



Commercial Finance Agreement

CREDITOR: TEQLEASE, INC.
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

DEBTOR:

BASIC TERMS:

TERM OF AGREEMENT:	Equipment Cost:
MONTHLY PAYMENT:	Shipping:
DOWN PAYMENT:	Installation:
BALLOON PAYMENT:	Taxes:
FIRST & LAST MONTHLY PAYMENTS:	Subtotal:
PROCESSING FEES:	Down Payment:
TOTAL DUE UPON EXECUTION:	TOTAL ADVANCE:
COLLATERAL DESCRIPTION:	COUNTY:
COLLATERAL LOCATION:	
DEBTOR CONTACT/TELEPHONE:	

THIS AGREEMENT IS NOT BINDING UNTIL ACCEPTED BY CREDITOR AND IS IRREVOCABLE AND NON-CANCELABLE BY DEBTOR

1. SECURITY AGREEMENT: Debtor hereby grants Creditor a security interest under the Uniform Commercial Code in the above described property or as further described in the Collateral Schedule attached to this Agreement as Schedule "A" and made a part hereof (collectively the "Collateral" and individually an "Item" or "Item of Collateral"). Such security interest is granted to secure performance by Debtor of the obligations set forth in this agreement ("Agreement") and under any other present or future agreements with Creditor. Debtor shall insure that such security interest is and shall remain a sole first lien security interest. This Agreement inures to the benefit of, and is binding upon, the heirs, legatees, personal representatives, successors and assigns of the parties.

2. NON-CANCELABLE AGREEMENT; PREPAYMENT; NO OFFSET: THIS AGREEMENT IS NON-CANCELABLE BY DEBTOR FOR ANY REASON WHATSOEVER. DEBTOR MAY PREPAY THE INSTALLMENT PAYMENTS ONLY IN ACCORDANCE HERewith. ALL PAYMENTS HEREUNDER ARE TO BE MADE WITHOUT OFFSET. Advance payments, fees and deposits accepted from Debtor upon Debtor's execution of this Agreement are nonrefundable and shall be deemed earned by Creditor as consideration for the services of Creditor.

3. FINANCING: THIS AGREEMENT IS SOLELY A FINANCING AGREEMENT. CREDITOR HAS HAD NO INVOLVEMENT IN THE SELECTION OR PURCHASE OF AND HAS MADE AND HEREBY MAKES NO AGREEMENT, REPRESENTATION OR WARRANTY AS TO ANY ITEM OF COLLATERAL. This Financing, and any advances made during the Financing Commitment Period, are further subject to, among other requirements outlined herein, there being no material or adverse change in the Company's credit or financial condition on which such approval decision was based.

4. ALTERATIONS; SECURITY INTEREST COVERAGE: Without Creditor's prior written consent, Debtor shall not make any alterations, additions or improvements to an Item of Collateral which detract from its economic value or functional utility. All additions and improvements made to an Item shall be deemed accessions thereto, and shall not be removed if removal would impair the Item's economic value or functional utility. Creditor's security interest shall cover all modifications, accession, additions to and replacements and substitutions for the Collateral. Debtor will not make any replacements or substitutions without Creditor's prior written consent.

5. PAYMENTS: Debtor shall repay Creditor the above "Total Advance" plus interest, by remittance of the number of Monthly Payments during the Term of Agreement shown in the Basic Terms section above, monthly, on or before the established due date ("Due Date"), without any deduction or set off for any reason whatsoever. The Commencement Date shall be the first Due Date of the Term of Agreement. If a Balloon Payment is a component of the Basic Terms, it shall be paid on the Due Date next following the date the last monthly payment is scheduled to be due. Payments shall be payable at the office of Creditor, or to such other person and/or at such other place as Creditor may designate. Creditor may apply remittances received to unpaid payment installments and/or charges on a due date basis, with payments received being applied to the oldest unpaid installment. Debtor shall pay a late charge to Creditor at the rate of fifteen cents (\$.15) per one dollar (\$1.00) of each delinquent payment if the payment is not received on or before the due date. If Debtor's delinquency requires additional collection efforts, or for each dishonored check or other returned payment, a charge will be assessed in accordance with Creditor's collection fee schedule. In addition to regular monthly payments, Debtor shall pay to Creditor pro rata payments, to the extent funds are advanced to its equipment vendor or otherwise prior to the Commencement Date and the first Due Date.

At Creditor's sole discretion, payment of the Agreement obligations shall be made by electronically withdrawing funds from the bank account on which Debtor's deposit check was drawn. Debtor authorizes Creditor to debit this account, on or after the scheduled due date of each month for scheduled Agreement Payments or other amounts due and owing at the time under the Agreement. Debtor acknowledges that if Creditor assigns the Agreement to a third party, assignee is authorized to debit the account on which the deposit check was drawn.

6. ASSIGNMENT. Creditor and its assigns may assign this Agreement without notice to or consent of the Debtor. Any such assignee shall succeed to all rights of the Creditor hereunder, and such assignee's rights shall be free from all defenses, set-offs, claims, actions, causes of action, or counter-claims of any kind which Debtor may be entitled to assert against Creditor. No assignee shall assume the obligations of the Creditor hereunder and Debtor waives the right to assert any such defense, set-off, action claim, and cause of action or counter-claim against any such assignee. Debtor shall not sell, transfer, assign, mortgage or hypothecate this Agreement or any interest or obligation herein without the prior written consent of Creditor, and any such transfer or assignment without such consent shall be void.

7. SECURITY DEPOSITS. The security deposit is payable upon execution by Debtor and is non-interest bearing and is to secure Debtor's performance under this Agreement. Any security deposit made may be applied by Creditor to satisfy any amount owed by Debtor, in which event Debtor will promptly restore the security deposit to its full amount as set forth above. If all conditions herein are fully complied with and provided Debtor has not ever been in default of this Agreement, the security deposit will be refunded to Debtor. The security deposit can be commingled with Creditor's other funds and is non-interest bearing.

8. USE; LOCATION; MAINTENANCE OF COLLATERAL. Debtor represents the Collateral will be used only for business or commercial purposes and not for personal, family or household purposes. Creditor may inspect the Collateral at any time. Debtor shall at its own expense keep the Collateral in good condition and repair, housed in suitable shelter, and shall not lease, rent, sell, pledge, encumber or otherwise dispose of the Collateral or any accessories attached thereto. Debtor shall cause the Collateral to be maintained and serviced in accordance with the recommendations of the manufacturer. Each Item shall be used and operated in a careful and proper manner and in compliance with all applicable governmental regulations, requirements of insurance policies carried hereunder and all manufacturer's instructions and warranty requirements. The Collateral shall remain in the possession and control of the Debtor and shall not be removed from the location identified above, without Creditor's written consent. Collateral required to be registered under applicable state vehicle laws shall not be removed from the state of registration without Creditor's written consent. Debtor shall cause an Item of Collateral subject to title registration laws to be titled as directed by Creditor. Debtor shall advise Creditor promptly as to any necessary retitling. Debtor shall cause all documents of title to be furnished Creditor within twenty (20) days of the date on any titling effected by Debtor.

9. INSURANCE. Debtor assumes the entire risk of loss or damages to the Collateral and no such loss shall relieve Debtor of its obligations under this Agreement, whether or not insured. Debtor will promptly notify Creditor in writing of any loss or damage and Debtor will then pay Creditor the total of all unpaid Agreement payments for the full Agreement term, discounted to present value at two percent (2%) per year. Debtor shall at its expense keep the Collateral insured against all risks of loss from any cause whatsoever for not less than the unpaid balance of the Agreement payments due hereunder or one hundred percent (100%) of the then current value of the Collateral, whichever is higher. Creditor shall be named as sole loss payee in the policies insuring the Collateral. Each policy shall expressly provide that such insurance shall not be invalidated by any acts of omission or neglect of Debtor and cannot be canceled without thirty (30) days prior written notice to Creditor. Debtor shall furnish Creditor a Certificate of Insurance and copy of each such policy reflecting the coverage required by this paragraph on or before commencement date of Agreement. At the option of

Creditor, the proceeds of such insurance, including return of premium, shall be applied toward the replacement or repair of the Collateral or the payment of obligations of Debtor hereunder. Debtor appoints Creditor as Debtor's attorney-in-fact to make claim for, receive payment of and execute or endorse all documents, checks or drafts for loss or damage or return premium under any insurance policy issued on the Collateral. If Debtor fails to maintain the insurance required by this paragraph, Creditor may, but is not obligated to, secure insurance on the Collateral in such form and amount as Creditor deem reasonable to protect Creditor's interests. Debtor understands that, if Creditor secures insurance on the Collateral the insurance may not name Debtor as an insured and may not fully protect Debtor's interests. Debtor agrees that, if Creditor secures insurance on the Collateral, Debtor will pay an insurance charge that may be substantially higher than the premium that Debtor would pay if Debtor placed said insurance independently. **Debtor agrees that, in addition to the premium, the insurance charge Debtor is required to pay Creditor will include an interest charge, administrative and processing fees, which will result in profit to Creditor and its agents.** All sums so incurred or expended by Creditor shall be without demand immediately due and payable by Debtor.

10. TAXES AND FEES. Debtor shall use, operate and maintain the Collateral in accordance with all laws; pay all licensing and registration fees for the Collateral; keep the same free of levies, liens and encumbrances; pay all personal property taxes assessed against the Collateral; pay all other taxes, assessments, fees, charges and penalties which may be levied or assessed on or in respect to the Collateral or its use or any interest therein, or payments thereon including but not limited to all federal, state and local taxes, however designated, levied or assessed upon the Debtor and Creditor or either of them or the Collateral, or upon the sale, ownership, use or operation thereof. If Creditor pays any of the above for Debtor, Debtor agrees to reimburse Creditor and to pay Creditor a processing fee for each payment Creditor makes on behalf of Debtor. Debtor also acknowledges that in addition to the payments, Creditor may assess and Debtor may be required to pay additional taxes and/or fees. Such fees may not only cover Creditor's costs, they may also include a profit.

11. DEFAULT. Each of the following occurrences shall constitute an "Event of Default" under this Agreement: (a) the failure of Debtor to pay any payment or other amount required hereunder when due; (b) the failure of Debtor to perform any other obligation hereunder or observe any other term or provision hereof; (c) any representation or warranty made to Creditor by Debtor or by any Guarantor which is false in any material respect when made; (d) any levy, seizure or attachment or other involuntary transfer of the Collateral or any collateral for this Agreement; (e) an assignment for benefit of creditors or bulk transfer of assets by, or insolvency, cessation of business, termination of existence, death or dissolution of, Debtor or any Guarantor; (f) If the assets of Debtor or Guarantor are subject to a writ of attachment, execution or receivership and such levy or lien is not released within 10 days; (g) If Debtor or Guarantor default under the terms of any other contract or agreement with Creditor; (h) If Debtor or Guarantor are in default of any other credit or other obligation in excess of \$10,000; (i) If Creditor in good faith deems itself to be insecure; (j) If any other person or entity contends it is the owner of the Collateral or has lien priority as to the Collateral. As used herein, the term "Guarantor" shall include any guarantor of this Agreement and any owner of any property given as security for Debtor's obligations hereunder. Debtor may have more than one obligation to Creditor, and a default on any obligation constitutes a default as to all. Any collateral held as security of one obligation is security for all obligations of Debtor to Creditor.

12. REMEDIES; DAMAGES. On the occurrence of an Event of Default, Creditor may exercise any one or more of the following remedies without demand or notice to Debtor and without terminating or otherwise affecting Debtor's obligations hereunder: (i) declare the entire balance of payments for the remaining term of this Agreement to be immediately due and payable; (ii) require Debtor to assemble the Collateral and make it available to Creditor at a place designated by Creditor which is reasonably convenient to both parties; (iii) take and hold possession of the Collateral and render the Collateral unusable, and for this purpose enter and remove the Collateral from any premises where the same may be located without liability to Debtor for any damage caused thereby; (iv) sell or lease the Collateral or any part thereof at public or private sale for cash, on credit or otherwise, with or without representations or warranties, and upon such terms as shall be acceptable to Creditor; (v) use and occupy the premises of Debtor for the purpose of taking, holding, reconditioning, displaying, selling or leasing the Collateral, without cost to Creditor or liability to Debtor; (vi) demand, sue for and recover from Debtor all sums due hereunder, including the sum of (a) delinquent Agreement payments together with interest thereon at the higher of the rate of one and one half (1.5%) percent per month, or the maximum allowable by law, (b) any unamortized brokerage commission, (c) the Agreement payments to become due in the future discounted to present value as of the date of entry of judgment at a rate equal to two percent (2%) simple interest, and (d) all costs incurred by Creditor in retaking, protecting and disposing of the Collateral, including reasonable legal fees and costs. Debtor shall be entitled to a credit for net present value of any proceeds received by Creditor upon sale or lease of the Collateral. Debtor shall be obligated to pay to Creditor or its assignee any and all attorney's fees and costs incurred by Creditor or its assignee in the event of litigation or otherwise in the Federal, State or Bankruptcy Courts where the Creditor has to enforce the Agreement or protect its Collateral or any collateral for any reason.

13. LITIGATION EXPENSES. Debtor shall pay Creditor, or its assignee, its costs and expenses not offset as provided in paragraph 12, including repossession and attorney's fees and court costs, incurred by Creditor in enforcing this Agreement. This obligation includes the payment of such amounts whether an action is filed and whether an action which is filed is dismissed. Creditor may assign, pledge or otherwise transfer any of its rights hereunder without notice to Debtor. If Debtor is given notice of any such assignment, Debtor shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense Debtor may have against Creditor, and Debtor agrees not to assert against an assignee any claim or defense which Debtor may have against Creditor.

14. ADVANCES; INTEREST. All advances made and costs incurred by Creditor to preserve the Collateral or to discharge and pay any taxes, assessments, fees, penalties, liens or encumbrances thereon or to insure the Collateral shall be added to the unpaid balance of payments due hereunder and shall be repayable by Debtor to Creditor immediately together with interest thereon at the rate of one and one half (1.5%) percent per month, or the maximum allowable by law, whichever is less, until paid.

15. INDEMNITY. Debtor shall, at its sole expense, indemnify, hold harmless and defend Creditor and its agents and employees against any and all claims, actions, causes of action, suits, proceedings, costs, expenses, damages and liabilities, including attorney's fees and court costs, arising out of, resulting from or relating to this Agreement. While it is not anticipated that Creditor shall have any liability for torts related to the Collateral, this indemnity covers tort proceedings including any strict liability claim, any claim under another theory related to latent or other defects and any patent, trademark or service mark infringement claim. Debtor shall give Creditor prompt written notice of any claims or liability covered by this paragraph. Indemnities under this paragraph shall survive the satisfaction Debtor's obligations herein and the termination of this Agreement.

16. SECURITY INTEREST RELEASE: At such time as there is no outstanding obligation secured hereby (including obligations under other agreements contemplated under paragraph 1) Creditor shall provide Debtor such termination statements related to the Collateral as Debtor shall reasonably request in writing. Debtor shall be responsible for the filing of each such termination statement.

17. WAIVER. The failure of the Creditor at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants or provisions hereof by the Debtor at any time designated, shall not be a waiver of any such default or right to which the Creditor is entitled, nor shall it in any way affect the right of the Creditor to enforce such provisions thereafter. The Creditor may exercise all remedies simultaneously, pursuant to the terms hereof, any such action shall not operate to release the Debtor until the full amount of the payments due and to become due and all other sums to be paid hereunder have been paid.

18. MODIFICATIONS; NO AGENCY. Debtor acknowledges that no supplier of an Item or any intermediary nor any agent of either is an agent of Creditor and further that none of such parties is authorized to waive alter, amend, modify, revoke, or rescind the terms of this Agreement except by a writing signed by both the Creditor and the Debtor. All other prior and/or contemporaneous oral and written agreements are merged herein. This is a final expression of the agreement between Creditor and Debtor.

19. MISCELLANEOUS. To the extent any provision of this Agreement may be determined to be invalid or unenforceable, it shall be ineffective without affecting the other provisions of this Agreement. All obligations of the Debtors shall be joint and several. This Agreement shall be binding upon the parties, its/their successors, legal representatives and assigns. The obligations and liabilities of Debtor arising under this Agreement shall survive the expiration or earlier termination of this Agreement. Debtor hereby waives any statute of limitations with respect to Creditor commencing any action against Debtor arising out of this Agreement and/or any agreements entered into in connection with this Agreement. Any provision declared invalid shall be deemed severable from the remaining provisions which shall remain in full force and effect. Time is of the essence of this Agreement. The obligations of Debtor shall survive the release of the security interest in the Collateral. Debtor agrees to furnish Creditor upon request, current financial statements and tax returns for itself and any guarantor of this Agreement, and such other information as Creditor may, from time to time, reasonably request.

20. CHOICE OF LAW, JURISDICTION. This Agreement, and all actions or proceedings in connection with this Agreement and related schedules, shall be governed and interpreted in accordance with the laws of the State of California. Debtor irrevocably consents to the jurisdiction of the State of California, County of Los Angeles, or any other location determined at the sole discretion of Creditor or its assignee reasonably related to this Agreement transaction or any jurisdiction where any assignee of the Agreement has its principal place of business, and may commence an action in any court having jurisdiction over the subject matter and parties to the transaction. **CREDITOR, DEBTOR AND ANY ASSIGNEE KNOWINGLY AND VOLUNTARILY WAIVE THEIR RIGHT TO A JURY TRIAL.**

21. COUNTERPART; FACSIMILE SIGNATURES. This Agreement may be signed in counterpart and each counterpart may be deemed to be one and the same original document. Creditor and Debtor agree that facsimile or electronic signatures may be used as an original signature for all purposes and the parties waive any and all requirements that an original ink signature is necessary for the Agreement to be introduced as evidence in Court.

CREDITOR: TELEASE, INC.

DEBTOR:

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____



Disbursement Authorization Certificate

CREDITOR: TEQLEASE, INC.
23801 Calabasas Road, Suite 101
Calabasas, CA 91302

DEBTOR:

COLLATERAL LOCATION:	
COLLATERAL DESCRIPTION:	

Debtor hereby certifies that all the property described herein (the "Collateral"), which is to be financed for Debtor pursuant to the Commercial Finance Agreement referenced hereinabove, (the "Agreement") between Debtor and TEQlease, Inc. as Creditor, has been furnished to the Debtor, that delivery and installation has been fully completed and that the Collateral is acceptable in all respects to the Debtor.

In view of the above, the Debtor hereby authorizes and requests Creditor to pay for the Collateral in accordance with the terms of any purchase orders the Debtor may have issued for the same and/or to pay the Debtor the advance amount to the extent the Debtor has previously paid for the Collateral, as appropriate. The Debtor acknowledges that Creditor is relying upon this executed Disbursement Authorization Certificate in so doing. Debtor hereby authorizes Creditor to disburse the Total Advance as follows:

\$0.00	To:
\$0.00	To:
\$0.00	To:
\$0.00	To:
\$0.00	To:

Total: \$0.00

The Debtor recognizes that by executing this Disbursement Authorization Certificate the Debtor's non-terminable installment payment obligation under the Agreement will commence. The Debtor reaffirms its understanding that the Agreement is solely a financing agreement and that, accordingly, Creditor has made no express warranties as to the Collateral or any other matter and that there are no related implied warranties created by law and further that. Accordingly, the Debtor's obligation to pay amounts due under the Agreement will not be affected by any problems the Debtor experiences with the Collateral or any similar or dissimilar occurrence as also set forth in the Agreement.

A facsimile or Electronic copy of this Agreement with signature shall be considered to be an original.

DEBTOR:
 BY: _____
 NAME: _____
 TITLE: _____
 DATE: _____

WHEN EXECUTED, SIGNATOR(S) ACKNOWLEDGES THAT THEY HAVE READ ALL DOCUMENTS WHICH ARE PART OF THIS AGREEMENT, IS FULLY AWARE OF ALL TERMS AND CONDITIONS CONTAINED THEREIN, THIS AGREEMENT HAS BEEN PROPERLY AUTHORIZED, AND SIGNATOR(S) HAS BEEN AUTHORIZED TO EXECUTE THIS CERTIFICATE AND DELIVER IT TO DEBTOR.