

RENTAL/LEASE AGREEMENT TERMS AND CONDITIONS

The Lessee undersigned on page 1 hereof acknowledges receipt from the Lessor of the truck(s) tractor(s), trailer(s) or other vehicle(s) and equipment(s) described herein (hereafter referred to as "vehicle(s)") which are leased to the Lessee upon the following terms and conditions;

- This transaction is a Lease and not a sale, conditional or otherwise. The parties understand and agree that Lessee does not acquire hereunder or by payment of said rental, any right, title, or interest in or to said vehicle(s), or any thereof, except the right to possess and use said vehicle(s) so long and only so long as Lessee shall not be in default in performance hereof. Full rights, title, and ownership of all vehicle(s) leased hereunder shall at all time remain vested in Lessor, and Lessee covenants that no act shall be done to encumber, convert, abandon, pledge, sell, conceal, assign, hire, sublet, lend, place in jeopardy of confiscation or any other manner deal with any of the said vehicle(s) so as to defeat prejudice or Impair Lessors title thereto, and Lessee's covenant shall include the act of any other person during the term for which any such vehicle(s) is (are) leased. Lessee shall and does hereby indemnify and save Lessor harmless from any loss or damage, which Lessor may sustain as a result of any of the foregoing acts.
- Lessee agrees to return the vehicle(s) to Lessor to the location designated in the lease by the Lessor in as good condition as when received by the Lessee, ordinary wear excepted, at or before the return time agreed upon or immediately upon demand from the Lessor.
- In addition to payment of said rental Lessee will reimburse Lessor for any sales tax, use tax or other tax (other than the Lessor's income tax or business tax) which Lessor shall have paid or be obligated to pay by reason of the making of this lease or anything done hereunder.
- Lessee agrees at Lessee's sole cost and expense, to keep said vehicle(s) at all times during the life of this agreement in good repair and operating condition and free of any and all liens and encumbrances and to replace with new parts any and all badly worn or broken parts (including but not limited to tires and tubes, if furnished with the vehicle(s) leased hereunder). Lessee agrees to make available to Lessor for inspection at a place in Canada reasonably convenient to the Lessor each of the vehicle(s) leased hereunder at least once in each month period of the term of this lease and not later than 90 days from the last previous inspection of such vehicle(s) by Lessor, Lessee shall give Lessor not less than 10 days notice in writing of the time and place at which said vehicle(s) will be produced by it for such inspection. The notice shall identify each vehicle(s) so to be produced by its designating particulars above set forth and shall quote the date of this lease. Lessee further agrees forthwith upon receipt of notice from Lessor to make without delays such repairs and replacements and perform such maintenance on said vehicle(s) as Lessor may in said notice require, ordinary depreciation, wear and tear excepted.
- Lessee agrees, at Lessee's sole cost and expense to procure and deliver to Lessor simultaneously with, or prior to, delivery of said vehicle(s) to Lessee a policy or policies of insurance satisfactory to Lessor as to insurer, for an amount of coverage with premium prepaid thereon, protecting Lessor against all loss and damages it may sustain or suffer because of:
 - loss or damage to said vehicle(s), or any thereof, because of fire, theft, and or collision of said vehicle(s), or any thereof and
 - the death of, injury to, damage to the property of, any third person as a result of, in whole or in part, the ownership, use, possession or condition of said vehicle(s) or any thereof while in the custody, possession or control of Lessee hereunder, and keep renewed all and every such policy or policies during the term of this lease. It is understood and agreed that Lessee is under absolute liability to see that any and all vehicle(s) leased hereunder are used, and operated in compliance with the terms and conditions of the policy or policies of insurance whereby the aforesaid coverage is secured. Lessee shall immediately advise the insurer and Lessor of any and all accidents involving any of the vehicle(s) leased hereunder and in the event that any claim be made or action commenced arising out of the use of any of the said vehicle(s), Lessee shall immediately notify Lessor of the particulars thereof, in writing and forward all correspondence and legal process in respect thereof to the insurer with copies to Lessor. Lessee shall and does hereby indemnify and save Lessor harmless in any respect of any and all claims, actions, judgments, and costs including lawyer's fees arising out of the use and operation of the vehicle(s) hereunder to the full extent of Lessor's liability in respect of which Lessor shall not be in fact indemnified by the insurance coverage.
- Lessee agrees to notify Lessor at once of any accidents occurring during the rental period which results in injury to a person or damage to the vehicle(s) or to any other property, and to file with Lessor on forms to be supplied by Lessor, a complete report in writing of any such accident.
- Lessee covenants absolutely that the vehicle(s) leased hereunder shall not be used for any illegal purpose or in any way which is illegal. Lessee shall and does hereby indemnify and save Lessor harmless of and from any and all fines or penalties, levied or imposed by any authority in and for any such jurisdiction, in respect of the use and operation of any said vehicle(s) and any and all loss including bailiff fees, legal fees, and court costs, which Lessor may sustain by reason of the termination, confiscation or for repossession of any such vehicle(s) by the Lessor or any authority for any reason whatsoever.
- Vehicles shall not be operated by any person except Lessee and the following authorized operators who must be validly licensed to drive and must have received Lessee's advance permission:
 - A regular employee of Lessee.
 - Additional authorized operators who are identified to the Lessor.
- Lessee shall not have the right to assign this lease or to sublet, rent or otherwise hire out, or part with possession of any of said equipment to any person, firm, partnership, association or corporation other than Lessor, without the prior written consent of Lessor there to.
- Each vehicle supplied hereunder, shall be duly registered in the name of the Lessor and shall be licensed at the expense of the Lessor only for the area in which the Lessor makes delivery. Lessee assumes all responsibility for such licenses, titles, permit and other certificates as may be required by law or otherwise for Lessee's lawful operation of said vehicle(s) hereunder, provided, however that in the event Lessee is unable to obtain such license, title, permit or certificate and Lessor can lawfully obtain the same, Lessor will under Lessee's request therefore and tender to Lessor in cash of Lessors cost therefore procure such license, titles, and certificates as may be required for Lessee's use of said vehicle(s) to the extent that Lessor may lawfully so do.
- Lessee agrees to pay Lessor on demand:
 - The rental time charge and mileage charge specified from the time the Lessee receives the vehicle(s) until they are returned in good condition and as signed by Lessor's duly authorized representative, such mileage charge to cover each mile run by said vehicle(s) during the rental period.
 - A sum equal to all damages sustained by the said vehicle(s) while in Lessee's possession including the cost of repairs except those necessitated by ordinary wear.
 - A sum equal to the value of all tire, tool, and accessories lost or stolen from the vehicle(s) during the rental period
- Any increase in existing federal, provincial, or local taxes, or license fees over the amounts of such taxes and fees in effect at the date in service of the respective vehicle(s) leased hereunder or any new federal, provincial, local taxes or license fees, applicable on or with respect to the vehicle(s) leased, or by reason of the leasing thereof shall also be paid by Lessee to Lessor currently, as paid by Lessor to that application public authority. Any decrease in such amounts shall be credited by Lessor to Lessee currently, as the decreases become effective.
- Lessee shall use and require each driver to operate each vehicle leased hereunder:
 - In a careful manner.
 - In compliance with all requirements of any governmental authority.
 - As specified in any written statement to the insurance carrier.
 - In compliance with any insurance policy or policies. The Lessee shall not use or permit any vehicle(s) to be used to tow or push any object, or otherwise convey another vehicle. Lessee agrees not to overload vehicle(s), such overloading being any amount more than that stated in the inspection report hereof in "Maximum Gross Weight Allowance" and any fines costs, or penalties for overloading of vehicle(s) shall be at Lessee's own cost and Lessee's sole responsibilities. Any damage to vehicle(s) from overloading shall be paid by Lessee.
- In the event of default by Lessee in the aforesaid monthly payments on account of rental, or the breach, or non-performance by Lessee of any of the covenants, terms, or provisions hereof which are hereby said to be fundamental to this Lease Agreement or
 - If Lessee shall make an assignment for the benefit of its creditors, or becoming bankrupt or insolvent, shall take the benefit of any Act now or hereafter in force for bankrupt or insolvent debtors, or make a sale in bulk or bulk sale of assets, or if any order shall be made or resolution passed for Lessee's winding up, or if Lessee shall permit any of its assets to be seized under a writ of execution or other process of law, or shall allow any such contingency; this agreement, anything herein to the contrary notwithstanding may, at the option and on demand of Lessor be immediately terminated, whereupon Lessee shall at its expense re-deliver to Lessor at Lessor's address hereinabove stated all of the vehicle(s) leased hereunder together with the motor vehicle permits, if applicable, or other documents of title in lieu thereof. Upon the happening of every contingency provided in sub-paragraph (2) hereof, the unpaid balance for the unexpired portion of the applicable lease term of each vehicle(s) leased hereunder shall immediately become due and payable by Lessee to Lessor. Upon the exercise by Lessor of its power of termination conferred in either sub-paragraph (1) or (2) hereof.
 - Lessee agrees to pay to Lessor the unpaid balance for the unexpired portion of the applicable term of each vehicle(s) leased hereunder as Lessor's liquidated damages for sales, finance, and administrative costs and expenses allocated to the uninterrupted completion of this contract.
 - Lessor may at any time thereafter without notice take possession of any or all the -vehicle(s) delivered to Lessee under this agreement without process of law and Lessee hereby authorizes and empowers Lessor, its agents, servants, attorneys or representatives, to enter any of Lessee's lands or premises or any other place or places where any of the said vehicle(s) may be found for the purpose of taking immediate possession thereof and on such happenings Lessee hereby now irrevocably appoints Lessor, or any of its officers, as Lessee's true and lawful attorney to execute any document or documents necessary for the purpose of divesting Lessee, or any other person, of any right to possession, or any claims whatever to the said vehicle(s) or any of them. In the event Lessor shall retake possession of the leased vehicle(s) or any part thereof and there shall at the time of such retaking be in. upon or attached to such retaken vehicle(s) any other property goods, or things of value belonging to Lessee or in custody or control of Lessee, Lessor is hereby authorized to take possession of such other property. goods or things of value and hold the same for Lessee either in Lessor's possession or, in the exercise of Lessor's sole discretion, in public storage for the account of, and at the expense of Lessee.
- Lessor reserves to itself, its successors and assigns, at all times during the life of this agreement, the right to place and maintain in one or more locations upon each vehicle(s) leased hereunder the words Train Trailer Rentals. Lessor and Lessee agrees not to remove, obscure, deface, or obliterate any of said words or permit or suffer any other person so do so.
- Lessor at any time following expiration of the minimum term of this lease agreement upon seven (7) days prior written notice to Lessee may request the Lessee to return all the vehicle(s) to the Lessor at the location described on the reverse side of this lease agreement (page 1), or change any of the rate(s) for the vehicle(s) rental. If Lessor terminates this lease as stated above, said termination shall become effective only when Lessee has returned all such vehicle(s) to Lessor, and has paid Lessor all unpaid rents and charges applicable to the returned vehicle(s). If Lessee returns said vehicle(s) to a location other than that stated for any cost incurred in returning the vehicles) to the designated location.
- This agreement shall be construed according to the laws of the province or territory in Canada in which it is executed. If any provision herein contained shall in any way contravene the laws of any province or jurisdiction where this agreement is to be performed such provision or provisions shall be severed from the agreement and the remaining provisions shall continue in force and effect.
- Any notice required under any provision of this agreement shall be in writing and shall be sufficiently given if mailed, postage prepaid, at any post office in Canada to the address for either party shown in this agreement, or to such other address, as either party may from time to time designate in writing.
- Time shall be of the essence of this agreement. The Lessor is hereby authorized to insert the delivery date and vehicle identification numbers on the Schedule if such information is not available at the time of the execution of this agreement. This agreement constitutes the entire agreement between the Lessor and Lessee, and may not be changed except upon written agreement signed by the Lessor and Lessee. It is further agreed that in construing this agreement the singular or neuter wherever used shall be construed as meaning the plural, feminine, or masculine where the context requires and the number of the verb agreeing therewith shall be construed as agreeing with the word so substituted. This agreement shall be binding upon and shall ensure to the benefit of Lessor and Lessee and their respective heirs, executors, administrators, successors and assigns.

Revised April 2000