200C

sign

DELIVERY AND ACCEPTANCE CERTIFICATE

Lease # 142141-000

By signing below, you, the Lessee, agree:

- a. That all Equipment described in the Lease identified above has been delivered, inspected, installed and is unconditionally and irrevocably accepted by you as satisfactory for all purposes of the Lease; and
- b. That we, **BALBOA CAPITAL CORPORATION**, are authorized to purchase the Equipment and start billing you under the Lease as set forth in Section 2.

Date of Acceptance: 5/2/08

Lessee Name: Gazzani Motors, Inc.

sign

Signature: 

Name: John Gazzani

Title: President

I hereby authorize _____ to orally verify my/our acceptance of the equipment subject to Lease Agreement # 142141-000 in my absence

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

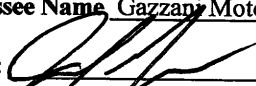
EXHIBIT 'A'
EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # 142141-000. By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

EQUIPMENT DESCRIPTION	INVOICE #	INVOICE DATE	VENDOR NAME
<p>See invoices attached hereto as Exhibit "A1" and incorporated herein by the reference</p>			

Lease Number 142141-000

Lessee Name Gazzani Motors, Inc.


sign By: _____
 Name: John Gazzani
 Title: President
 Date: 03/27/08

Page 1 of 1

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