



Hardware Rental Agreement:

TERMS AND CONDITIONS

AGREEMENT: In consideration of the covenants and agreements of the Lease herein contained, the Lessor (Preferred Office Technologies) does hereby lease to the Lessee (Customer), and the Lessee rents from the Lessor the Equipment listed above or on any attached Schedule, together with all replacements, duplicate parts, repairs, additions, devices and accessories, herein collectively called the "Equipment." This Agreement shall be effective on the date the Equipment is delivered to Lessee or any later date we designate. The Equipment shall at all times remain the property of the Lessor, and the Lessee shall have no right or property interest therein but only the right to use same under this Lease. The Lessor shall have the right to display notice of its ownership by affixing to the Equipment an identifying tag of ownership.

EQUIPMENT USE: Customer will keep the Equipment in good working order, use it for business purposes only, not modify or move it from its initial location without our consent, and bear the risk of its non-compliance with applicable laws. Customer agrees that Customer will not take the Equipment out of service and have a third party pay (or provide funds to pay) the amounts due hereunder. Customer will comply with all laws, ordinances, regulations, requirements, and rules relating to the use and operation of the Equipment. Customer is responsible for any damage to or loss of the Equipment. No such loss or damage will relieve Customer from Customer's payment obligations hereunder. Lessor may replace equipment at no charge to lessee upon determination current hardware is not performing effectively. We are not responsible for, and Customer will indemnify us against, any claims, losses or damages, including attorney fees, in any way relating to the Equipment or data stored on it. In no event will we be liable for any consequential or indirect damages. Lessor shall maintain the lease property in good operating condition and shall repair same within a reasonable time after receipt of notice by Lessee: provided, however, that misuse; and provided further that nothing contained in the paragraph shall be construed to relieve Lessee from making the rental payments as herein provided. The Lessee has selected both the Equipment of the type and quantity described above as well as the manufacturer or supplier of the Equipment. LESSOR MAKES NO WARRANTY, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO THE EQUIPMENT OR ANY PART THEREOF, AS TO ITS DURABILITY, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

INSURANCE: Prior to delivery of any part of the Equipment, Lessee will purchase and maintain at its own expense, full-coverage, primary insurance against fire, theft and other casualties customarily covered by owners of like property to the extent of the new replacement cost of the Equipment. Lessee will also purchase and maintain at its expense, full coverage, primary insurance against liability for injury, loss or damage to persons or property arising out of ownership, possession or use of the Equipment to limits customarily maintained by owners of like property. Lessee shall furnish Lessor with certificates of such insurance from carriers reasonably satisfactory to Lessor, naming Lessor as an additional insured and loss payee, and non-cancelable except on thirty days prior written notice by the Insurer to Lessor. If not provided, Lessor has the right to purchase such insurance as it deems appropriate, premiums to be added to the rent or charged as additional rent.

END OF TERM: At the end of the term of this Agreement (or any renewal term) (the "End Date"), this Agreement will renew month to month unless a) Customer provide us written notice, at least sixty (60) days prior to the End Date, of Customer's intent to return the Equipment, and b) Customer timely returns the Equipment to the location designated by us, at Customer's expense. If the returned Equipment is not immediately available for use by another Customer of Lessor, without need of repair, Customer will reimburse Lessor for all repair costs. Customer cannot pay off the Agreement or return the Equipment prior to the End Date without our consent. If we consent, we may charge Customer, in addition to other amounts owed, an early termination fee equal to 5% of the amount of sold Equipment.

DEFAULT/REMEDIES: If a payment becomes past due by ten (10) calendar days or more, or if Customer otherwise breaches this Agreement, Customer will be in default, and we may require that Customer return the Equipment to us at Customer's expense and pay us 1) all past due amounts and 2) all remaining payments for the unexpired term. Customer further agrees and acknowledges that we may disable or repossess the Equipment and use all other legal remedies available to us in collection the amounts owed under the terms of this Agreement and further protecting the Equipment. Customer agrees to pay all costs and expenses (including reasonable attorney fees) we incur in the exercising of the remedies herein described upon the default of Customer under this Agreement. Once full payment of balance has been collected, a reconnection fee of 50% of the monthly payment may be instituted.

SOFTWARE/DATA: Except as provided in this paragraph, references to "Equipment" include any software referenced above or installed on the Equipment. We do not own the software and cannot transfer any interest in it to you. We are not responsible for the software or the obligations of you to the licensor under any license agreement. You are solely responsible for protecting and removing any confidential data/images stored on the Equipment prior to its return for any reason.

MISCELLANEOUS: This agreement represents the entire agreement between Customer and Lessor with relation to the Equipment and supersedes any prior representations or agreements, including any purchase orders. The parties agree that the original hereof for enforcement and perfection purposes, and the sole "record" constituting "chattel paper", is the paper copy hereof bearing (i) the original or a copy of either Customer's manual signature or an electronically applied indication of Customer's intent to enter into the Agreement, and (ii) our original manual signature. If a court finds any provision of this agreement unenforceable, the remaining terms of this Agreement shall remain in effect. Customer authorizes Lessor to either insert or correct the Agreement number, serial numbers, model numbers, beginning date and signature date, and acknowledges that any filled in blanks above are done so on Customer's behalf. All other modifications to the Agreement must be in writing signed by each party.

ASSIGNMENT: Customer shall not sell, transfer, assign or otherwise encumber (Collectively "Transfer") this Agreement, or Transfer or Sublease any of the Equipment, in whole or in part, without the prior written consent of the Lessor. Lessor herein retains the right, without notice to Customer, to transfer Lessor's interests in this Agreement or in the Equipment, in whole or in part, to a third party (a "New Owner"), in which case the New Owner will, to the extent of such Transfer, have all of Lessor's rights and benefits but will not have to perform Lessor's obligations, if any, unless such obligations are agreeably assumed by New Owner.

TAXES: We own the Equipment. You will pay when due, either directly or by reimbursing us, all taxes and fees relating to the Equipment and this Agreement. Sales or use tax due upfront will be payable over the term.

COUNTERPARTS: This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

COOPERATION OF PARTIES: The parties hereto agree to execute any and all other documents and instruments as shall be reasonably necessary or required in order to effectuate the transactions contemplated by this Agreement, including, without limitation, any corrective instruments that may be necessary to perfect the security interests contemplated herein.