

RENTAL AGREEMENT

This Rental Agreement is entered into by and between Classic Sound, LLC, referred to herein as Lessor. and _____ referred to herein as Lessee.

This Agreement shall include and be subject to the following terms and conditions:

- 1. CONTINUING RENTAL AGREEMENT:** Lessor and Lessee agree that this Agreement shall apply to any rental of property by Lessee from Lessor occurring on or after the date of this Agreement even though the specific property, duration of rental, and/or the price for the rental may vary. The parties acknowledge and agree that the terms and conditions of this Agreement shall continue to apply to all future rental transactions between them, without necessity or either party executing a new Rental Agreement.
- 2. DESCRIPTION OF PROPERTY:** The equipment (property) subject to this Agreement shall be the specific items of property listed on the Pull List or Invoice prepared by Lessor and given to Lessee at the time of delivery of the property to Lessee or to a third party at the direction of Lessee. Such Pull List or Invoice shall be deemed a part of this Agreement, as if fully incorporated herein. It shall be Lessee's sole responsibility to determine that the property delivered is in accordance with the Pull List or Invoice and to notify Lessor immediately of any discrepancy thereon. Lessor shall not be responsible for any discrepancies not brought to Lessor's attention at the time of delivery.
- 3. DELIVERY and RETURN:** For purposes of this Agreement, Lessee shall be deemed to have taken delivery of the property from the time the property is set aside from Lessor's general inventory for Lessee's use. Lessee shall be deemed to have returned the property only at such time as Lessee shall have returned the property to Lessor's warehouse during Lessor's regular business hours and after Lessor shall have accepted the same. Acceptance by Lessor shall mean that Lessor shall have unpacked the property from its shipping container, examined it for damages, and checked the property into Lessor's system as returned. The acceptance of the returned property is not a waiver by the Lessor of any claims Lessor may have against Lessee, nor a waiver of claims for latent or after discovered damage to the property.
- 4. USE OF PROPERTY:** Lessee shall operate and use the property in accordance with the manufacturer's instructions and recommended use and shall neither abuse or misuse the property nor use or store the property in any manner or at any location that will subject it to abnormal or hazardous conditions or risk. Lessee will take all necessary precautions during the shipment, use or storage of the property to protect the property and all persons using the property from injury or damage. Only qualified employees or agents of Lessee shall use the property. Lessee shall not make any alterations, changes, modifications, or improvements to the property without the prior written consent of Lessor. Lessee shall not deface, remove, or cover any nameplate on the property showing Lessor's name and identification or that of the manufacturer. All property shall be used in accordance with applicable federal, state, or local laws or ordinances.
- 5. INSPECTION/ WARRANTY:** Lessee shall inspect the property immediately on delivery and shall notify Lessor at that time if Lessee determines that the property is not in good working condition. After such delivery and inspection, Lessee acknowledges that the property is rented without any express or implied warranty or guaranty of any kind.
- 6. RISK OF LOSS/ REPAIR/ REPLACEMENT COST:** From the delivery of the property to Lessee until its return to Lessor, as those terms are defined herein, including during any time of transit or shipment of the property per Section 7 below, Lessee shall bear any and all risk of loss and/or damage to the property regardless of whether such loss or damage may have been caused by Lessee, Lessee's agent, Sublessee, shipper, or any third party. If the property is damaged, such liability shall include Lessor's actual cost of repair and the payment of all continuing rental charges until Lessor can restore the repaired property to rental use. If the property cannot be timely repaired, then Lessee shall be liable for Lessor's full actual replacement cost for the property as well as the payment of all continuing rental charges until the property is replaced and restored to rental use by Lessor. The decision as to whether the damaged property shall be replaced or repaired shall be solely Lessor's and shall be conclusive on Lessee. If the property is lost, stolen, or seized (by a third party or governmental agency) while in the possession of Lessee, or any agent, or Sublessee of Lessee, or any carrier, or storage facility, Lessee shall be liable for the full replacement cost of the property and all continuing rental charges until the replacement property is restored to rental use by Lessor. Lessor shall be under no obligation to replace or repair property until Lessee has paid for the damaged, lost, or stolen property. In such event, rental charges for the subject property shall continue to accrue until Lessee has paid for the lost, stolen, or damaged property or until repairs are completed. Accrued rental charges cannot be applied against the replacement cost or cost of repair of damaged, lost, or stolen property.
- 7. TRANSPORT AND SHIPMENT:** In the event the property rented by Lessee is transported or shipped, whether from Lessor to Lessee, or to any third party or location, or upon its return to Lessor, or at anytime between delivery and return of the property as those terms are defined in Section 3 of this Agreement, the risk of loss during that transport and shipment shall be solely Lessee's. Lessee, at Lessee's option, shall be entitled to select its own shipper or transport service and shall notify Lessor of that selected shipper or transport service at the time the rental order is placed. If Lessee declines to make such election, and requests transport by a shipper or transport service selected by Lessor, then Lessee shall still remain solely responsible for risk of loss during that transport or shipment and shall continue to maintain insurance on the property as provided herein. Lessor shall bear risk of loss during transport or shipment only during times when Lessor's own employees are directly handling the transport or shipment.
- 8. INDEMNIFICATION:** Lessee agrees to defend, indemnify, and hold Lessor harmless against any claim, liability loss, costs, damages, expenses, or demands arising directly or indirectly out of, or in connection with the use of the property leased from Lessor by Lessee, its agents, servants, sublessees, contractors, representatives, guests, invitees, or customers.
- 9. PROPERTY INSURANCE:** Lessee shall at all times from the delivery of the property to Lessee to its return to Lessor, as those terms are defined herein, including during times of shipment and storage, maintain property insurance covering the property from damage or loss from any cause whatsoever. Such property insurance shall be in an amount sufficient to cover the full replacement cost of the property and Lessor's rental charges until the property is repaired or replaced. Lessor shall be named an additional insured and loss payee on such policy or policies and, upon request by Lessor, Lessee shall provide Lessor with proof of such insurance.
- 10. AUTOMOBILE LIABILITY INSURANCE:** Lessee shall, at its own expense, maintain business automobile insurance, including coverage for loading and unloading property and hired auto physical damage insurance covering owned, co-owned, hired and rented or leased vehicles. Coverage for physical damage shall include the perils of comprehensive and collision loss. Lessor shall be named as an additional insured respecting the liability coverage and as loss payee on the hired auto physical damage coverage. The insurance shall provide no less than \$1,000,000 in combined single limits, and actual cash value, less a \$1,000 deductible for the physical damage on comprehensive and collision coverage.
- 11. WORKER'S COMPENSATION INSURANCE:** Lessee shall, at its own expense, maintain workers compensation/employer's liability insurance during the course of the property rental with minimum statutory limits as required by the state in which the lessee is domiciled.
- 12. COMMERCIAL GENERAL LIABILITY INSURANCE:** Lessee shall, at its own expense, maintain commercial general liability insurance that includes coverage for independent contractors and contractual liability coverage specifically referring to this Rental Agreement and to the hold harmless agreement herein. Said insurance shall name Lessor as an additional insured and provide that said insurance is primary coverage with respect to all insured the limits of which must be exhausted before any obligation arises under Lessor's insurance. Such insurance shall remain in effect during the course of the rental agreement, and shall include the following coverages: broad form contractual liability, personal injury liability, completed operations, and products liability. Such insurance shall have provided general aggregate limits of not less than \$2,000,000 (including the coverages specified above), personal injury, and advertising injury of not less than \$1,000,000, and per occurrence limits of no less than \$1,000,000.
- 13. NOTICE OF INSURANCE:** Before obtaining possession of the property leased, Lessee shall provide Lessor a Certificate of Insurance and applicable endorsements confirming each of the coverages specified above. An authorized agent or representative of the insurance company shall sign all Certificates of Insurance. An

insurance carrier authorized to do business in the State of Maryland shall issue all insurance maintained by Lessee pursuant to the foregoing provisions. The failure of Lessor to demand such notice or proof of insurance shall not excuse Lessee from providing it.

14. NOTICE OF CANCELLATION OF INSURANCE: Lessee shall provide Lessor with thirty (30) days written notice prior to the effective cancellation, material change, or modification to any insurance required to be maintained by Lessee pursuant to the foregoing provisions.

15. WAIVER OF SUBROGATION: All insurance maintained by Lessee pursuant to the foregoing provisions shall contain a waiver of subrogation against Lessor.

16. FAILURE TO PROCURE INSURANCE: Should Lessee fail to procure or pay the cost of maintaining in force the insurance specified herein, or to provide Lessor upon request with satisfactory evidence of insurance, Lessor may, but shall not be obliged to, procure the insurance and Lessee shall reimburse Lessor on demand for such costs. Lapse or cancellation of the requirement of insurance shall be an immediate and automatic default of this rental agreement.

17. SUBLEASE BY LESSEE: The grant by Lessee of a sublease of the property shall not effect Lessee's obligation to procure insurance for the benefit of Lessor as provided herein nor shall such Sublease otherwise effect or diminish any of Lessee's obligations under this Agreement.

18. REMOVAL FROM U.S.: Lessee shall not remove the property (under any circumstances) from the United States of America.

19. ATTORNEY'S FEE: Lessee hereby agrees to pay all of Lessor's attorney's fees and costs actually incurred by Lessor in enforcing the Terms and Conditions of this Agreement, regardless of whether or not a legal action is filed.

20. PLACE OF CONTRACT, VENUE AND APPLICABLE LAW: This Agreement shall be deemed entered into at Lessor's principal office located in Anne Arundel County in the State of Maryland. In the event of any dispute between the parties, Lessor and Lessee agree that venue in legal action between them shall be in the Circuit Court for Anne Arundel County, State of Maryland, and that Maryland law shall apply in the interpretation of this Agreement.

21. INCORPORATION BY REFERENCE: This Agreement and any attached or future Pull Lists or Invoices are incorporated by reference and made an integral part of the Agreement. This instrument and any such Pull Lists or Invoices constitutes the complete agreement between the parties as to the issues covered herein. Further, no agreements, representations, or warranties other than those specifically set forth in this Agreement or in the attached Pull Lists(s) or Invoice(s) shall be binding on any of the parties unless they are also set forth in a writing that is signed by both parties.

22. SECURITY DEPOSIT: Lessor may, at Lessor's option, require Lessee to give Lessor a security deposit in an amount determined by Lessor. The election by Lessor to request and accept a security deposit in lieu of a proof of insurance certificate from Lessee, or for any other reason, does not constitute a waiver or limitation by Lessor of any of Lessor's rights or Lessee's obligations under this Agreement.

23. TITLE AND OWNERSHIP: This Agreement constitutes a lease and not a sale of the property or the creation of a security interest therein. No part of the rental payments made under this Agreement shall be deemed payment towards the purchase of any of the property. Lessee specifically acknowledges the Lessor's superior title and ownership of the property and must keep the property free of all liens, levies, and encumbrances.

24. SURRENDER: Upon the expiration or earlier termination of this lease, Lessee shall return the property to Lessor in the same condition as at the delivery to Lessee, ordinary wear and tear excepted. Lessee does hereby grant Lessor an option to terminate this agreement on twenty-four hours notice.

25. INSPECTION: Lessor shall have the right to inspect the equipment or observe its use at all reasonable times.

26. SEVERABILITY: The provisions of this contract shall be severable so that the invalidity, unenforceability or waiver of any of the provisions shall not affect the remaining provisions.

27. TERMS OF RENTAL: Unless otherwise specified in writing, the property shall be leased on a day-to-day basis and all rates shall apply to each full day or any fraction thereof which has elapsed between the time the property is delivered to Lessee and the time it is returned to Lessor. Lessee agrees to return the property on the date and time specified on the Pull List or Invoice. If Lessee fails to return the property by the return date specified, Lessee is liable for the daily rental cost of the property until it is returned. Unless otherwise stated in writing, a full additional days rental will be charged for any property not returned by 6PM on the due date. The rental fee payable for any item of property shall be the Lessor's standard daily rental rate for such equipment. Lessor's standard daily rates are subject to change at any time without notice. Lessor may discount rates upon their discretion. Discounts may be revoked at any time. All rates are FOB Lessor, and Lessee is responsible for all shipping and delivery charges. No allowance will be made for items delivered to but not used by Lessee.

28. PAYMENT AND CHARGES: Rental rates are offered to Lessee based upon Lessee's credit information available to Lessor at time of rental. If Lessee's credit information is incorrect or changes during the course of a rental, Lessor may revise the applicable rate without notice. Lessee agrees rental invoices and loss or damage invoices are payable pursuant to terms appearing on said invoices. If credit card is supplied by Lessee to Lessor, Lessee acknowledges and grants Lessor the unequivocal right to recover from Lessee's credit card immediately and/or consecutively any charges or amounts due Lessor until paid in full. Lease payment may not be applied to the purchase or repair or replacement cost of the property.

29. INTEREST CHARGES: Monetary balances unpaid by Lessee and unpaid claims by Lessor against Lessee shall bear interest at the rate of 1.5 percent per month until paid.

30. CANCELLATION: In the event of cancellation, charges may apply in consideration of Lessor's preparing, holding in reserve or sub-renting equipment on Lessee's behalf. Lessor shall be entitled to compensation for any losses sustained because of full or partial cancellation of order. Cancellation is subject to payment of the first day rental or forfeiture of deposit (whichever is greater).

31. DEFAULT: In the event Lessee shall fail to make any of the lease payments when due or shall fail to perform any other covenant or condition hereof to be performed by Lessee or any of the events described in this Agreement, Lessor may, in addition to all other remedies provided by law, exercise any one or more of the following, with or without demand, notice or legal process: a. Recover from Lessee all sums then due; b. Repossess the property (by entering upon Lessee's premises, if necessary) without liability for trespass, or responsibility with respect to the property or to any article left in or attached to same; and recover from Lessee all damages sustained by Lessor as a result thereof; c. Recover from Lessee any and all damages that Lessor shall have sustained by reason of non-performance by the Lessee of the terms and conditions of this Agreement; d. Retain, free from any claim by Lessee, all payments or other property theretofore received under this Agreement; e. Recover from Lessee all expenses incurred by Lessor in protection of its rights under this Agreement, including, without limitation, attorney's fees, court costs, and costs of location, repossessing, repairing, reconditioning, and storing the property.

32. BANKRUPTCY: Neither this Agreement nor the property is assignable or transferable by operation of law. If any proceeding under the Bankruptcy Act, as amended, is commenced by or against the Lessee, or if the Lessee is adjudged insolvent, or makes any assignment for the benefit of his creditors or if a writ of attachment or execution is levied on any item or items of the equipment and is not released or satisfied within ten (10) days thereafter, or if a receiver is appointed in any proceeding or action to which the Lessee is a party with authority to take possession or control of any item or any item or items of the property, Lessor shall have and may exercise any one or more of the remedies set forth in Section 31 (DEFAULT) hereof. This Agreement shall, at the option of the Lessor, without notice, immediately terminate and shall not be treated as an asset of Lessee after the exercise of said option and Lessor shall recover from Lessee any and all costs or damages associated with recovery of the property.

By signing, LESSOR and LESSEE agree to the above terms and conditions. Each warrants to the other that the person signing below has full authority to enter into this Agreement and/or sign this Agreement on behalf of a corporate or like business entity.

Authorized Signature of Lessee _____ Date: _____

Print Name and Title: _____

Authorized Signature of Klasic Sound, LLC: _____ Date: _____