

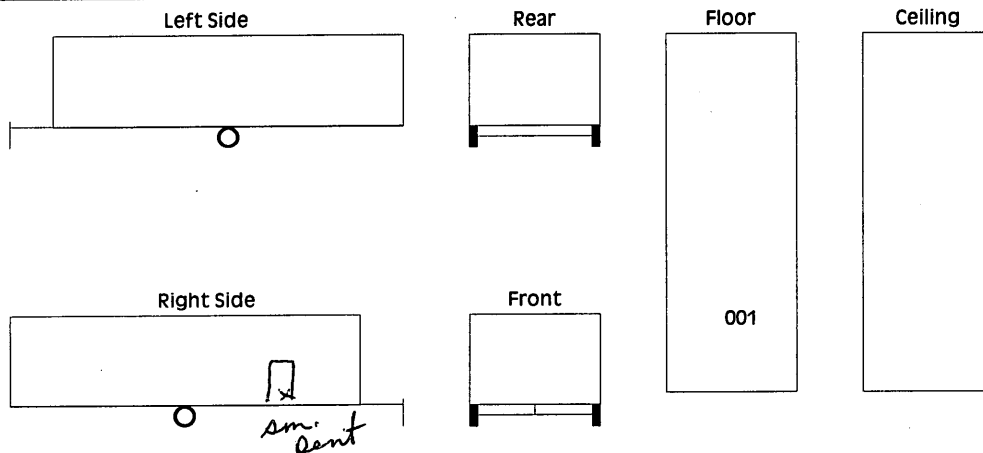


GE Capital Modular Space

**INSPECTION
DELIVERY****BRANCH: 494**

PORTLAND
9975 N. RIVERGATE BOULEVARD
PORTLAND, OR 97203
Telephone: 503-285-6625
Fax: 503-285-5109

Unit: 179271 Inspection Id: 000002 Overall Unit Size: 12' 0" x 36' 0" Inspection Date: 01/10/1995
Serial No: MP891719 Date Printed: 01/10/1995

**UNIT CONDITION**

Location	Dmg. Id	Description
Floor	001	CARPET-MATERIAL/SUPL CARPETING THROUGHOUT.

UNIT EQUIPMENT

Equipment	QTY	Condition
EXTERIOR DOOR KEYS	1	
Central Heating & Air	1	WALL KING PACKAGE UNIT.
6 Gal Hot Water Heater	1	TITAN WATER HEATER.

Accepted and Del. By:

Freight Vendor

(RONALD F. SCHUTZ)

Remarks:

needs cleaning, no window covering

Received and Accepted By:

Name:

Michael B. Sherman
Michael B. Sherman
(please print)



GE Capital Modular Space

LEASE AGREEMENT NO.:

534998

CUSTOMER NO.:

235199

RETURN EQUIPMENT TO (LESSOR):

PORTLAND
9975 N. RIVERGATE BOULEVARD
PORTLAND
OR 97203
Telephone: 503-285-6625
Fax: 503-285-5109

GE CAPITAL MODULAR SPACE, a division of Transport International Pool, Inc., a Pennsylvania corporation (hereinafter referred to as "Lessor") does hereby lease the equipment as specified below to:

CITY OF NEWBERG
FIRE DEPT.
414 E. SECOND ST
NEWBERG
OR 97132-3006
Customer Contact: MICHAEL SHERMAN
Telephone: 503-537-1230
P.O. #: 19853

The Equipment will be located at:
(Subject to Section 11 on reverse side)

414 E. 2ND ST
NEWBERG
OR 97132-3006

Lessee does hereby lease said Equipment from Lessor on this 11th day of January, 1995 for a minimum period of 6 "Rental months" in accordance with the terms and conditions of the lease agreement ("Lease") set forth on the reverse side.

Lessee may continue to lease the Equipment designated herein after the expiration date pursuant to Section 4, reverse side. Written notice by Lessee is required 60 days prior to the return of the Equipment. Lessee agrees to pay Lessor without demand and in advance on the first day of each month the Rental Charge (Sections 6(b) and 6(c)) indicated for the Equipment as follows.

Unit: 179271	Serial No.: MP891719	Width: 12' 0"	Length: 36' 0"	Insurance Value: \$21, 101
ONE TIME CHARGES		MONTHLY CHARGES		
DELIVERY		UNIT		
BUILDING DELIVERY		\$295. 00		
INSTALLATION		Comprehensive Waiver @ \$0.90 (Section 5(e))		
BLOCK AND LEVEL		\$27. 00		
RETURN DELIVERY		Liability Waiver @ \$0.60 (Section 5(f))		
BUILDING RETURN*		\$18. 00		
DISMANTLING		RENTAL		
UNBLOCK*		STEPS (Qty: 2 at \$14.00)		
		\$28. 00		
		Total		
		\$368. 00		
		323. 00		
		DAILY: \$18. 00		
		WEEKLY: \$89. 00		

All units will be cleaned upon return of Equipment at Lessee's sole cost and expense. Lessee shall be liable for any damages to Equipment.

Said Other Charges will be billed in advance with the initial Rental Charge Applicable state and local sales and use taxes and other direct taxes (Section 2(a) reverse side) shall be due and payable to the Lessor by the Lessee when invoiced. All Charges due hereunder shall be remitted to Lessor at address as indicated upon Lessor's invoice. No agent, employee or representative of Lessor has any authority for any representation or warranty concerning the Equipment leased pursuant to the Lease that is not specifically included herein. Lessee acknowledges that it is not, in leasing the Equipment, relying upon any warranty, promise, or representation not set forth in the Lease and assents to all the terms set forth therein unless otherwise set forth in addenda attached thereto. Lessor's obligations under the Lease shall not be subject to any additional provision inconsistent with the Lease that may be contained in the Lessee's Purchase Order.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement subject to the terms and conditions herein set forth on both sides of this Agreement.

Signed by duly authorized agents this 11 day of JAN., 1995.

By GE CAPITAL MODULAR SPACE AUTHORIZED AGENT

Name CHERYL HAYS

By Michael B. Sherman
SIGNATURE OF LESSEE OR AUTHORIZED AGENT

Name Michael B. SHERMAN
(please print)

Lease Commencement: Month 12, Day 11, Year 95

Accepted and Del. By: Ronald Schutz (RONALD SCHUTZ)
Freight Vendor

Remarks: Needs cleaning, no window coverings.

Received and Accepted By: Michael B. Sherman
Name: Michael B. SHERMAN
(please print)

CONDITIONS OF LEASE AGREEMENT

1. This transaction is a lease and not a sale. The parties understand and agree that Lessee does not acquire by payment of rental as provided on the reverse side of this Lease any right, title, or interest in or to the Equipment, except the right to possess and use the Equipment so long as Lessee shall not be in default in performance hereunder.

2. In addition to the payment of rentals provided on the reverse side of this Lease, Lessee agrees that:

(a) Lessee shall pay Lessor for any and all sales and use taxes, other direct taxes and registration fees imposed by the U.S. Government, any state government, or any county, city, or other taxing authority and allocated by Lessor on either an individual or prorated basis for any unit(s) of Equipment based on purchase price, value, possession, use, situs, rentals, delivery or operation thereof and excluding any federal or state taxes relating to income. Lessee's obligations as set forth herein shall survive the termination of this Lease.

(b) Lessee will pay all costs and expenses (including attorney fees where recovery of same is not prohibited by law) incurred by Lessor in enforcing any of the terms, provisions, covenants and indemnities of this Lease.

3. Lessee agrees, at Lessee's sole cost and expense, to keep the Equipment at all times during the term of this Lease 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, and Lessee further agrees that upon termination of this Lease upon expiration or otherwise, Lessee will return the Equipment to Lessor at Lessor's designated address, at Lessee's sole cost and expense, in the same condition and state of repair as delivered to Lessee hereunder, ordinary wear and tear excepted.

Notwithstanding the receipt of the Equipment at the Lessor's location as indicated under "Date In" on the reverse side of this Lease, Equipment returned with accessories, attachments or other missing items, Equipment requiring repairs of any kind or requiring restoration to original specifications and Equipment condition due to alterations or modifications performed by Lessee shall remain leased hereunder until said replacements, repairs or restorations have been made by Lessee in a manner acceptable to Lessor. In the event Lessee elects not to make the required replacements, repairs or restoration requiring that Lessor undertake Lessee's obligations, then Lessor shall determine the amount due for replacements, repairs, or restoration to be made and the Equipment will remain leased hereunder without abatement of rental until the date that the invoiced amount due is paid by Lessee.

(a) Lessee has inspected the Equipment and determined that it is acceptable to Lessee. Lessor has not made, and shall not be bound by, any statements, agreements, or representations regarding the Equipment not specifically set out herein, unless the same are reduced to writing and signed by Lessor.

(b) If this Lease is for custom Equipment that is ordered in accordance with Lessee's specifications and is not from Lessor's current inventory, the commencement date of this Lease shall be the date on which the Equipment is installed and ready for use by Lessee. If the installation is delayed by any act or omission of Lessee, rental payments shall commence five (5) days after Lessee is notified of the completion of the Equipment.

(c) Lessor's delivery of the Equipment is subject to delays in manufacturing, delivery or installation due to fire, flood, windstorm, riot, civil disobedience, strike, acts of God, or any circumstances beyond Lessor's control which prevent the manufacture of products or the making of deliveries in the normal course of business. It is further understood and agreed that Lessee will have no claim against Lessor for liquidated damages or any other money damages as a result of Lessee's obligations to perform any contract which Lessee may have entered into in respect of the Equipment to be provided under this Lease.

(d) Lessee shall provide free and clear access for delivery and return of the Equipment by standard mobile transport vehicles. Lessee shall provide firm and level ground on no more than a six-inch slope from one end to the other for safe and unobstructed installation for the Equipment. Site selection is the sole responsibility of Lessee, and Lessor shall have no responsibility for nor liability for any inadequacy of any site or the set-up of the Equipment where the site selected by Lessee or environment involves abnormal conditions.

4. Lessor may at any time following the expiration of the Minimum Lease Period, upon five (5) days prior notice to Lessee, request Lessee to return all the Equipment to the location designated by Lessor or change any of the rates for the Equipment leased hereunder.

(a) If Lessee, without any further written agreement, shall continue to possess or occupy the Equipment after the expiration of the Minimum Lease Period or any renewal term thereof, with or without the consent of Lessor, Lessee shall then be deemed to have renewed this Lease on a month-to-month basis subject to Lessor's current monthly published lease rate(s) then in effect.

(b) If Lessor terminates this Lease, such termination shall become effective only when Lessee returns all Equipment to the location designated by Lessor and pays Lessor all unpaid rents and charges allocable to the returned Equipment which have accrued as of the date the Equipment is returned.

(c) **NO WARRANTY FOR MERCHANTABILITY AND FITNESS:** Lessee agrees that Lessor makes no warranties, expressed or implied and all warranties of any kind, including any expressed or implied warranty of merchantability or fitness for purpose, are hereby excluded both as to the Equipment and as to any maintenance or repair work performed by Lessor on the Equipment.

5. Lessee hereby agrees to indemnify and hold Lessor harmless from and against all loss and damages Lessor may sustain or suffer because of:

(a) the loss of or damage to the Equipment because of any collision, fire, lightning or theft, flood, windstorm or explosion, or other casualty while in the custody, possession, or control of Lessee, and

(b) the death of, injury to, or damage to the property of, any other person as a result of, in whole or in part, the use or condition of the Equipment while in the custody, possession, or control of Lessee, and

(c) the failure of Lessee to maintain the Equipment as agreed and provided herein. Lessee further agrees, at Lessee's sole cost and expense, to procure and keep in full force and effect during the term of this Lease, a policy of insurance satisfactory to Lessor as to the insurer and as to the form and

amount of coverage, with premiums prepaid, protecting Lessor against all loss and damages it may sustain or suffer due to (1) the loss of or damage to the Equipment because of collision, fire, theft, lightning, flood, windstorm, explosion or any other casualty, for the full replacement value of the Equipment, and (2) the death of, injury to, or damage to the property of, any other person as a result, in whole or in part, of the use or condition of the Equipment while in the custody, possession, or control of Lessee with limits of five hundred thousand dollars (\$500,000) per occurrence as to bodily injury liability and five hundred thousand dollars (\$500,000) per occurrence as to property damage liability or a combined single limit of one million dollars (\$1,000,000) per occurrence. A certificate of such insurance, naming Lessor as sole Additional Insured and Loss Payee, shall be delivered to Lessor prior to delivery to Lessee of the Equipment. It is agreed and understood that procurement of insurance by Lessee as herein provided shall not affect Lessee's covenants, obligations, and indemnities under this Lease, and the loss, damage to, or destruction of any of the Equipment shall not terminate this Lease nor, except to the extent that Lessor is actually compensated by insurance paid for by Lessee, relieve Lessee of any of Lessee's liability hereunder.

(d) It is further understood and agreed that, in addition to comprehensive bodily injury and property damage specified in Section 5(c), Lessee agrees to provide comprehensive general liability insurance including coverage for the indemnities contained herein.

(e) If Lessee accepts the "Comprehensive Waiver" by initialing the upper right corner of the reverse side of this Lease and pays the additional fee specified therein, then Lessor agrees to relieve Lessee of all liability exceeding \$500 per unit of Equipment for loss or damage specified in Section 5(a) except that Lessee shall not be relieved of liability if Lessee violates any other provisions of this Lease. No collision coverage shall be provided for under the Comprehensive Waiver.

(f) If Lessee accepts the "Liability Waiver" by initialing the upper right corner of the reverse side of this Lease and pays the additional fee specified therein, then Lessor agrees to limit Lessee's obligation up to a maximum combined amount of \$150,000 per occurrence for death, bodily injury or property damage specified in Section 5(b) subject to a \$5,000 deductible per claim except that Lessee shall not be relieved of liability if Lessee violates any other provision of this Lease. Lessee agrees to indemnify Lessor and hold Lessor harmless from and against all loss and damages Lessor may sustain or suffer in excess of the limitation stated in this Section 5(f). The Liability Waiver Provision set forth in this Section 5(f) applies only to Equipment leased by Lessor to Lessee and does not extend to any apurtenance or attachments, including steps.

(g) The coverage provided under the Liability and Comprehensive Waivers set forth in Sections 5(e) and 5(f) do not extend to the transportation of Equipment nor its contents and only extends to Equipment installed on ground level. Any such Waiver may be canceled by either party upon 10 days prior written notice. In the event that either or both Waivers are canceled as set forth above, Lessee shall provide to Lessor a policy of insurance as set forth in Section 5(c) within 10 days of Lessor's written notice.

(h) The Waivers set forth in Sections 5(e) and 5(f) herein shall not be binding upon Lessor unless any loss, damage, injury or claim is reported to Lessor in writing within forty-eight (48) hours of the occurrence of any such event. Lessee shall also provide any information in regard to such event that Lessor reasonably requests. **LESSEE AGREES AND ACKNOWLEDGES THAT THE WAIVERS PROVIDED UNDER SECTIONS 5(e) AND 5(f) ARE NOT INSURANCE COVERAGE BUT, RATHER, ARE PART OF LESSOR'S INSURANCE WAIVER PROGRAM.**

(i) Lessor shall not be liable for any loss or damage to any property stored, loaded or transported in or upon any Equipment and Lessee does hereby expressly waive any and all claims and demands for any such loss or damage, including, but not limited to, loss of profits or other alleged consequential damages against Lessor, and Lessee does further agree to indemnify and hold Lessor harmless from and against any and all such claims and demands.

(j) Lessee agrees to use any Equipment designated for "storage only" on the reverse side of this Lease solely for storage of product.

6. All rentals and other charges hereunder shall be billed to Lessee every Rental Month (as defined below) in advance, beginning with the commencement date of the Lease for each unit.

(a) Rentals and charges not received by the Lessor within thirty (30) days of the invoice date shall accrue interest at the maximum rate permissible by law each month.

(b) The term "Rental Day" is defined as a calendar day or any portion thereof.

(c) The term "Rental Month" is defined as a four (4) week period of twenty-eight (28) rental days.

7. When the term of Lease exceeds eleven months, notwithstanding the Minimum Lease Period, the rental charge shall be subject to adjustment, based upon the All Items Consumer Price Index (CPI) for the United States (United States Bureau of Labor Statistics, 1967 base period) calculated as follows: For each change of one (1) index point in the CPI, the rental rate shall be adjusted by a factor of .5%. Any adjustments shall take effect at the end of the sixth month following the commencement date of this Lease and will be further adjusted each six (6) months thereafter. Said adjustment will be based on the most recent CPI indices available prior to invoicing of each rental charge.

8. Lessee may terminate this Lease prior to the expiration of the Minimum Lease Period, subject to all terms and conditions of this Lease, with the following termination charges:

(a) If the Equipment provided under this Lease was new and the Lessee is the first user, Lessee must pay the remaining unpaid rental charges for the Minimum Lease Period;

(b) If the Equipment was not new, then Lessee's payments shall be as follows: if the Minimum Lease Period (MLP) is less than three months, Lessee must pay 4 times the Weekly Lease Charge (WLC); if the MLP is between three months and six months, Lessee must pay 8 times the WLC; if the MLP is between 6 months and one year, Lessee must pay 12 times the WLC; if the MLP exceeds one year, Lessee must pay 14 times the WLC for each year, or portion thereof, for the remaining Minimum Lease Period canceled. In no case will these termination charges be in excess of the rental charge for the remainder of MLP.

9. Lessee shall have responsibility, at Lessee's sole cost, to obtain any and all licenses, titles, permits and any other certificates as may be required by law or otherwise for Lessee's lawful operation, possession or occupancy of the Equipment leased hereunder. Lessee agrees that all certificates of title or registration applicable to the Equipment leased hereunder shall reflect Lessor's ownership thereof.

10. Lessor shall have the right to place upon each unit of Equipment leased hereunder the name of the Lessor, and Lessee agrees not to remove Lessor's name or permit any other person to do so.

11. Lessee shall not remove the Equipment from the location specified by Lessee without prior written approval from the Lessor and shall notify Lessor immediately of any levy or seizure thereof and shall indemnify and hold Lessor harmless from and against any loss or damage resulting therefrom. Lessor shall have the right to inspect the Equipment from time to time during the term of this Lease and if Lessor believes the same to be overloaded beyond normal capacity or misused, abused or neglected, Lessor may summarily remove and repossess the Equipment upon five days prior written notice to Lessee.

12. In the event any act or obligation required of Lessee hereunder shall not be performed in the manner and at the time or times required by this Lease, Lessee shall thereby be and become in default under this Lease, thereby vesting in Lessor the right, upon five (5) days prior written notice to Lessee:

(a) to declare unpaid lease rentals to be due and payable forthwith,

(b) to retake and retain the Equipment free of all rights of Lessee without any further liability or obligation to redeliver the same to Lessee and without to any extent, releasing Lessee from Lessee's covenants, obligations and indemnities provided hereunder, including but not limited to Lessee's obligation for the payment of the rental provided herein, and

(c) in addition to the remedies set forth in Sections 12(a) and 12(b), take any other actions permitted at law or in equity.

In the event Lessor shall retake possession of the Equipment or any part thereof and there shall, at the time of such retaking, be in, upon or attached to such repossessed Equipment any other property, goods or things of value owned by Lessee or in the 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 sole expense of Lessee. In addition, Lessee shall indemnify and hold Lessor harmless from and against any damage to Lessee's property or the property of any other persons suffered or sustained during repossession of the Equipment by the Lessor.

13. Lessee shall not make or permit any unlawful use or handling of the Equipment and shall not, without Lessor's prior written consent, make or permit any changes, alterations or improvements in or to Equipment or remove therefrom any parts, accessories, or attachments.

The storage or transportation of any hazardous substances in the Equipment is not permitted and the effects of such substances on the Equipment shall not be considered ordinary wear and tear. If the Equipment is determined to have been used to store any such substances, the Lessee will be required to purchase the Equipment at the current published sale price of the Equipment.

14. Lessee agrees to comply with, perform and execute all laws, rules, regulations or orders of any current or future federal, state, or local government (including laws governing toxic waste, hazardous substances and other environmental risks) which in any way affect or are applicable to any of the Equipment or to the use, operation, maintenance or storage thereof, and to indemnify and hold Lessor harmless from and against any and all fines, forfeitures, seizures, penalties and liabilities that may arise from any violation of any such law, rule, regulation or order by Lessee, its employees or agents or that may result from the use, possession, operation or condition of any of the Equipment. Lessee further agrees to indemnify and hold Lessor harmless from and against any and all claims, liens, demands or liability whatsoever arising from any work done on or any materials supplied in connection with the operation, maintenance, possession or storage of any of the Equipment from any loss of or damage to the Equipment, and from and against all loss, damage, claims, penalties, liability and expenses, including attorneys fees incurred because of the storage, maintenance, use, handling, repair, loading, unloading or operation or alleged use or operation of any of the Equipment.

15. Lessee shall indemnify and hold Lessor harmless from and against any loss, cost or expenses and from any liability to any person on account of any damage to person or property arising out of any failure of Lessee to comply in any respect with and perform any of the requirements and provisions of this Lease, or the failure to have the Equipment installed with anchor straps and in accordance with all applicable laws, rules and regulations. In addition to the foregoing, Lessee shall indemnify and hold Lessor harmless from and against any liability, obligation, loss or expense, including without limitation, fines, damages, attorney's fees and other costs arising in connection with the Americans with Disabilities Act.

16. Lessee shall not have the right to assign this Lease or to sublet, rent, or otherwise hire out or transfer possession of, any of the Equipment to any person, firm, partnership, association, or corporation other than Lessor, without the prior written consent of Lessor.

Lessor shall have the right to assign this Lease and the rentals reserved hereunder. In the event of an assignment of this Lease by Lessor, the assignee shall acquire all rights and remedies possessed by or available to Lessor under this Lease.

Lessee agrees that the Equipment leased hereunder will not be occupied by any person other than Lessee or its agents, employees or invitees.

17. This instrument contains the entire agreement between the parties pertaining to the subject matter hereof. No agreements, representation, or understandings not specifically contained herein shall be binding upon any of the parties hereto unless reduced to writing and signed by the parties to be bound thereby. The terms, covenants, and conditions and other provisions of this Lease may hereafter be changed, amended, or modified only by an instrument in writing specifically purporting to do so and signed by the parties to be bound thereby. Any amendment, modification or addendum to this Lease shall not be binding on Lessor unless signed by an authorized officer of Lessor.