RENTAL AGREEMENT

“Lessee” named in the attached schedule agrees to rent from Oceanside Community Television Service Corp (hereinafter called “LESSOR”) certain motion picture equipment as set forth in the attached schedule for the term set forth herein and at the rent set forth herein. This Rental Agreement is subject to the following additional terms and conditions.

MINIMUM RENTAL PERIOD: Unless otherwise agreed, rental payments shall begin on the date specified in this lease agreement for delivery of equipment, and shall continue until the equipment is returned. Lessee agrees to return said equipment on the date specified in this Lease. Out of town shipments of equipment shall be billed for a minimum two day rental. Irrespective of any agreements with respect to number of rental days, full daily rates shall be charged for each day for said equipment. A full additional day’s rental will be charged for any equipment not returned by 10:00 a.m. When on a daily schedule, daily rates will be charged for each day, Sunday and holidays included if the equipment is used. The daily rate will be charged for each full day or any portion thereof.

USE OF EQUIPMENT: Neither this Lease, nor Lessee’s rights hereunder shall be assignable except with Lessor’s written consent. The conditions and terms hereof shall bind any successors and permitted assigns of Lessee. Lessee shall not sublease said equipment nor any part thereof without written consent of Lessor, inasmuch as Lessor agrees that this equipment is rented for the purposes of Lessee’s use only.

DELIVERY AND RETURN: All equipment shall be picked up by Lessee at Lessor’s place of business, or at Lessee’s request, Lessor shall arrange shipment to a location designated by Lessee. All fuel costs to be paid by Lessee upon return of Lease.

NO WARRANTIES: Lessee acknowledges that the equipment listed herein has either been examined and tested by a representative of the Lessee, or that the opportunity to examine and test the equipment was permitted, and that the same is in good workable condition and accepts the same as is, and without any rental reductions or claims thereof. Lessee acknowledges that this equipment is leased without warranty or guarantee of any kind, express or implied, and that Lessor assumes no responsibility, express or implied, in fact or in law, for the performance or nonperformance of said equipment other than as expressly agreed herein (whether the failure is caused by the negligence of Lessee, Lessor, or any other person or entity).

Lessee agrees to notify Lessor immediately upon discovery that equipment is not in workable condition and to return all such equipment to Lessor at Lessee’s sole cost and expense. Lessee expressly agrees to bear the risk of loss, direct and consequential, for any
equipment found not in workable condition. Lessor’s only obligation shall be to use reasonable efforts to repair or replace any damaged or defective equipment which defect existed at the time of delivery and which was not readily apparent from inspection, or to refund any rental payments for such equipment.

INDEMNITY: Lessee agrees to and does hereby indemnify and hold Lessor, its officers, agents, and employees, harmless from and against any and all losses, damages, claims, demand of liability of any kind or nature whatsoever, including legal expenses, arising from the use condition (including without limitation latent and other defects) or operation of the equipment rented, and by whosoever used or operated during the term hereof. This indemnification shall continue in full force and effect during and after term of this lease for causes arising during the term of this lease.

INSURANCE: Lessee shall at its own expense, provide and maintain in full force and effect insurance covering the equipment rented hereunder for full replacement costs and for loss of rents of said equipment, from the date of this Lease until the equipment is actually returned, including any damage while the equipment is in transit or storage. Said insurance shall name Lessor as Lessee payee and the right of Lessor under such insurance shall not be affected by any act or neglect or breach of condition by the Lessee. Such insurance shall be written by reputable insurers, with any deductible and/or policy limit as specified by Lessor. Said insurance shall cover all risks of physical loss or damage. Lessee shall also name Lessor as an additional insured as regards to liability insurance and Lessee’s liability insurance shall be deemed primary insurance in the event of any claim or suit. Lessee shall provide to Lessor a certificate of insurance in compliance with this paragraph prior to delivery of this equipment. Notwithstanding this paragraph Lessee shall remain primarily liable to Lessor for full performance under this Lease. Lessor may enforce its remedies directly against Lessee without resort to insurance.

LOSS AND DAMAGES: If equipment is returned in damaged or nonworking condition, the lease period will be extended by the shortest reasonable time necessary to repair such damage. The extended rental period shall apply only to the damaged or nonworking item, unless said item forms as part of other equipment. Rental payments for the said individual item(s) shall accrue at full rental rate for the said item irrespective of any package discounts or other discount agreed to at the inception of Lease.

In the event that any of the equipment is lost, stolen, damaged beyond repair, destroyed or otherwise disappears or is not returned for any reason, Lessee shall pay to Lessor the replacement cost of said equipment, in addition to the accrued rental at time of actual replacement. The foregoing liability for lost, damaged, destroyed, or missing equipment shall apply whether the loss, damage, or destruction is caused by or results from the active or passive fault of Lessee, or through a fault of Lessee.
Any equipment which is damaged, lost or destroyed by Lessee or its agents or employees while on Lessor’s premises shall be deemed to have been lost, damaged or destroyed while in Lessee’s possession.

TITLE:  Title to the equipment is retained by the Lessor, and Lessee covenants that it will not assign, pledge or encumber the equipment in any manner whatsoever, nor permit any liens to become effective thereon.

INSPECTION BY LESSOR:  Lessor shall have the right to inspect the leased equipment at any time during the term of this Lease. Lessee shall make any and all arrangements necessary to permit Lessor access to the location of the equipment. Any breach of this provision shall be deemed material and entitle Lessor to exercise any of the remedies set forth in this Lease.

DEFAULT AND BREACH OF TERMS:  In the event of default by Lessee in payment of rent hereunder, or Lessee’s breach of any terms of this Lease, or if Lessee shall assign or attempt to assign said equipment or any interest therein, as security or otherwise, or if any lien or encumbrance is placed against said equipment by any person or entity claiming right against Lessee or if Lessee becomes insolvent or executes an assignment for the benefit of creditors, or if a voluntary or involuntary petition in bankruptcy is filed by or against Lessee, or if Lessee misuses or mishandles said equipment, or damages same, or attempts to remove said equipment from the State of California without the consent for Lessor, then Lessor may at its operation exercise one or more of the following remedies:

a. Declare the entire amount of rentals due and payable from the time of said breach.

b. Sue for and recover all rents or other sums due or to accrue thereafter under the terms of the Lease.

c. Take possession of the said leased equipment without demand or notice and without liability for trespass or other damage in connection with the taking thereof. The exercise of any of the forgoing remedies shall not terminate this lease unless Lessor notifies Lessee thereof in writing.

d. Lessor may terminate this Lease. In the event Lessor terminates this lease by reason of Lessee’s breach, Lessor may recover from Lessee the value at the time of termination of the rent reserved for the balance of the rental term over the rent
Lessor is actually able to secure for the said equipment or, if Lessor is unable to re-rent said equipment for the balance of the rental over the reasonable rental value.

e. Lessor may pursue any other remedy at law or in equity and all such remedies are cumulative and may be exercised concurrently or separately.

In the event Lessor is required to take any action, to enforce any legal rights or provisions of this Lease or to secure payment for damages or loss of rents, including arbitration or other steps, Lessor shall be entitled to attorney fees and costs incurred by it, whether Lessee or Lessee’s insurer is ultimately responsible for the dispute or payment.

This lease agreement shall be deemed to have been made in Oceanside, California, irrespective of the order in which the signatures of the parties shall be affixed hereto, and shall be interpreted and the rights and liabilities of the parties here determines, in accordance with the laws of the State of California.

ENTIRE AGREEMENT: This contract expresses the entire agreement between the parties and any changes must be in writing. No person has any authority to make or has made any representation, warranty or agreement on behalf of either of the parties which is not specifically herein set forth, and this Lease is deemed not to have been executed in reliance upon any such representation, warranty or agreement. This Lease may not be modified except by instrument in writing signed by the parties.

________________________________________  ______________________
Lessee Signature                                           Date

________________________________________  ______________________
Lessor Signature                                           Date
Oceanside Community Television Service Corp., DBA. KOCT