

Capital Lease

Dear Lessee,

This lease is a non-cancelable transaction on a lease document. We will retain title until all payments are received per the lease contract. The lease requires you to pay all assessed taxes on time. If the sales tax is not handled at the time of purchase and must be collected over the term, we will add the sales tax to your payment and remit it to the State.

We will invoice the vendor and pay 100% of the purchase price and then ask them to deliver the equipment to you. We will confirm that the delivery has occurred and the installation, if any, has been completed.

We will file a UCC-1 financing statement in the state of your business residence in compliance with your state's requirements to publicly record the transaction. You are required to provide insurance on the equipment and provide the lessor with a loss payable clause and an additional insured endorsement.

You are offered a \$1 purchase option provided it is paid on the last day of the lease and, after its receipt, we will send you a bill of sale and release the UCC.

You are considered the tax owner for income tax purposes, so you should take the appropriate MACRS depreciation with an interest deduction.

This transaction is a capital lease for accounting purposes, so you should take the straight line depreciation on the present value of the rent stream based on your average cost of money called your incremental borrowing rate.

We appreciate your business so if you have any questions please contact

Yours truly,