

COSNER COSNER & YOUNGELSON  
197 Highway 18, Suite 308  
East Brunswick, NJ 08816  
(732) 937-8000  
Attorneys for Plaintiff Minnwest Capital Corporation

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

-----X	
MINNWEST CAPITAL CORPORATION,	:
	:
Plaintiff,	:
	:
v.	:
	:
ALLIED HEALTH CARE SERVICES, INC.,	:
and CHARLES K. SCHWARTZ,	:
	:
Defendants.	:
-----X	

Civil Action

**COMPLAINT**

Plaintiff Minnwest Capital Corporation (“Minnwest” or “plaintiff”), by and through its attorneys, Cosner Cosner & Youngelson, as and for its complaint against defendants Allied Health Care Services, Inc. (“Allied”) and Charles K. Schwartz (“Schwartz,” and together with Allied, “defendants”), alleges as follows:

**Parties, Jurisdiction, and Venue**

1. Minnwest is a Minnesota corporation with its principal place of business in Minnetonka, Minnesota. Accordingly, Minnwest is a citizen of Minnesota.

2. Upon information and belief, defendant Allied is a New Jersey corporation with a principal place of business at 89 Main Street, Orange, New Jersey 07051. Accordingly, Allied is a citizen of New Jersey.

3. Upon information and belief, defendant Schwartz is an individual citizen of New Jersey, residing at 37 Timberline Drive, Sparta, New Jersey 07871.

4. This court has jurisdiction over this matter pursuant to 28 U.S.C. § 1332, in that there is complete diversity of citizenship between the parties and the amount in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

5. Venue is proper herein pursuant to 28 U.S.C. § 1391(a), in that all defendants reside in New Jersey, a substantial part of the events or omissions giving rise to plaintiff's claims occurred in this district, and a substantial part of property that is the subject of this action is situated herein.

**COUNT ONE**  
**(Breach of MLA and Supplements – against Allied)**

6. Plaintiff repeats the foregoing allegations as if fully set forth herein.

7. On or about December 22, 2008, Minnwest, as lessor, and Allied, as lessee, entered a Master Lease Agreement (the “MLA”). (A true and correct copy of the MLA is annexed hereto as Exhibit A.)

8. The MLA sets forth terms and conditions pursuant to which Minnwest would lease certain equipment to Allied under subsequently executed supplements to the MLA.

9. Thereafter, Minnwest and Allied entered into three supplements to the MLA, under which Minnwest leased \$2 million of equipment to Allied. Specifically, on or about December 22, 2008, the parties executed the first supplement to the MLA (the “First Supplement”). (A true and correct copy of the First Supplement is annexed hereto as Exhibit B.) Pursuant to the First Supplement, Allied leased 150 LifeCare Products PLV 102 Home Care Ventilators from Minnwest for a total lease amount of \$750,000, under the terms and conditions set forth therein.

10. Also on or about December 22, 2008, defendant Schwartz executed an absolute and unconditional personal Guaranty (the “December 2008 Guaranty”) of Allied’s obligations

under the MLA and all supplements thereto, including the First Supplement. (A true and correct copy of Schwartz's December 2008 Guaranty is annexed hereto as Exhibit C.)

11. Then, on or about January 16, 2009, the parties executed a second supplement to the MLA (the "Second Supplement"). (A true and correct copy of the Second Supplement is annexed hereto as Exhibit D.) Pursuant to the Second Supplement, Allied leased an additional 150 LifeCare Products PLV 102 Home Care Ventilators from Minnwest for a total lease amount of \$750,000, under the terms and conditions set forth therein.

12. Also on or about January 16, 2009, defendant Schwartz executed another absolute and unconditional personal Guaranty (the "January 2009 Guaranty") of Allied's obligations under the MLA and all supplements thereto, including the Second Supplement. (A true and correct copy of Schwartz's January 2009 Guaranty is annexed hereto as Exhibit E.)

13. Finally, on or about February 5, 2009, the parties executed a third supplement to the MLA (the "Third Supplement," and, together with the First and Second Supplements, the "Supplements"). (A true and correct copy of the Third Supplement is annexed hereto as Exhibit F.) Pursuant to the Third Supplement, Allied leased an additional 100 LifeCare Products PLV 102 Home Care Ventilators from Minnwest for a total lease amount of \$500,000, under the terms and conditions set forth therein.

14. Also on or about February 5, 2009, defendant Schwartz executed a third absolute and unconditional personal Guaranty (the "February 2009 Guaranty," and, together with the December 2008 and January 2009 Guaranties, the "Guaranties") of Allied's obligations under the MLA and all supplements thereto, including the Third Supplement. (A true and correct copy of Schwartz's February 2009 Guaranty is annexed hereto as Exhibit G.)

15. Minnwest performed all that was required of it under the MLA and the Supplements thereto.

16. Allied unilaterally and materially breached the MLA and the Supplements by, among other things, failing to make rent payments that were due on (i) April 1, 2010 (under the First Supplement); (ii) April 15, 2010 (under the Second Supplement); and (iii) April 15, 2010 (under the Third Supplement).

17. Pursuant to paragraph 22 of the MLA, Allied's failure to pay rent when due constitutes an Event of Default.

18. The MLA further provides that, upon any event of default, Minnwest is entitled to, among other things, terminate the MLA and the Supplements, recover damages from Allied, and repossess the equipment leased to Allied.

19. Pursuant to paragraph 23 of the MLA, Minnwest is entitled to damages from Allied in an amount equal to "(1) the amount of all rent and other amounts payable by [Allied] hereunder due but unpaid as of such date plus (2) the amount of all unpaid rent for the balance of the term of this lease not yet due as of such date discounted from the respective dates installment payments would be due at the rate of 5% per annum plus (3) the greater of the residual value of the Equipment (as calculated by Lessor) or 25% of the cost of the Equipment subject to this lease as of such date."

20. Pursuant to paragraph 23(d) of the MLA, interest on the unpaid balance of the damages owed to Minnwest accrues "at the annual rate of the lesser of 2% in excess of the prime or base rate, as announced and in effect from time to time by the Wall Street Journal or the highest rate permitted by law."

21. Pursuant to paragraph 23(e) of the MLA, Minnwest also is entitled to recover from Allied “legal fees and other expenses incurred by reason of an Event of Default or the exercise of any remedy hereunder.”

22. Thus, pursuant to paragraph 23 of the MLA, Allied owes Minnwest \$2,070,690 in damages, plus interest and attorneys’ fees.

23. Minnwest has provided Notices of Default under the MLA and the Supplements to Allied and Schwartz, and demanded payment. Allied and Schwartz have failed to pay Minnwest what it is owed.

24. As a direct result of Allied’s breaches of the MLA and the Supplements, Minnwest has suffered damages in an amount to be determined by the trier of fact but in no event less than \$2,070,690 in damages, plus interest and attorneys’ fees.

**COUNT TWO**  
**(Breach of Guaranties – against Schwartz)**

25. Plaintiff repeats the foregoing allegations as if fully set forth herein.

26. As noted above, Schwartz executed absolute and unconditional personal Guaranties of Allied’s obligations under the MLA and the Supplements.

27. In each of the Guaranties, Schwartz expressly promised to pay Allied’s obligations when they became due: “The undersigned [Schwartz] hereby absolutely and unconditionally guarantees to [Minnwest] the full and prompt payment and performance when due of each and every obligation of [Allied] under the [MLA and Supplements].” (See Guaranties, paragraph 1.)

28. In each of the Guaranties, Schwartz also promised to pay Minnwest the attorneys’ fees it incurs “in endeavoring to enforce [the MLA or Supplements] and this Guaranty.” (See Guaranties, paragraph 10.)

29. As noted, Allied has defaulted under the MLA and the Supplements.

30. Minnwest has demanded that Schwartz honor his obligations under the Guaranties.

31. Schwartz unilaterally and materially has breached the Guaranties by, among other things, failing to satisfy Allied's obligations to Minnwest under the MLA and the Supplements.

32. As a direct result of Schwartz's breaches of the Guaranties, Minnwest has suffered damages in an amount to be determined by the trier of fact but in no event less than \$2,070,690 in damages, plus interest and attorneys' fees.

**COUNT THREE**  
**(Replevin – against Allied)**

33. Plaintiff repeats the foregoing allegations as if fully set forth herein.

34. Pursuant to paragraph 23 of the MLA, Minnwest is entitled to repossess the equipment leased to Allied under the MLA and the Supplements.

35. Similarly, N.J.S.A. § 2A:525(2) provides a lessor with the right to repossess leased equipment after a default by the lessee.

36. As noted, Allied has defaulted under the MLA and the Supplements.

37. Accordingly, Minnwest is entitled to take possession of the equipment it leased to Allied under the MLA and the Supplements.

WHEREFORE, Minnwest demands judgment on all Counts in favor of it and against defendants Allied and Schwartz as follows:

A. On Count One, awarding Minnwest actual, compensatory and consequential damages in an amount to be determined by the trier of fact but in no event less than \$2,070,690;

- B. On Count Two, awarding Minnwest actual, compensatory and consequential damages in an amount to be determined by the trier of fact but in no event less than \$2,070,690;
- C. On Count Three, a directive that Allied immediately turn over the leased equipment to Minnwest, a writ of replevin for possession of the equipment, and compensatory damages in an amount to be determined by the trier of fact;
- D. On all Counts, awarding Minnwest its attorneys' fees, applicable interest and costs; and
- C. Such other and further relief as the Court deems just and proper.

Dated: May 18, 2010

COSNER COSNER & YOUNGELSON  
197 Highway 18, Ste. 308  
East Brunswick, NJ 08816  
(732) 937-8000  
Attorneys for Plaintiff Minnwest

By:  \_\_\_\_\_  
MARC D. YOUNGELSON





**MINNWEST CAPITAL CORPORATION****MASTER LEASE AGREEMENT**

Lessee(s): Allied Health Care Services, Inc.  
89 Main Street  
Orange, New Jersey 07051

CCAN#: 1978

The Lessee has executed this Master Lease Agreement effective 12-22, 2008 and hereby agrees to the terms and conditions described below or in any signed attachment(s) made a part of this Master Lease Agreement.

- 1. AGREEMENT TO LEASE.** MINNWEST CAPITAL CORPORATION ("Lessor") hereby agrees to lease to the above Lessee ("Lessee"), and Lessee hereby agrees to lease from Lessor, the personal property described in one or more Supplements to this Master Lease Agreement ("Master Lease") that are from time to time entered into by Lessor and Lessee (such personal property together with all substitutions, replacements, repairs, and additions incorporated therein or affixed thereto shall be referred to herein as the "Equipment"). Each Supplement shall be considered a separate lease incorporating the terms of the Master Lease the same as if a single lease agreement containing such terms had been executed covering such items.
- 2. TERM OF LEASE.** The term of this lease with respect to each item of Equipment shall begin on the date it is accepted by Lessee as set forth in the Delivery and Acceptance Certificate and shall continue for the period set forth in the applicable Supplement (the "Initial Term") subject to earlier termination and automatic extension as herein provided. The Rent Commencement Date on each Supplement shall be either the 1<sup>st</sup> or 15<sup>th</sup> day of the month in which all of the items of Equipment described in the related Supplement have been delivered and accepted by Lessee. If such delivery and acceptance is completed on or before the 15<sup>th</sup> of such month the Rent Commencement Date shall be the 15<sup>th</sup> day of the month. If such delivery and acceptance is completed after the 15<sup>th</sup> of such month the Rent Commencement Date shall be the 1<sup>st</sup> day of the following month. In the event Lessee executes the related Supplement prior to delivery and acceptance of all items of Equipment described therein, Lessee hereby authorizes Lessor to insert the Rent Commencement Date based upon the date appearing on the Delivery and Acceptance Certificate signed by Lessee with respect to the last item of Equipment to be delivered.

Lessee or Lessor may terminate the lease evidenced by any Supplement at the expiration of the Initial Term by giving the other at least ninety (90) days prior written notice of termination. If neither Lessee nor Lessor gives such notice, then the term of this lease shall be extended automatically on the same rental and other terms set forth herein (except that in any event rent during any extended term shall be payable in the amounts and at the times provided in Section 3) for successive periods of one month until terminated by either Lessee or Lessor giving the other at least ninety (90) days prior written notice of termination.

- 3. RENT.** For the Initial Term of this lease, Lessee agrees to pay the amount shown in the related Supplement as Total Basic Rent when and as provided therein. Such Total Basic Rent shall be payable in installments each in the amount as set forth in the related Supplement plus sales and use tax thereon, referred to herein as "Basic Rent". Lessee shall pay the initial installment in advance together with any security deposit, each as shown in the related Supplement, on the date such Supplement is executed by Lessee. Subsequent installments shall be payable in advance on the first day of each rental payment period shown in the related Supplement beginning after the first rental payment period; provided, however, that Lessor and Lessee may agree to any other payment schedule, including irregular payments or residual payments or payments in arrears, in which event they shall be set forth in the space provided in the Supplement. If the actual cost of the Equipment is more or less than the lease amount ("Lease Amount") as shown in the Supplement, the amount of each installment of rent will be adjusted up or down to provide the same yield to Lessor as would have been obtained if the actual cost had been the same as the Lease Amount. Adjustments of 10% or less may be made by written notice from Lessor to Lessee. Adjustments of more than 10% shall be made by execution of a replacement Supplement reflecting the actual Lease Amount and rent but otherwise being the same as the original Supplement.

During any extended term of this lease, Basic Rent shall be payable in advance on the 1<sup>st</sup> or 15<sup>th</sup> day of each month during such extended term in the amount equal to the Basic Rent payment as set forth in the related Supplement if rent is payable monthly during the Initial Term or in an amount equal to the monthly equivalent of the Basic Rental payment as set forth in the related Supplement if rent is payable other than monthly during the Initial Term. In addition, Lessee shall pay any applicable sales and use tax on rent payable during any extended term.

In addition to Basic Rent, which is payable only from the Rent Commencement Date as provided above, Lessee agrees to pay Interim Rent with respect to each separate item of Equipment covered by a particular Supplement from the date it is delivered and accepted to the Rent Commencement Date at a daily rate equal to the percentage of Lessor's cost of such item specified in such Supplement. Interim Rent accruing each calendar month shall be payable by the 10<sup>th</sup> day of the following month and in any event on the Rent Commencement Date.

- 4. SECURITY DEPOSIT.** Lessor may, at its option, apply any Security Deposit toward any obligation of Lessee under this lease, and shall return any unapplied balance to Lessee without interest upon satisfaction of Lessee's obligations hereunder.
- 5. NO WARRANTIES.** This is a "Finance Lease" within the meaning of Article 2A of the Minnesota Uniform Commercial Code. LESSOR MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES OR LOSS OF ANTICIPATORY PROFITS ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT. Lessee agrees to make the rental and other

payments required hereunder without regard to the condition of the Equipment and to look only to persons other than Lessor such as the manufacturer, vendor or carrier thereof should any item of Equipment for any reason be defective. So long as no Event of Default has occurred and is continuing, Lessor agrees, to the extent they are assignable, to assign to Lessee, without any recourse to Lessor, any warranty received by Lessor. Lessee agrees that it has selected each item of Equipment based upon its own judgment and disclaims any reliance upon any statements or representations made by Lessor.

6. **LOCATION/INSPECTION/MARKING.** The equipment at all times shall be located at the address specified in the applicable Lease Supplement unless Lessee has notified Lessor in writing of a change of location for each Item of Equipment. Lessee shall make the Equipment available for inspection by Lessor's representatives during Lessee's normal business hours and shall make Lessee's log, maintenance and other records pertaining to the Equipment available for inspection and duplication by Lessor's representatives. Lessee shall affix to one place on Equipment such labels, plates, or other markings indicating Lessor's ownership in the Equipment as may be directed and supplied by Lessor.
7. **TITLE IN LESSOR.** At all times the Lessor shall hold title to the Equipment, and Lessee at its expense shall protect and defend the title of Lessor and keep it free of all claims and liens other than the rights of Lessee hereunder and claims and liens created by or arising through Lessor. The Equipment shall remain personal property regardless of its attachment to realty, and Lessee agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment as a result of its attachment to realty.
8. **LAWS AND TAXES.** Lessee agrees to comply fully with any applicable laws and regulations relating to the Equipment and the use, maintenance and operation thereof, and shall promptly pay when due all sales, use, property, excise and other taxes and all license and registration fees now or hereafter imposed by any governmental body or agency upon the Equipment or its use or the rentals hereunder. Upon request by Lessor, Lessee shall prepare and file all tax returns relating to taxes for which Lessee is responsible hereunder which Lessee is permitted to file under the laws of the applicable taxing jurisdiction.
9. **PERSONAL PROPERTY TAXES.** Whenever equipment is subject to personal property taxes in the jurisdiction where the Equipment is located, Lessor will properly report any and all property values for all lease transactions with the appropriate property-taxing jurisdiction. Lessor (or at Lessor's option, Lessee) shall file all personal property tax returns and reports concerning the Equipment. Lessor shall invoice Lessee for all such property taxes and Lessee shall promptly reimburse Lessor for said amounts. Lessee shall be subject to additional interest payments (calculated at The Wall Street Journal's then published Prime Rate plus 200 basis points) resulting from its failure to timely remit such taxes to Lessor when invoiced by Lessor. The provision of this paragraph shall survive the expiration or other termination of this Master Lease.
10. **ASSIGNMENT.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE WILL NOT SELL, ASSIGN, SUBLET, PLEDGE, OR OTHERWISE ENCUMBER OR PERMIT A LIEN ARISING THROUGH LESSEE TO EXIST ON OR AGAINST ANY INTEREST IN THIS LEASE OR THE EQUIPMENT, or remove the Equipment from its location referred to above. Lessor may assign its interest in this lease and sell or grant a security interest in all or any part of the Equipment without notice to or the consent of Lessee. Lessee agrees not to assert against any assignee of Lessor any claim or defense Lessee may have against Lessor.
11. **NET LEASE.** This lease is a net lease and Lessee acknowledges that, except as otherwise expressly provided in this Lease, Lessee shall be responsible for all costs and expenses arising out of or in connection with this Lease, any Supplements to this Lease and any Equipment. Lessee's obligations under this Lease, including the obligation to pay all rental charges and any other charges payable under this lease shall be absolute and unconditional and shall not be subject to abatement, reduction, set-off, deferral, counterclaim or a recoupment for any reason, including but, not limited to, operation of law, interruption in or loss of service or use of the Equipment or any part of the Equipment or any loss or damage caused by or to the Equipment or by any error in programming or instruction to the Equipment, by any latent defect or by wear and tear or gradual deterioration of the Equipment or any part of the Equipment.  
  
To the extent permitted by applicable law, Lessee hereby waives any rights conferred upon a Lessee by Sections 2A-508 through 2A-522 of the Minnesota Uniform Commercial Code and any rights now or hereafter conferred by statute which may require Lessor to sell, lease or otherwise use any Equipment in mitigation of Lessor's damages or which may otherwise limit or modify any of Lessor's rights or remedies under Section 23.
12. **INDEMNITY/PROTECTION OF TAX RIGHTS.** Lessee hereby indemnifies Lessor against and agrees to protect Lessor harmless from any and all liability, loss damage, causes of action, suits, claims, judgements and expenses arising out of the ordering, ownership, use, condition, or operation of each item of Equipment during the term of this lease, including liability for death or injury to persons, damage to property, strict liability under the laws or judicial decisions of any state or the United States, and legal expenses in defending any claim brought to enforce any such liability or expense.  
  
Lessee hereby further indemnifies and protects Lessor harmless from any and all losses including without limitation all taxes, interest and penalties, incurred as a result of a loss of tax benefit or any and all inclusions in gross income by Lessor of amounts with respect to this Lease arising from a determination by the Internal Revenue Service or any other federal, state or local taxing authority that (i) this Lease is not treated as a "true lease" for federal income tax purposes, or (ii) Lessor is not the owner of the Equipment entitled to a deduction for its depreciation or any other tax benefits associated with ownership thereof, or (iii) that the Equipment may not be fully depreciated during the time period and in the manner specified in any Supplement to this Lease for such Equipment.
13. **LOSS OR DAMAGE.** All risk of loss for the Equipment shall be on the Lessee from the date of the execution of the Supplement pertaining thereto or Lessee's possession of the Equipment, whichever occurs earlier. In the event any item of Equipment shall become

lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of any item of Equipment, Lessee shall promptly pay Lessor the sum of (a) the amount of all rent and other amounts payable by Lessee hereunder with respect to such item due but unpaid at the date of such payment plus (b) the amount of all unpaid rent with respect to such item for the balance of the term of this lease not yet due at the time of such payment discounted from the respective dates installment payments would be due at the rate implicit in the schedule of rental payments when applied to the cost of such item plus (c) 25% of the cost of such item as shown in the related Supplement. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, the rent with respect to such item shall terminate, and the Basic Rental payments on the remaining items shall be reduced accordingly. Lessee shall pay any sales and use taxes due on such transfer. Any insurance or condemnation proceeds received shall be credited to Lessee's obligation under this Section 13 and Lessor shall be entitled to any surplus.

14. **USE.** Lessee agrees all Equipment will be operated by competent and qualified personnel only and in accordance with applicable operating instructions, laws, government regulations, and applicable insurance policies.
15. **MAINTENANCE AND REPAIRS.** Lessee shall maintain the Equipment in good working order and appearance and make all necessary adjustments and repairs to the Equipment. Lessee shall at all times cooperate with Lessor in allowing the manufacturer of the Equipment or the Lessor to control and install all engineering changes on the Equipment when determined necessary or desirable by the manufacturer or Lessor. Upon Lessor's request, Lessee shall at Lessee's expense obtain and keep in full effect throughout the term of this Lease a contract for prime shift maintenance service from the manufacturer of the Equipment or other provider approved in writing by Lessor. Lessee shall provide Lessor with a copy of the prime shift maintenance agreement within thirty (30) days after the installation date. Upon termination of this Lease, Lessee shall return the Equipment to Lessor in good condition and repair, accepting only reasonable wear and tear, and fully certified and eligible for the manufacturer's maintenance agreement. Upon Lessor's request, Lessee shall provide a letter from the manufacturer certifying the Equipment's eligibility.

Lessee shall provide facilities for, and operate the Equipment only in accordance with the manufacturer specifications. Lessee shall grant access to the Equipment to Lessor, its designee or the manufacturer at reasonable times for inspection, repair, maintenance, installation of engineering changes, and for any other reasonable purpose. Lessee shall serve Lessor with prompt written notice of any alleged or apparent improper manufacture, functioning or operation of the Equipment.

16. **INSURANCE.** Lessee shall obtain and maintain on or with respect to the Equipment at its own expense (a) liability insurance insuring against liability for bodily injury and property damage with a minimum limit \$1,000,000 combined single limit and (b) physical damage insurance insuring against loss or damage to the Equipment in an amount not less than the full replacement cost of the Equipment. Lessee shall furnish Lessor with a certificate of insurance evidencing the issuance of a policy or policies to Lessee in at least the minimum amounts required herein naming Lessor as an additional insured thereunder for the liability coverage and as loss payee for the property damage coverage. Each such policy shall be in such form and with such insurers as may be satisfactory to Lessor, and shall contain a clause requiring the insurer to give to Lessor at least thirty (30) days prior written notice of any alteration in the terms of such policy or the cancellation thereof, and a clause specifying that no action or misrepresentation by Lessee shall invalidate such policy. Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise Lessee in the event any such policy shall not comply with the requirements hereof.
17. **RETURN OF THE EQUIPMENT.** Upon the expiration or earlier termination of the Lessee's rights to possession under this lease, Lessee will immediately deliver the Equipment to Lessor in the same condition as when delivered to Lessee, ordinary wear and tear excepted, at such location within the continental United States as Lessor shall designate. Lessee shall pay all transportation and other expenses relating to such delivery.
18. **LESSEE'S OPTIONS.** So long as no Event of Default has occurred and is continuing, at the expiration of the Scheduled Lease Term, Lessee shall have the option to (i) purchase the Equipment at fair market value, (ii) renew the Lease as provided in Paragraph 2 of this Lease; or (iii) return the Equipment to Lessor as provided in Paragraph 17 herein.
19. **ADDITIONAL ACTION.** Lessee will promptly execute and deliver to Lessor such further documents and take such further action as Lessor may request in order to carry out more effectively the intent and purpose of this lease, including the execution and delivery of appropriate financing statements to protect fully Lessor's interest hereunder in accordance with the Uniform Commercial Code or other applicable law.
20. **FINANCIAL STATEMENTS.** Lessee shall promptly furnish Lessor with Lessee's annual certified financial statements. Lessee shall also furnish Lessor with other financial information as Lessor may reasonably request. If Lessee does not have certified financial statements available in the normal course of business, Lessee shall provide uncertified financial statements that accurately reflect Lessee's financial condition including copies of its most recent federal income tax returns.
21. **LATE CHARGES.** If any installment of Interim Rent or Basic Rent is not paid within ten (10) days of when due, Lessor shall impose a late charge of up to 5% of the amount of the installment but in any event not more than permitted by applicable law. Payments thereafter received shall be applied first to delinquent installments and then to current installments.
22. **DEFAULT.** Each of the following events shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to pay when due any installment of Interim Rent or Basic Rent; (b) Lessee shall fail to observe or perform any other agreement to be observed or performed by Lessee hereunder and the continuance thereof for ten (10) calendar days following written notice thereof by Lessor to Lessee; (c) Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership shall cease doing business as a going concern or make an

assignment for the benefit of creditors; (d) Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership shall voluntarily file, or have filed against it involuntarily, a petition for liquidation, reorganization, adjustment of debt, or similar relief under the federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver, or liquidator shall be appointed of it or of all or a substantial part of its assets; (e) any individual Lessee, guarantor of this lease, or partner of Lessee if Lessee is a partnership shall die; (f) levy, seizure or attachment of any of the Equipment; (g) any financial or credit information submitted by or on behalf of Lessee shall prove to have been false or materially misleading when made; (h) an event or default shall occur under any obligation of Lessee or any guarantor of this lease or any partner of Lessee if Lessee is a partnership, to Lessor, or any affiliate thereof.

23. **REMEDIES.** Lessor and Lessee agree that Lessor's damages suffered by reason of an Event of Default are impossible to ascertain at this time because the value of the Equipment at various times is uncertain, and therefore they agree that for purposes of this Section 23 "Liquidated Loss" as of any date shall be the sum of the following: (1) the amount of all rent and other amounts payable by Lessee hereunder due but unpaid as of such date plus (2) the amount of all unpaid rent for the balance of the term of this lease not yet due as of such date discounted from the respective dates installment payments would be due at the rate of 5% per annum plus (3) the greater of the residual value of the Equipment (as calculated by Lessor) or 25% of the cost of the Equipment subject to this lease as of such date.

Upon the occurrence of an Event of Default and at any time thereafter, Lessor may exercise any one or more of the remedies listed below as Lessor in its sole discretion may lawfully elect; provided, however, that upon the occurrence of an Event of Default specified in Section 22(d), an amount equal to the Liquidated Loss as of the date of such occurrence shall automatically become and be immediately due and payable without notice or demand of any kind.

- (a) Lessor may, by written notice to Lessee, terminate this lease and declare an amount equal to the Liquidated Loss as of the date of such notice to be immediately due and payable, and the same shall thereupon be and become immediately due and payable without further notice or demand, and all rights of Lessee to use the Equipment shall terminate but Lessee shall be and remain liable as provided in this Section 23. Lessee shall at its expense promptly deliver the Equipment to Lessor at the location or locations within the continental United States designated by Lessor. Lessor may also enter upon the premises where the Equipment is located and take immediate possession of and remove the same with or without instituting legal proceedings.
- (b) Lessor may proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this lease or to recover, for breach of this lease, Lessor's Loss as of the date the Liquidated Loss is declared due and payable hereunder; provided, however, that upon recovery of the Liquidated Loss from Lessee in any such action without having to repossess and dispose of the Equipment, Lessor shall transfer the Equipment to Lessee at its then location upon payment of any additional amount due under clauses (d) and (e) below.
- (c) In the event Lessor repossesses the Equipment, Lessor shall either retain the Equipment in full satisfaction of Lessee's obligation hereunder or sell or lease each item of Equipment in such manner and upon such terms as Lessor may in its sole discretion determine. The proceeds of such sale or lease shall be applied to reimburse Lessor for the Liquidated Loss and any additional amount due under clauses (d) and (e) below. Lessor shall be entitled to any surplus and Lessee shall remain liable for any deficiency. For purposes of this subparagraph, the proceeds of any lease of all or any part of the Equipment by Lessor shall be the amount reasonably assigned by Lessor as the cost of such Equipment in determining the rent under such lease.
- (d) Lessor may recover interest on the unpaid balance of the Liquidated Loss from the date it becomes payable until fully paid at the annual rate of the lesser of 2% in excess of the prime or base rate, as announced and in effect from time to time by The Wall Street Journal or the highest rate permitted by law.
- (e) Lessor may exercise any other right or remedy available to it by law, and in equity or by agreement, and may in any event recover legal fees and other expenses incurred by reason of an Event of Default or the exercise of any remedy hereunder, including expenses of repossession, repair, storage, transportation and disposition of the Equipment.

No remedy given in this Section is intended to be exclusive, and each shall be cumulative but only to the extent necessary to permit Lessor to recover amounts for which Lessee is liable hereunder. No express or implied waiver by Lessor of any breach of Lessee's obligations hereunder shall constitute a waiver of any other breach of Lessee's obligations hereunder.

24. **NOTICES.** Any written notice hereunder to Lessee or Lessor shall be deemed to have been given when delivered personally or deposited in the United States mail, postage prepaid, addressed to recipient at its address set forth above or at such other address as may be last known to the sender or facsimile transmittal receipt.
25. **NON-CANCELLABLE LEASE.** This lease cannot be cancelled or terminated except as expressly provided herein.
26. **SURVIVAL OF SPECIFIED OBLIGATIONS.** Lessee's obligations under Sections 8, 12, 17 and 24 shall survive termination of this lease.
27. **DETERMINING UNPAID EXTENDED RENT.** If a casualty under Section 13 or a declaration that Liquidated Loss is due under Section 23 occurs after ninety (90) days before the expiration of the Initial Term at a time when no notice of termination has been given so that under Section 2 the Initial Term of the lease is extended, then the expiration date of this lease shall be the same as if notice of termination had been given under Section 2 on the date of such casualty or declaration of Liquidated Loss, as the case may be, and the unpaid rent for the balance of the term of this lease for purposes of Sections 13 and 23 shall be calculated accordingly.

- 28. **PERFORMANCE BY LESSOR.** In the event that Lessee shall fail duly and promptly to perform any of its obligations under this lease, the Lessor may, at its option, perform the same for the account of the Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorney's fees), penalty or other liability incurred by Lessor in such performance, together with interest at the rate of the lesser of 1 and 1/2% per month thereon, or the highest rate permitted by law until paid by Lessee to the Lessor, shall be payable by the Lessee upon demand as additional rent for the Equipment.
- 29. **POWER OF ATTORNEY.** Lessee irrevocably authorizes and appoints Lessor as its attorney in fact to complete, amend and execute on Lessee's behalf financing statements in connection with this Lease and to conform the description of the property (including serial numbers) and any such financing statements or other documentation. Lessee will also promptly execute and deliver to Lessor such further documents and take further action as Lessor may request to more effectively carry out the intent and purpose of the Lease.
- 30. **MISCELLANEOUS.** This Master Lease and related Supplement(s) constitute the entire agreement between Lessor and Lessee. Any provision of this lease, which is unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions of this lease, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. This lease shall in all respects be governed by and construed in accordance with, the substantive laws of the State of Minnesota. **LESSEE HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITUATED IN MINNEAPOLIS, MINNESOTA AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS WITH REGARD TO THIS LEASE, THE EQUIPMENT AND ANY OTHER DOCUMENT PERTAINING THERETO OR ANY TRANSACTION ARISING THEREFROM OR ENFORCEMENT OR INTERPRETATION OF ANY OF THE FOREGOING.**

**LESSEE WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS LEASE, ANY RELATED DOCUMENTS AND THE OBLIGATIONS THEREUNDER OR ANY TRANSACTION ARISING THEREFROM.**

Lessor: Midwest Capital Corporation

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

Signature

Date

Its: \_\_\_\_\_

Title-Corporation only

Lessee: Allied Health Care Services, Inc.

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

Signature

Date

Its: \_\_\_\_\_

Title-Corporation only

**MINNWEST CAPITAL CORPORATION**

**CERTIFICATE OF AUTHORITY**

I/we hereby certify to Minnwest Capital Corporation that I/we am/are the person(s) authorized to certify on behalf of Allied Health Care Services, Inc., (the "Corporation") duly organized and existing under the laws of the State of New Jersey. I/we further certify that I/we am/are authorized and empowered by, for, and on behalf of the Corporation, to sign contracts, and to bind and obligate the Corporation to and for the carrying out of any contract, agreement, arrangement, document, note or transaction, including the contracts, agreements, arrangements, documents, notes, and transactions with Minnwest Capital Corporation.

**RESOLVED**, that this Corporation is hereby authorized to establish and maintain leases, conditional sales contracts and other financing arrangements with the Corporation in such amounts and upon such terms as any officer of this Corporation, including the undersigned (and any such officer's successors in office) may approve.

**FURTHER RESOLVED**, that the signature(s) of the undersigned, or the signature(s) of any other officer of the Corporation, on any loan agreement, financing document, lease agreement, note, contract, security agreement, or any other document or documents, conclusively evidences the approval of the Corporation of the same.

**FURTHER RESOLVED**, that such foregoing resolution(s) or other valid and effective documents are in full force and effect, have not been amended, and shall remain in full force and effect at all times during the existence of any agreement between the Corporation and Minnwest Capital Corporation.

**FURTHER RESOLVED**, that no limitation has been imposed upon the undersigned to sign contracts, or to bind and obligate the Corporation to and for the carrying out of any contract, agreement, arrangement, document, note or transaction, including the contracts, agreements, arrangements, documents, notes and transactions with Minnwest Capital Corporation, by the Corporation's Bylaws, the Corporation's Articles of Incorporation, the State of Incorporation, any State in which the Corporation is or will do business, any other document, or otherwise.

I/we do further certify that the following are names and specimen signatures of officers of the Corporation empowered and authorized by the above resolutions, each of which has been duly elected to hold and currently holds the office of the corporation set opposite his/her name:

CHARLES K. SCHWARTZ Pres  
Name and Title

Charles K. Schwartz  
Signature

CHARLES K. SCHWARTZ Sec  
Name and Title

Charles K. Schwartz  
Signature

Name and Title

Signature

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Corporation on Dec. 22, 2008.

STATE OF NEW JERSEY )  
 ) ss.  
COUNTY OF ESSEX )

Charles K. Schwartz  
Secretary

The forgoing instrument was acknowledged before me this 22 day of Dec 2008 by CHARLES K. SCHWARTZ  
(Name of Principal)



Sherrie L. Mulligan  
Notary Public





**MINNWEST CAPITAL CORPORATION**

**SUPPLEMENT TO MASTER LEASE AGREEMENT**

CCAN #: 1978

Date of Master Lease Agreement: 12-22-08

Contract #: 050-0001740-000

Lessee(s): Allied Health Care Services, Inc.  
 89 Main Street  
 Orange, New Jersey 07051

This is a Supplement to the Master Lease Agreement identified above between Minnwest Capital Corporation and Lessee (the "Master Lease Agreement"). Upon the execution and delivery by Lessor and Lessee of this Supplement, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the Equipment defined in paragraph 1 upon the terms and conditions of this Supplement and the Master Lease Agreement.

1. Equipment Description:

Quantity	Type and Model Number	Serial Number
	See Attached Exhibit A	

2. Location of Equipment (Lessee's address unless otherwise specified):

3. Schedule of Payments:

- (a) Lease Amount: **\$750,000.00**
- (b) Rent Commencement Date: **January 1, 2009**
- (c) Initial Term: **48 Months**
- (d) Total Basic Rent of **\$38,771.86**, plus applicable sales or use tax is due on the Rent Commencement Date; followed by **forty-six (46) payments of \$19,385.93 beginning February 1, 2009** and on the same day of each rental payment period during the Initial Term of this Supplement.
- (e) Payment Frequency: **Monthly**
- (f) Advance or Arrears: **Advance**
- (g) Additional Provisions:
  - Documentation Fee: **\$500.00**
  - First and Last Payment(s) due in Advance of \$38,771.86**
  - Residual: **\$1.00**

Lessor: ~~Minnwest Capital Corporation~~

By: Tom Beatty 12/24/08  
 Signature Date

Its: V-P  
 Title - Corporation Only

Lessee: Allied Health Care Service, Inc.

By: Charles K. Anthony 12/22/08  
 Signature Date

Its: Pres.  
 Title - Corporation Only



DEPARTMENT OF TREASURY  
 UCC SECTION  
 FILED

# Exhibit A

2010 DEC 26 P 5:00

Description
LifeCare Products PLV 102 Home Care Ventilator S/N 152079,081,082,083,085,086,087 152088,089,090,091,092,093,094,095 152096,097,098,099,102,103,104,105 152106,107,108,111,112,113,114,115 152117,118,119,120,122,123,124,128 152129,130,131,132,133,134,135,136 152138,139,140.
S/N 151945,946,947,948,949,950,951 151953,954,955,956,957,958,959,960 151961,962,963,964,965,966,967,968 151969,970,972,973,974,975,978,979 151980,981,982,983,984,985,986,987 151988,989,990,992,993,994,995,996 151997,998,999.
S/N 152150,151,152,153,155,156,157 152158,159,160,161,162,163,164,165 152166,167,168,173,176,177,178,179 152180,181,182,183,184,185,186,187 152188,189,190,191,192,197,198,199 152200,201,202,203,204,205,206,207 152211,212,213.

**COPY**



**MINNWEST CAPITAL CORPORATION****GUARANTY**Contract #: 050-0001740-000

This Guaranty is made by the undersigned Guarantor(s) ("Guarantor(s)") in favor of Minnwest Capital Corporation ("Lessor") in order to induce and in consideration of Lessor entering into the Master Lease Agreement with Allied Health Care Services, Inc. ("Lessee"), whether now existing or hereafter arising, and all modifications, amendments, substitutions, exchanges, extensions, renewals and refinancing thereof or therefor, being referred to herein as ("Contract"), the undersigned hereby agrees as follows:

1. The undersigned hereby absolutely and unconditionally guarantees to Lessor the full and prompt payment and performance when due of each and every obligation of the Lessee under the Contract(s).
2. This Guaranty is absolute, unconditional and continuing, and the liability of the undersigned hereunder shall not be affected or impaired in any way by any of the following, each of which Lessor may agree to without notice to or the consent of the undersigned: (a) any extension or renewal of any Contract whether or not for longer than the original period; (b) any change in the terms of payment or other terms of any Contract or any collateral therefor; (c) any acceptance of, or any failure to obtain, perfect preserve, insure or enforce, or any modification, surrender, release, exchange, impairment or loss of, or any collection, disposition, or foreclosure of any collateral security for the Contract; (d) any waiver or forbearance granted to Lessee or any other person liable with respect to any Contract or any release of, compromise with, or failure to assert rights against Lessee or any such other person; and (e) the application or failure to apply in any particular manner any payments or credits on any Contract or any other obligation Lessee may owe to Lessor.
3. Lessor shall not be required before exercising and enforcing its rights under this Guaranty first to resort for payment of any Contract to Lessee or to any other person or to any collateral.
4. The undersigned will not exercise or enforce any right of contribution, reimbursement, indemnity, exoneration, recourse, subrogation, or any other claim available to the undersigned as to any obligations under the Contract or against the Lessee or any person liable therefor, or as to any of Lessee's property, unless and until all obligations under the Contract shall have been fully paid and discharged.
5. If any payment received by Lessor on account of the Contract is set aside, recovered or required to be returned for any reason, the undersigned shall remain liable to Lessor for the amount Lessor repays or is liable for, to the same extent as if it was never received by Lessor.
6. Guarantor shall promptly furnish Lessor with annual detailed financial statements, which shall include balance sheet and federal income tax returns within ninety (90) days after the end of each year.
7. Lessor shall have the right to apply all amounts received hereunder, in such amounts, as Lessor shall, in its sole discretion shall determine, to the costs and expenses of enforcement and collection and to the full or partial satisfaction of the debt. Demand for payment under this Guaranty shall be effective upon Lessor placing notice in the United States mail addressed to Guarantors at the addresses stated below by first class, registered or certified mail.
8. Lessor is hereby granted and shall have a lien upon and a right of to setoff against all balances, credits, deposits, accounts, moneys, securities, and other property of Guarantor now or hereafter in the possession of or on deposit with Bank, and every such lien and right to setoff may be exercised without demand upon or notice to Guarantors.
9. The undersigned hereby waives notice of the acceptance hereof by Lessor and of the creation and existence of the Contracts. The undersigned hereby waives any and all defenses, claims, setoffs and discharges of Lessee, or any other obligor pertaining to the contract, including defenses otherwise available to a guarantor or accommodation party, except discharge by payment in full. The undersigned shall be and remain liable for any deficiency following foreclosure of any mortgage or security interest securing any Contract whether or not the liability of Lessee under such contract is discharged by such foreclosure. The liability of the undersigned will not be impaired by the liquidation, dissolution, bankruptcy, insolvency, reorganization or other similar event or proceeding against Lessee or its assets.
10. The undersigned agrees to pay all costs, expenses and attorneys' fees paid or incurred by Lessor in endeavoring to enforce any contract and this Guaranty.
11. If the undersigned shall die, be dissolved, become insolvent or initiate or have initiated against the undersigned any act, process or proceeding under the United States Bankruptcy Code or any other bankruptcy, insolvency or reorganization law or otherwise for the modification or adjustment of the rights of creditors, then the undersigned will forthwith pay to Lessor, the full amount of all the obligations under the Contract, whether or not the obligations are then due and payable.
12. The undersigned shall not assign this Guaranty, without the expressed written consent of Lessor.
13. This Guaranty shall be binding upon the estate, heirs, successors and assigns of the undersigned, and shall inure to the benefit of the participants, successors and assigns of Lessor. The obligations of the undersigned under this Guaranty are joint and several.
14. Any provision of this Guaranty, which is unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective as to such unenforceability without invalidating the remaining provisions of this Guaranty. This Guaranty may not be waived, modified, terminated or released except by a written authorization from Lessor.
15. This Guaranty shall be governed by the substantive laws of the State of Minnesota. **THE UNDERSIGNED HEREBY AGREES THAT VENUE SHALL BE IN ANY STATE OR FEDERAL COURT SITUATED IN MINNEAPOLIS, MINNESOTA AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, WITH REGARD TO THIS GUARANTY, THE CONTRACT AND ANY OTHER DOCUMENT PERTAINING THERETO OR ANY TRANSACTION ARISING THEREFROM OR ENFORCEMENT OR INTERPRETATION OF ANY OF THE FOREGOING.**
16. **THE UNDERSIGNED WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY, THE CONTRACT, ANY RELATED DOCUMENTS, THE OBLIGATIONS THEREUNDER OR ANY TRANSACTION ARISING THEREFROM.**

Guarantor: Charles Schwartz  
(please print or type full name of Guarantor)

By: Charles K. Schwartz 12/22/08  
Signature Date

Address: 37 Timberline Dr  
Sparks NJ 07871



**MINNWEST CAPITAL CORPORATION**

**SUPPLEMENT TO MASTER LEASE AGREEMENT**

CCAN #: 1978

Date of Master Lease Agreement: December 22, 2008

Contract #: 050-0001744-000

Lessee(s): **Allied Health Care Services, Inc.**  
89 Main Street  
Orange, New Jersey 07051

This is a Supplement to the Master Lease Agreement identified above between Minnwest Capital Corporation and Lessee (the "Master Lease Agreement"). Upon the execution and delivery by Lessor and Lessee of this Supplement, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the Equipment defined in paragraph 1 upon the terms and conditions of this Supplement and the Master Lease Agreement.

1. Equipment Description:

Quantity	Type and Model Number	Serial Number
	See Attached Exhibit A	

2. Location of Equipment (Lessee's address unless otherwise specified):

3. Schedule of Payments:

- (a) Lease Amount: **\$750,000.00**
- (b) Rent Commencement Date: **January 15, 2009**
- (c) Initial Term: **48 Months**
- (d) Total Basic Rent of **\$38,771.90**, plus applicable sales or use tax is due on the Rent Commencement Date; followed by forty-six (46) payments of **\$19,385.95** beginning **February 15, 2009** and on the same day of each rental payment period during the Initial Term of this Supplement.
- (e) Payment Frequency: **Monthly**
- (f) Advance or Arrears: **Advance**
- (g) Additional Provisions:
  - Documentation Fee: **\$500.00**
  - First and Last Payment(s) due in Advance of **\$38,771.90**
  - Residual: **\$1.00**
  - ACH Authorization Agreement

Lessor: **Minnwest Capital Corporation**

By: *Tom Blatty* 1/19/09  
Signature Date

Its: V-P  
Title - Corporation Only

Lessee: **Allied Health Care Service, Inc.**

By: *Charles K. Johnson* 1/16/09  
Signature Date

Its: Pres.  
Title - Corporation Only

# EXHIBIT A

Qty	Item	Description
100	PLV 102	LifeCare Products PLV 102 Home Care Ventilator S/N 151667, 668, 669, 670, 671, 673, 674 151673, 676, 677, 678, 679, 680, 681, 682 151684, 686, 687, 688, 689, 690, 691, 692 151693, 694, 695, 699, 700, 701, 702, 703 151704, 705, 706, 707, 708, 709, 710, 711 151712, 713, 714, 716, 718, 719, 720, 722 151724, 725, 726, 727, 728, 729, 730, 731 151732, 740, 741, 742, 743, 744, 745, 746 151747, 748, 749, 750, 751, 752, 753, 754 151755, 756, 757, 758, 759, 760, 761, 762 151763, 764, 766, 770, 771, 772, 773, 774 151775, 776, 777, 778, 779, 780, 781, 782 151784, 785, 786, 787, 788.
Qty	Item	Description
50	PLV 102	LifeCare Products PLV 102 Home Care Ventilator S/N 152739, 740, 741, 742, 743, 744, 745 152747, 748, 749, 750, 751, 752, 753, 758 152759, 760, 761, 762, 763, 764, 765, 767 152768, 769, 770, 771, 772, 773, 774, 775 152776, 777, 778, 781, 782, 783, 784, 785 152786, 788, 789, 790, 791, 792, 793, 794 152795, 796, 797.



**MINNWEST CAPITAL CORPORATION**

**GUARANTY**

Contract #: 050-0001744-000

This Guaranty is made by the undersigned Guarantor(s) ("Guarantor(s)") in favor of Minnwest Capital Corporation ("Lessor") in order to induce and in consideration of Lessor entering into the Master Lease Agreement with Allied Health Care Services, Inc. ("Lessee"), whether now existing or hereafter arising, and all modifications, amendments, substitutions, exchanges, extensions, renewals and refinancing thereof or therefor, being referred to herein as ("Contract"), the undersigned hereby agrees as follows:

1. The undersigned hereby absolutely and unconditionally guarantees to Lessor the full and prompt payment and performance when due of each and every obligation of the Lessee under the Contract(s).
2. This Guaranty is absolute, unconditional and continuing, and the liability of the undersigned hereunder shall not be affected or impaired in any way by any of the following, each of which Lessor may agree to without notice to or the consent of the undersigned: (a) any extension or renewal of any Contract whether or not for longer than the original period; (b) any change in the terms of payment or other terms of any Contract or any collateral therefor; (c) any acceptance of, or any failure to obtain, perfect preserve, insure or enforce, or any modification, surrender, release, exchange, impairment or loss of, or any collection, disposition, or foreclosure of any collateral security for the Contract; (d) any waiver or forbearance granted to Lessee or any other person liable with respect to any Contract or any release of, compromise with, or failure to assert rights against Lessee or any such other person; and (e) the application or failure to apply in any particular manner any payments or credits on any Contract or any other obligation Lessee may owe to Lessor.
3. Lessor shall not be required before exercising and enforcing its rights under this Guaranty first to resort for payment of any Contract to Lessee or to any other person or to any collateral.
4. The undersigned will not exercise or enforce any right of contribution, reimbursement, indemnity, exoneration, recourse, subrogation, or any other claim available to the undersigned as to any obligations under the Contract or against the Lessee or any person liable therefor, or as to any of Lessee's property, unless and until all obligations under the Contract shall have been fully paid and discharged.
5. If any payment received by Lessor on account of the Contract is set aside, recovered or required to be returned for any reason, the undersigned shall remain liable to Lessor for the amount Lessor repays or is liable for, to the same extent as if it was never received by Lessor.
6. Guarantor shall promptly furnish Lessor with annual detailed financial statements, which shall include balance sheet and federal income tax returns within ninety (90) days after the end of each year.
7. Lessor shall have the right to apply all amounts received hereunder, in such amounts, as Lessor shall, in its sole discretion shall determine, to the costs and expenses of enforcement and collection and to the full or partial satisfaction of the debt. Demand for payment under this Guaranty shall be effective upon Lessor placing notice in the United States mail addressed to Guarantors at the addresses stated below by first class, registered or certified mail.
8. Lessor is hereby granted and shall have a lien upon and a right of to setoff against all balances, credits, deposits, accounts, moneys, securities, and other property of Guarantor now or hereafter in the possession of or on deposit with Bank, and every such lien and right to setoff may be exercised without demand upon or notice to Guarantors.
9. The undersigned hereby waives notice of the acceptance hereof by Lessor and of the creation and existence of the Contracts. The undersigned hereby waives any and all defenses, claims, setoffs and discharges of Lessee, or any other obligor pertaining to the contract, including defenses otherwise available to a guarantor or accommodation party, except discharge by payment in full. The undersigned shall be and remain liable for any deficiency following foreclosure of any mortgage or security interest securing any Contract whether or not the liability of Lessee under such contract is discharged by such foreclosure. The liability of the undersigned will not be impaired by the liquidation, dissolution, bankruptcy, insolvency, reorganization or other similar event or proceeding against Lessee or its assets.
10. The undersigned agrees to pay all costs, expenses and attorneys' fees paid or incurred by Lessor in endeavoring to enforce any contract and this Guaranty.
11. If the undersigned shall die, be dissolved, become insolvent or initiate or have initiated against the undersigned any act, process or proceeding under the United States Bankruptcy Code or any other bankruptcy, insolvency or reorganization law or otherwise for the modification or adjustment of the rights of creditors, then the undersigned will forthwith pay to Lessor, the full amount of all the obligations under the Contract, whether or not the obligations are then due and payable.
12. The undersigned shall not assign this Guaranty, without the expressed written consent of Lessor.
13. This Guaranty shall be binding upon the estate, heirs, successors and assigns of the undersigned, and shall inure to the benefit of the participants, successors and assigns of Lessor. The obligations of the undersigned under this Guaranty are joint and several.
14. Any provision of this Guaranty, which is unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective as to such unenforceability without invalidating the remaining provisions of this Guaranty. This Guaranty may not be waived, modified, terminated or released except by a written authorization from Lessor.
15. This Guaranty shall be governed by the substantive laws of the State of Minnesota. **THE UNDERSIGNED HEREBY AGREES THAT VENUE SHALL BE IN ANY STATE OR FEDERAL COURT SITUATED IN MINNEAPOLIS, MINNESOTA AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, WITH REGARD TO THIS GUARANTY, THE CONTRACT AND ANY OTHER DOCUMENT PERTAINING THERETO OR ANY TRANSACTION ARISING THEREFROM OR ENFORCEMENT OR INTERPRETATION OF ANY OF THE FOREGOING.**
16. **THE UNDERSIGNED WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY, THE CONTRACT, ANY RELATED DOCUMENTS, THE OBLIGATIONS THEREUNDER OR ANY TRANSACTION ARISING THEREFROM.**

Guarantor: Charles Schwartz  
(please print or type full name of Guarantor)

By: Charles K. Schwartz 1/16/09  
Signature Date

Address: 37 Timberline Dr. Sports 74 0787





**MINNWEST CAPITAL CORPORATION**

**SUPPLEMENT TO MASTER LEASE AGREEMENT**

CCAN #: 1978

Date of Master Lease Agreement: December 22, 2008

Contract #: 050-0001746-000

Lessee(s): **Allied Health Care Services, Inc.**  
 89 Main Street  
 Orange, New Jersey 07051

This is a Supplement to the Master Lease Agreement identified above between Minnwest Capital Corporation and Lessee (the "Master Lease Agreement"). Upon the execution and delivery by Lessor and Lessee of this Supplement, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the Equipment defined in paragraph 1 upon the terms and conditions of this Supplement and the Master Lease Agreement.

1. Equipment Description:

Quantity	Type and Model Number	Serial Number
	See Attached Exhibit A	

2. Location of Equipment (Lessee's address unless otherwise specified):

3. Schedule of Payments:

- (a) Lease Amount: **\$500,000.00**
- (b) Rent Commencement Date: **February 15, 2009**
- (c) Initial Term: **48 Months**
- (d) Total Basic Rent of **\$25,847.94**, plus applicable sales or use tax is due on the Rent Commencement Date; followed by **forty-six (46) payments of \$12,923.97 beginning March 15, 2009** and on the same day of each rental payment period during the Initial Term of this Supplement.
- (e) Payment Frequency: **Monthly**
- (f) Advance or Arrears: **Advance**
- (g) Additional Provisions:
  - Documentation Fee: **\$500.00**
  - First and Last Payment(s) due in Advance of **\$25,847.94**
  - Residual: **\$1.00**
  - ACH Authorization Agreement

Lessor: **Minnwest Capital Corporation**

Lessee: **Allied Health Care Service, Inc.**

By: *Tom Beatty* *2/6/09*  
Signature Date

By: *Charles K. Anthony* *2/05/09*  
Signature Date

Its: *V.P.*  
Title - Corporation Only

Its: *Pres.*  
Title - Corporation Only

# EXHIBIT A

Qty	Item	Description
100	PLV 102	LifeCare Products PLV 102 Home Care Ventilator S/N 154278,280,281,282,283,284,285 154286,287,288,289,290,291,292,294 154295,296,297,298,299,300,303,305 154306,307,308,309,310,311,312,313 154314,315,316,317,321,322,323,324 154325,326,327,328,329,330,331,332 154333,334,335,336,337,338,339,340 154341,342,343,345,346,347,348,349 154350,351,352,353,354,355,356,357 154358,359,362,364,365,366,367,368 154369,370,371,372,373,374,375,376 154379,380,381,382,383,384,385,386 154387,388,390,391,393.



**MINNWEST CAPITAL CORPORATION**

**GUARANTY**

Contract #: 050-0001745000

This Guaranty is made by the undersigned Guarantor(s) ("Guarantor(s)") in favor of Minnwest Capital Corporation ("Lessor") in order to induce and in consideration of Lessor entering into the Master Lease Agreement with Allied Health Care Services, Inc. ("Lessee"), whether now existing or hereafter arising, and all modifications, amendments, substitutions, exchanges, extensions, renewals and refinancing thereof or therefor, being referred to herein as ("Contract"), the undersigned hereby agrees as follows:

1. The undersigned hereby absolutely and unconditionally guarantees to Lessor the full and prompt payment and performance when due of each and every obligation of the Lessee under the Contract(s).
2. This Guaranty is absolute, unconditional and continuing, and the liability of the undersigned hereunder shall not be affected or impaired in any way by any of the following, each of which Lessor may agree to without notice to or the consent of the undersigned: (a) any extension or renewal of any Contract whether or not for longer than the original period; (b) any change in the terms of payment or other terms of any Contract or any collateral therefor; (c) any acceptance of, or any failure to obtain, perfect preserve, insure or enforce, or any modification, surrender, release, exchange, impairment or loss of, or any collection, disposition, or foreclosure of any collateral security for the Contract; (d) any waiver or forbearance granted to Lessee or any other person liable with respect to any Contract or any release of, compromise with, or failure to assert rights against Lessee or any such other person; and (e) the application or failure to apply in any particular manner any payments or credits on any Contract or any other obligation Lessee may owe to Lessor.
3. Lessor shall not be required before exercising and enforcing its rights under this Guaranty first to resort for payment of any Contract to Lessee or to any other person or to any collateral.
4. The undersigned will not exercise or enforce any right of contribution, reimbursement, indemnity, exoneration, recourse, subrogation, or any other claim available to the undersigned as to any obligations under the Contract or against the Lessee or any person liable therefor, or as to any of Lessee's property, unless and until all obligations under the Contract shall have been fully paid and discharged.
5. If any payment received by Lessor on account of the Contract is set aside, recovered or required to be returned for any reason, the undersigned shall remain liable to Lessor for the amount Lessor repays or is liable for, to the same extent as if it was never received by Lessor.
6. Guarantor shall promptly furnish Lessor with annual detailed financial statements, which shall include balance sheet and federal income tax returns within ninety (90) days after the end of each year.
7. Lessor shall have the right to apply all amounts received hereunder, in such amounts, as Lessor shall, in its sole discretion shall determine, to the costs and expenses of enforcement and collection and to the full or partial satisfaction of the debt. Demand for payment under this Guaranty shall be effective upon Lessor placing notice in the United States mail addressed to Guarantors at the addresses stated below by first class, registered or certified mail.
8. Lessor is hereby granted and shall have a lien upon and a right of to setoff against all balances, credits, deposits, accounts, moneys, securities, and other property of Guarantor now or hereafter in the possession of or on deposit with Bank, and every such lien and right to setoff may be exercised without demand upon or notice to Guarantors.
9. The undersigned hereby waives notice of the acceptance hereof by Lessor and of the creation and existence of the Contracts. The undersigned hereby waives any and all defenses, claims, setoffs and discharges of Lessee, or any other obligor pertaining to the contract, including defenses otherwise available to a guarantor or accommodation party, except discharge by payment in full. The undersigned shall be and remain liable for any deficiency following foreclosure of any mortgage or security interest securing any Contract whether or not the liability of Lessee under such contract is discharged by such foreclosure. The liability of the undersigned will not be impaired by the liquidation, dissolution, bankruptcy, insolvency, reorganization or other similar event or proceeding against Lessee or its assets.
10. The undersigned agrees to pay all costs, expenses and attorneys' fees paid or incurred by Lessor in endeavoring to enforce any contract and this Guaranty.
11. If the undersigned shall die, be dissolved, become insolvent or initiate or have initiated against the undersigned any act, process or proceeding under the United States Bankruptcy Code or any other bankruptcy, insolvency or reorganization law or otherwise for the modification or adjustment of the rights of creditors, then the undersigned will forthwith pay to Lessor, the full amount of all the obligations under the Contract, whether or not the obligations are then due and payable.
12. The undersigned shall not assign this Guaranty, without the expressed written consent of Lessor.
13. This Guaranty shall be binding upon the estate, heirs, successors and assigns of the undersigned, and shall inure to the benefit of the participants, successors and assigns of Lessor. The obligations of the undersigned under this Guaranty are joint and several.
14. Any provision of this Guaranty, which is unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective as to such unenforceability without invalidating the remaining provisions of this Guaranty. This Guaranty may not be waived, modified, terminated or released except by a written authorization from Lessor.
15. This Guaranty shall be governed by the substantive laws of the State of Minnesota. **THE UNDERSIGNED HEREBY AGREES THAT VENUE SHALL BE IN ANY STATE OR FEDERAL COURT SITUATED IN MINNEAPOLIS, MINNESOTA AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS, WITH REGARD TO THIS GUARANTY, THE CONTRACT AND ANY OTHER DOCUMENT PERTAINING THERETO OR ANY TRANSACTION ARISING THEREFROM OR ENFORCEMENT OR INTERPRETATION OF ANY OF THE FOREGOING.**
16. **THE UNDERSIGNED WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY, THE CONTRACT, ANY RELATED DOCUMENTS, THE OBLIGATIONS THEREUNDER OR ANY TRANSACTION ARISING THEREFROM.**

Guarantor: Charles Schwartz  
(please print or type full name of Guarantor)

By: Charles K. Schwartz 2/05/09  
Signature Date

Address: 37 TIMBERLINE DR STARKA NJ 07871