**NET EQUIPMENT LEASE**

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The effective date of this Net Equipment Lease (the “Agreement”) is [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "Lessor"), a company organised and enduring by the rulings of the [State or Province] of [STATE/PROVINCE], with its head office located at:

[YOUR COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Lessee"), a company and enduring by the rulings of the [State or Province] of [STATE/PROVINCE], with its head office located at:

[COMPLETE ADDRESS]

1. **EQUIPMENT AND RENT**

Lessor hereby leases, and Lessee hereby rents from Lessor, at a monthly rent for the term of this lease, which Lessee agrees to pay to Lessor as hereinafter set forth, the following movable property (hereinafter called the “Equipment”):

[SPECIFY EQUIPMENT] purchased from [SPECIFY] under their contract [NUMBER].

1. **TERM**

This lease, upon the rents, promises, terms and conditions set forth herein, is for a term of [NUMBER] months and [NUMBER] Days, commencing on [DATE] and terminating on [DATE] (unless renewed as hereinafter provided).

1. **PAYMENT OF RENT**

Rent shall be payable monthly in advance. The Lessor shall invoice the Lessee on or before the [NUMBER] day of each month of the term of this Lease, commencing on [DATE], for the amount of rental due for that month, which shall be calculated by the Lessor on the basis of the following amounts, plus applicable national goods and services taxes, provincial sales taxes and other taxes:

* 1. [AMOUNT] per month; plus
  2. An amount equal to the interest for one month at the annual rate equal to the prime rate of the [COMPANY NAME] plus [PERCENTAGE %] percent, as established on the first business day of each month on the amount equal to [AMOUNT] less the aggregate of all amounts paid by the Lessee to the Lessor pursuant to section 3 hereof prior to the then current rental date; plus
  3. An amount equal to the amount of [STATE/PROVINCE] capital tax, if any, paid by the Lessor *in re*spect of or otherwise attributable to the Equipment; plus
  4. All costs of repairs to the Equipment not paid directly by the Lessee, including without limitation [SPECIFY] repairs, or replacement of all or any part of the Equipment; less
  5. All amounts of rental collected by the Lessor from parties other than the Lessee in the event that the Lessor requests that the Lessee make the Equipment available for rental to any such third parties and Lessee so agrees, the whole in accordance with [SPECIFY SECTION] hereof.
  6. The charges *in re*spect of the period from [DATE] to [DATE] shall be calculated on a *pro rata* basis and shall be added to the invoice *in re*spect of the month of [DATE] and shall be invoiced with such charges on [DATE], save and except that the interest charges provided for in Section 3.2 above shall commence only from the disbursement of the loan made by [COMPANY NAME] and [COMPANY NAME]. (the “Creditors”) to the Lessor under that certain Contract of Loan and Hypothecs executed concurrently herewith. The foregoing payments shall be made to the Lessor within [NUMBER] days of receipt of the invoice by the Lessee.

1. **ALTERNATIVE ARRANGEMENTS**

Should the Lessee advise the Lessor in writing that the Lessee no longer requires the Equipment prior to the expiry of the original or renewal term of this lease (as the case may be), the Lessor shall attempt to find a third party interested in either acquiring the Equipment or leasing the Equipment for a period not less than the balance of the term of this lease. The Lessee shall indemnify the Lessor for any damages resulting from the cancellation of this lease, including but not limited to the shortfall, if any, resulting from the application of the acquisition price paid or the lease payments made by the replacement lessee, as the case may be, to the sum of ([AMOUNT]), less the aggregate of all payments pursuant to subsection 3.1 hereof received to the date of cancellation by the Lessor; the Lessor shall have the sole exclusive right to any profits resulting from such sale or replacement lease over the payments contemplated hereunder.

The Lessor may advise the Lessee from time to time that a third party wishes to lease the Equipment for a defined period of time. In such event, and provided that the Lessee does not require the use of the Equipment at that time, the Lessee shall make the Equipment available to the Lessor for lease to such third party. The rental collected from such sub-lessee shall be applied to the rental otherwise owing by the Lessee to the Lessor hereunder *in re*spect of such period pursuant to subsection 3.5 hereof, and the Lessor shall have the sole exclusive right to any profits resulting from such sub-lease. Furthermore, such other lessee of the Equipment shall perform all the obligations of the Lessee hereunder for that period, to the complete exoneration of the Lessee.

1. **LOCATION AND IDENTIFICATION OF EQUIPMENT**

When not in active use, the Equipment shall be located at, and its movements shall at all times be controlled from, the address of the Lessee identified in the appearance hereto, and it shall not be removed from such location without the prior written consent of Lessor. The Equipment shall not be located in leased premises unless the owner and any lessor thereof waive any right, title and interest they may have as such in the Equipment in favour of the Lessor. The Lessee will not change or remove any insignia or lettering which is on the Equipment at the time of delivery thereof or which is thereafter placed thereon by the Lessor, and at any time during the term of this lease, upon request of Lessor, Lessee will affix to the Equipment, in a prominent such markings as may be supplied by Lessor.

1. **LESSEE’S INSPECTION, CONCLUSIVE PRESUMPTIONS**

Lessee acknowledges as between Lessor and Lessee, that the Lessee has fully inspected the Equipment, that the Equipment is in full compliance with the terms of this lease and in good condition and repair, and that Lessee is satisfied with and has accepted the Equipment.

1. **USE AND MAINTENANCE, ALTERATIONS AND ADDITIONS**

Lessee shall use the Equipment solely in the conduct of its business and in a careful and proper manner, and shall not part with possession of or enter into any sub-lease with respect to the Equipment or any part thereof or assign this lease or its interest hereunder without the prior written consent of Lessor. Lessee at its own cost and expense shall keep the Equipment in good repair, condition and working order and shall furnish any and all parts and labour required for that purpose. Lessee shall not make any material alterations to the Equipment without the prior written consent of Lessor. All equipment accessories, parts and replacements for or which are added to or become attached to the Equipment shall immediately become the property of Lessor and shall be deemed incorporated in the Equipment and subject to the terms of this lease as if originally leased hereunder.

1. **LOSS AND DAMAGE**

Subject to the following, Lessee hereby assumes and shall bear the entire risk of loss of and damage to the Equipment from any and every cause whatsoever, except where such loss or damage occurs while the Equipment is leased or has been sold to a third party pursuant to section 4 hereof. No reparable damage to the Equipment or any part thereof shall impair any obligation of Lessee under this lease, which shall continue in full force and effect. In the event of damage of any kind whatever to any item of the Equipment (unless the same is damaged beyond repair), Lessee shall at its own expense place the same in good repair condition and working order. If the Equipment, or any item thereof, is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair, Lessee shall immediately pay Lessor therefore in cash an amount equal to

* 1. the depreciated value of the Equipment as of the date of such loss, theft or damage less any insurance proceeds or salvage value recovered by the Lessor *in re*spect of the Equipment
  2. The parties agree that the depreciated value of the Equipment shall be equal to the sum of [AMOUNT] multiplied by a fraction, the numerator of which shall be the number of monthly payments made by the Lessee hereunder as at that date and the denominator of which shall be [NUMBER].
  3. Upon such payment this lease shall terminate with respect to the Equipment.

1. **INDEMNITY**

Lessee shall indemnify and save Lessor harmless from any and all liability arising out of the ownership, selection, possession, leasing, renting, operation control, use, maintenance, delivery and/or return of the Equipment, but shall be credited with any amounts received by Lessor with respect thereto from liability insurance procured by Lessee.

1. **INSURANCE**

Lessee shall keep the Equipment insured against all risks of loss or damage from every cause whatsoever for not less than the replacement cost new of said leased equipment without consideration for depreciation and shall carry public liability insurance, both personal injury and property damage; covering the Equipment; and Lessee shall be liable for all deductible portions of all required insurance. All insurance policies shall provide that any breach of the conditions for insurance thereunder by the Lessee shall not be opposable to the Lessor in its capacity as co-insured under the said policy. All said insurance should be in form and amount and with companies satisfactory to Lessor.

All insurance for loss or damage shall provide that losses, if any, shall be payable to Lessor, and all such liability insurance shall be in the joint names of Lessor and Lessee. Lessee shall pay the premiums therefore and deliver to Lessor the policies of insurance or duplicates thereof, or other evidence satisfactory to Lessor of such insurance coverage. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that it will give Lessor [NUMBER] days’ prior written notice of the effective date of any alteration or cancellation of such policy. The proceeds of such insurance payable as a result of the loss of or damage to the Equipment shall be applied, at the option of Lessor,

* 1. toward the replacement; restoration or repair of the Equipment that may be lost, stolen, destroyed or damaged, or
  2. toward payment of the obligations of Lessee hereunder. Lessee hereby irrevocably appoints Lessor as Lessee’s attorney-in-fact to make a claim for, receive payment of, and execute and endorse all documents, cheque or draughts received in payment for loss or damage under any said insurance policy.
  3. In case of the failure of Lessee to procure or maintain said insurance or to comply with any other provision of this lease, Lessor shall have the right, but shall not be obligated, to effect such insurance or compliance on behalf of Lessee. In that event, all monies spent by and expenses of Lessor in effecting such insurance or compliance shall be deemed to be additional rent, and shall be paid by Lessee to Lessor with the next monthly payment of rent.

1. **COMPLIANCE WITH [YOUR COUNTRY LAW], PAYMENT OF TAXES**

Lessee shall comply with all [YOUR COUNTRY LAW] and regulations relating to, and shall promptly pay when due, all licence fees, registration fees, assessments, charges and taxes, municipal, state and national, excluding, however, any taxes payable *in re*spect to Lessor’s income which may now or hereafter be imposed upon the ownership, possession, leasing, renting operation, control, use, maintenance, delivery and or return of the Equipment and shall save Lessor harmless against actual or asserted violations and pay all costs and expenses of every character in connection therewith or arising therefrom.

1. **TITLE OF LESSOR, RECORDING**

Title to the Equipment shall at all times remain in Lessor, and Lessee at its own cost and expense, shall protect and defend the title of Lessor. Lessee shall at all times keep the Equipment free and clear from all levies, attachments, liens, encumbrances and charges or other judicial process of every kind whatsoever, shall give Lessor immediate written notice thereof and shall indemnify and save Lessor harmless from any loss or damage caused thereby. Lessee will cooperate with Lessor and take whatever action may be necessary, to enable Lessor to file, register or record, and refile, re-register or re-record, this lease in such offices as Lessor may determine and wherever required or permitted by law, for the proper protection of Lessor’s title to the Equipment. The Equipment is and shall remain movable property irrespective of its use, and Lessee will not cause or permit the Equipment to be used in such manner that it might become immovable in nature.

1. **INSPECTION**

If the Equipment is removed, with the consent of Lessor pursuant to section 5 hereof, from the address specified above outside the ordinary course of the Lessee’s business, or if the location from which its movements are controlled is changed, the Lessee shall, whenever requested, advise Lessor of its exact location or of the location from which such movements are controlled, as the case may be. Lessor may, for the purpose of inspection, at all reasonable times, enter upon any building or place where the Equipment is located and may remove the Equipment forthwith, without notice to Lessee, if the Equipment is, in the opinion of the Lessor, being used beyond its capacity or in any manner improperly cared for or abused.

1. **DEFAULT, REMEDIES**

If (a) Lessee shall default in the payment of any rent or in making any other payment hereunder when due, or (b) Lessee shall default in the payment when due of any indebtedness of Lessee to Lessor arising independently of this lease, or (c) Lessee shall default in the performance of any other covenants herein and such default shall continue for [NUMBER] days after written notice thereof to Lessee by Lessor; or (d) Lessee becomes insolvent or makes an assignment for the benefit of creditors, or (e) Lessee applies for or consents to the appointment of a receiver, trustee or liquidator of Lessee or of all or a substantial part of the assets of Lessee, or if such receiver, trustee or liquidator is appointed without the application or consent of Lessee, or (f) if a petition is filed by or against Lessee under the [YOUR COUNTRY ACT/LAW/RULE] or any amendment thereto (including, without limitation, a petition for reorganisation, arrangement or extension) or under any other insolvency [YOUR COUNTRY ACT/LAW/RULE] or [YOUR COUNTRY ACT/LAW/RULE] providing for the relief of debtors, then, if and to the extent permitted by applicable [YOUR COUNTRY ACT/LAW/RULE], Lessor shall have the right, without demand or legal process, to enter into the premises where the Equipment may be found and take possession of and remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely.

Lessee shall pay to Lessor, as liquidated damages for the breach of this lease, an amount equal to the depreciated value of the Equipment at that time, determined as provided for in Section 8 hereof. Lessor shall retain all prior payments of rent and may deal with the Equipment as it sees fit, sell the Equipment at public or private sale, with or without notice to Lessee, with or without having the Equipment at the sale, at which sale Lessor may purchase all or any of the Equipment. The proceeds of such sale, less expenses of retaking, storage, repairing and reselling and reasonable attorneys’ fees incurred by Lessor, shall be applied to the liquidated damages to be paid by the Lessee as hereinabove provided, and the Lessor shall retain any surplus.

1. **REMEDIES CUMULATIVE; NO WAIVER**

All remedies of Lessor hereunder are cumulative and may, to the extent permitted by [YOUR COUNTRY ACT/LAW/RULE], be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. No failure on the part of the Lessor to exercise and no delay in exercising any rights or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Lessor of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

1. **POSSESSION AND USE**

Lessor covenants to and with Lessee that Lessor is the lawful owner of the Equipment, free from all liens, encumbrances, other than the hypothec granted concurrently herewith in favour of the Creditors pursuant to the [SPECIFY CONTRACT] referred to in section [SPECIFY] hereof, and that, upon Lessee’s paying the rents and performing the promises, terms and conditions hereof, Lessee shall peaceably and quietly hold, possess and use the Equipment during the term of this lease without hindrance.

1. **INTEREST AND EXPENSES**

Should Lessee fail to pay any part of the rent here*in re*served or any other sum required to be paid by Lessee to Lessor hereunder, Lessee shall pay Lessor interest at the rate specified in Subsection 3.1 hereof on such delinquent payment from the date when such payment was due until paid, together with all expenses of collection, including reasonable attorneys’ fees.

1. **REDELIVERY**

On termination of this lease, Lessee shall, at its own cost and expense, return the Equipment to Lessor at an address specified by Lessor in the same condition as received, reasonable wear and tear and normal depreciation excepted.

1. **NOTICES**

All notices relating hereto shall be in writing and delivered in person to an officer of the party to which such notice is being given or mailed by registered mail to such party at the address specified below its signature hereto, or at such other address as may be hereafter specified by like notice by either party to the other.

1. **NO WARRANTIES: ENTIRE AGREEMENT**

Lessee agrees that Lessor has made no representation or warranty of any kind, nature or description, express or implied, with respect to the Equipment. Subject to section 21 hereof, this lease contains the entire agreement between the parties, and may not be changed, modified, terminated or discharged except by written instrument signed by all parties hereto.

1. **OPTION TO RENEW**

Lessee shall have the option, if Lessee is not in default hereunder, upon giving written notice to Lessor at least [NUMBER] days prior to the termination of the original or any renewal term of this lease, to renew this lease for such renewal terms as may be specified in such written notice, upon terms to be negotiated by the [COMPANY NAME] in good faith provided that they are commercially reasonable. All terms of this agreement shall remain in effect during any period of notice.

1. **ASSIGNMENT BY LESSOR**

This lease or any Equipment or any rent or other sums due or to become due hereunder may be transferred or assigned by Lessor without notice, and in such event Lessor’s transferee or assignee shall have all the rights, powers, privileges and remedies of Lessor hereunder and Lessee’s obligations hereunder shall not be subject to any defence, offset or counterclaim available to Lessee against Lessor.

1. **CONFLICT WITH APPLICABLE [YOUR COUNTRY LAW]**

If any provisions of this lease are in conflict with any statute or rule of [YOUR COUNTRY ACT/LAW/RULE] of any province or territory wherein it may be sought to be enforced, then such provisions shall be deemed null and void to the extent that they may conflict therewith, but without invalidating the remaining provisions hereof. This lease shall be governed by and interpreted in accordance with the [YOUR COUNTRY ACT/LAW/RULE]of the Province of [STATE/PROVINCE], and the parties agree that any disputes in connection herewith shall be referred to the Courts of the Province of [STATE/PROVINCE] sitting in the District of [STATE/PROVINCE]. This lease shall be binding upon Lessor and Lessee and their respective legal representatives, successors and assigns.

1. **MISCELLANEOUS**

Unless there be something in the subject or the context inconsistent therewith, words importing the singular only shall include the plural and *vice versa* and words importing the masculine gender shall include the feminine gender, and *vice versa* and all references to [SPECIFY CURRENCY] shall mean [COUNTRY] [SPECIFY CURRENCY].

The division of these presents into articles, sections, subsections and paragraphs and the insertion of titles are only meant to be a reference and do not affect the meaning or the interpretation of these presents.

IN WITNESS WHEREOF, each party to this agreement has caused it to be executed at [PLACE OF EXECUTION] on the date indicated above.

# LESSOR LESSEE

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title