

Pace Transportation Services

8788 Byron Commerce Drive

Byron Center, MI 49315

Phone: (616) 878-7900 Fax: (616) 878-7901 Toll Free: 877-730-7223

RENTAL AGREEMENT

LESSEE:

Name _____
Address _____
City, State, Zip _____
Owner _____
Phone: _____
Fax: _____

Date: _____
Lease #: _____
Billing Contact: _____
Customer Contact: _____
Tax Status: _____
Security Deposit: _____

Insurance Carrier: _____
Agent: _____
Expiration Date _____

Policy# _____
Ph/Fax _____
Scheduled or Blanket Policy _____

Delivery Location: 8788 Byron Commerce Dr. Byron Center, MI 49315

Return Location: 8788 Byron Commerce Dr. Byron Center, MI 49315

In witness whereof, the parties hereto have executed this Agreement, together with the Equipment Schedules, describing the equipment to be rented and the rental rate to be paid, which are incorporated herein by reference, **subject to the following standard terms and conditions including the Repair Standards/Normal Wear Guidelines.** All of which shall be binding upon the Lessee. The Equipment Schedule(s) will be attached once the equipment is assigned. This agreement may be amended from time to time to cover additional equipment, which shall be subject to all of the terms and conditions hereof. Lessee hereby acknowledges receipt at the time of execution of this Agreement of a true exact and fully completed copy. Lessee further acknowledges that the person signing this Agreement has the authority by the Lessee to enter into this Agreement.

In order to avoid the obligation for all sales/ use taxes, Lessee must provide exemption certificates acceptable to the appropriate jurisdictions. The Lessee promises to reimburse the Lessor for all sales and/or use tax in the event that said exemption is disallowed.

Lessee: _____
(Print Name)

Date _____

Authorized Signature _____

Date _____

(Owner, Partner, Officer, Member)

Lessor: Pace Transportation Services

By: _____

Date _____

STANDARD TERMS AND CONDITIONS

1. Lessee further agrees that if any payment of rent or other charge required hereunder is not paid promptly when due, Lessee shall pay in addition, at the option of the Lessor, interest on any such payment at 2% per month or if not permitted at the highest legally permitted rate from the due date of any such payment until payment is actually made in full. All payments or other sums payable hereunder shall be deemed unconditional obligations and shall be made without any abatement, reduction, or set-off of any nature, including any arising out of any present or future claims or demands that Lessee may have against Lessor or any of its assignees or the manufacturer of the equipment
2. As used in this lease the term "Rental Day" is a period of 24 hours, and the first rental day is any part of the first 24 hours following delivery of the equipment to Lessee or his agent hereunder.
3. Lessee agrees to keep and maintain or cause to be kept and maintained at no cost or expense to Lessor or Lessor's assignee, all of the equipment in first class working order, repair and appearance, in a freely licensable condition, and free of all liens, claims and encumbrances and make all required repairs to and replacements of work or broken parts, (including but not limited to tires), using only new manufacturer made or manufacturer-approved parts and replacements and providing all labor, materials, lubricants, parts and other supplies or items consumed by, or required in connection with the use of such equipment, not removing the original tires except for repair or replacement with like original tires. Lessee shall pay a prorated tire charge for usage in excess of normal wear and tear, as herein defined, based on the current tire market prices. All replacements or substitutions of parts of or in any of the equipment shall constitute accession thereto and shall become part of the equipment owned by the Lessor or its assignee. Lessee further agrees that, upon termination of this Lease by expiration, cancellation, or otherwise, Lessee shall return equipment to Lessor at a place determined by Lessor, at Lessee's cost and expense in the same condition and state of repairs as they were when delivered to Lessee hereunder, ordinary wear and tear excepted. In the event Lessee fails to return the equipment to Lessor in the same condition and state of repair as aforesaid Lessee shall pay to Lessor the actual or estimated cost of repairing the equipment as determined by Lessor, which determination shall be conclusive in order that the said equipment be put in the same condition and state of repair as they were delivered to Lessee hereunder, ordinary wear and tear excepted, Lessee hereby specifically indemnifies Lessor, and agrees to hold Lessor harmless, against all loss and damages Lessor may sustain or suffer because (a) the failure of Lessee to maintain the equipment as agreed and provided herein (b) the loss of or damage to the equipment or any thereof because of (i) fire, theft, (ii) collision, lightning, flood, windstorm, explosion or any other casualty, risk or peril whatsoever, (c) the death of, injury to, or damage to the property of any person as a result of, in whole or in part, the use or maintenance of the equipment or any thereof or during the term of this Lease, while in the custody, possession or control of Lessee or anyone claiming by through or under Lessee.
4. LESSEE HAS INSPECTED THE EQUIPMENT, ACKNOWLEDGES THE SAME TO BE IN GOOD CONDITION AND WORKING ORDER AND IN ACCORDANCE WITH ANY SPECIFICATIONS MADE A PART OF THIS LEASE, AND ACCEPTS THE SAME IN ITS PRESENT CONDITION. LESSOR MAKES NO WARRANTY OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY OR FITNESS WITH RESPECT TO THE EQUIPMENT, OR ANY THEREOF, COVERED BY THIS LEASE OR ITS SUITABILITY, DURABILITY, QUALITY, DESIGN, CONDITON, CAPACITY OR PERFORMANCE OF THE MATERIAL OR WORKMANSHIP THEREOF, OR ANY OTHER MATTER. LESSOR SHALL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR LOSS OF LESSEE'S PROFITS, DRIVER'S TIME, LOSS OF OR DAMAGE TO CARGO, LOSS OF BUSINESS OR ANY OTHER DAMAGES, DIRECT OR INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHERWISE CAUSED BY OR RESULTING DIRECTLY OR INDIRECTLY FROM LESSOR'S FAILURE TO COMPLY WITH THE TERMS AND PROVISIONS OF THIS LEASE, OR RESULTING FROM ANY INTERRUPTION OR CESATION FOR ANY REASON OF ANY LEASE OR SERVICE PROVIDED FOR HEREIN. LESSOR SHALL NOT BE BOUND BY ANY STATEMENTS, AGREEMENTS, OR REPRESENTATIONS NOT SPECIFICALLY SET OUT HEREIN, UNLESS THEY BE REDUCED TO WRITING AND SIGNED BY LESSOR.

5. The equipment shall at all times be the sole and exclusive property of the Lessor and Lessee shall have no right, title or interest in or to the equipment except the right to use the same upon the terms and conditions herein set forth. This transaction is a leasing and not a sale, conditional or otherwise, and the parties understand and agree that Lessee, or any person claiming under it, does not and will not acquire hereunder or by payment of any rental or any other charge, any right, title or interest in or to said equipment or any thereof, except the right to possess and use equipment so long, and only so long, as Lessee shall not be in default in performance hereof. The equipment shall remain personal property whether or not it shall become attached to any real property.
6. During the term of this Lease, Lessee shall comply and cause all other persons using the equipment to comply, with loading limitations provided by the Manufacturers of this Equipment and shall prevent excessive and undue impact and concentrated loading. Use of Equipment under this Lease is permitted only for commercial use in the ordinary conduct of Lessee's business. No Equipment shall be used for transportation of passengers. Lessee shall utilize this Equipment only for such uses, which will not damage it beyond reasonable wear and tear. Unprotected corrosive substances, explosive material, hazardous waste, hazardous products, high density, badly secured materials or bulk commodities which may corrode, oxidize, dent, puncture, contaminate or stain, or damage in any manner the interior or the exterior of this Equipment are prohibited from being used in it.
7. Lessee assumes all responsibility for, and promptly will pay when due, all taxes, assessments and other governmental charges of any nature, levied or assessed upon any and all of the equipment, including but not limited to all fees for taxes, bonds, permits, certificates and other assessments, including all sales use, and other taxes or tolls at any time imposed upon any and all equipment, or upon the leasing use or operation thereof, and will promptly pay or reimburse Lessor or Lessor's assignee for any such tax as, assessments, and other governmental charges levied or assessed against Lessor or Lessor's assignee arising out of its acquisition or ownership of any equipment or arising out of that use, operation or leasing thereof or the rentals, from or upon, or with respect to this agreement.
8. Anyone or more of the following events shall constitute an event of DEFAULT: (i) Lessee shall fail to make any payment of rent or other lease charge when due. (ii) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder, (iii) Any event, act or thing required of Lessee hereunder shall not be done and performed in the manner and at the time or times required by this Lease agreement, (iv) Any representation or warranty made by Lessee herein or in any document or certificate furnished heretofore or hereafter to Lessor in connection herewith or pursuant hereto shall prove to be incorrect at any time in any material respect. (v) Lessee shall become insolvent or make an assignment for the benefit of creditors or consent to the appointment of a trustee or a receiver; or a trustee or a receiver shall be appointed for Lessee or for a substantial part of its property without its consent, (vi) If Lessee is one or more natural persons, upon the death of anyone of such persons. (vii) If any proceeding in bankruptcy or insolvency be instituted by or against Lessee or if reorganization of Lessee is sought under any national or state bankruptcy act or if Lessee makes an attempt to sell, secret, convert or remove equipment or any part thereof, or if the equipment or any part thereof becomes subject to any levy by any officer or any public official, or if any writ or warrant shall be levied on the equipment or any part thereof.
9. Upon the occurrence of any event of default and at any time thereafter, Lessor may terminate this Lease, whereupon Lessee shall at Lessee's sole cost and expense assemble and return all equipment to a location or locations designated by Lessor, or Lessor may enter Lessee's premises or any other premises where the equipment may be found, forcibly if necessary, and take immediate possession of and remove the equipment without legal process, by summary proceedings, or otherwise. Lessee hereby releases and indemnifies Lessor from and against any claim or right or action for trespass or damages or for any other reason, caused by, or arising out of such entry, removal or repossession, whether for loss of profits, other alleged consequential damages, or for the restoration of damage to property caused by such taking or otherwise, Lessor may retake and retain equipment or any part thereof free of all rights of Lessee without any further liability or obligation to redeliver the same or any thereof to Lessee and without, to any extent, releasing Lessee from Lessee's covenants, obligations, and indemnities provided hereunder, including rents but not limited to rents and Lessee's obligation for the payment of the total rental, taxes, insurance and other costs and expenses provided for herein. In the event that 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 retaken equipment any other property, goods, or things of value belonging to 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 either (a) hold the same for Lessee or (b) place the same in public storage for the account of and at the expense of Lessee. Lessee further agrees that, in addition, Lessee shall, as liquidated damages for loss of a bargain and not as a penalty, forthwith pay to Lessor all of the rental, taxes, insurance and all other costs and expenses provided for herein, plus the replacement value of such equipment which has not been returned to, or repossessed by Lessor upon default or otherwise together with interest at 2% per month or, if not permitted at the highest legally permitted rate. Lessee further agrees that it shall be liable, as part of the Lease charges due hereunder, before or after any termination

hereof and whether or not so terminated, for all Lessor's costs and expenses including reasonable attorney's fees, and adjutor's fees) incurred by reason of the occurrence of any event of default and the exercise of the Lessor's remedies with respect thereto. No remedy referred to in this paragraph is intended to be exclusive, and each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor or anyone or more of such remedies, shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No expressed or implied waiver by Lessor of any event hereunder shall in any way be, or be construed to be, a waiver of any further subsequent event of default.

10. If rent and/or other charges hereby reserved as rent, or any other charge or sum which is required to be paid by Lessee shall remain unpaid on any day when the same ought to be paid by Lessee, Lessee hereby empowers any Clerk of Court, or attorney of any court of record to appear for Lessee in any and all actions which may be brought for rental and/or the charges, payments, costs and expenses required to be paid, or agreed to be paid by the Lessee and/or to sign for Lessee and agreement for entering in any competent court an amicable action or actions for the recovery of rent or other charges, costs or expenses, and in said suits or in said amicable action or actions to confess judgment against Lessee for all or any part of the rent or other costs or expenses specified in the Lease agreement then un-paid including, at Lessor's option, the rent for the entire unexpired balance of the term of the Lease, and/or other charges, payments, costs and expenses which are required to be paid or agreed to be paid by the Lessee, and for interest and costs together with reasonable attorney fees. Such authority shall not be exhausted by one exercise thereof, but judgment may be confessed as aforesaid from time to time as often as any of said rent and/or other charges reserved as rent shall fall due or be in arrears, and such powers may be exercised as well after the expiration of the original term and/or during any extension or renewal of this Lease period. In addition, Lessor shall have the right to enter judgment in replevin for immediate possession of the equipment. For this purpose Lessee hereby authorizes the Clerk of Court or any attorney of any court of record to appear for and to place judgment against Lessee in favor of Lessor in action of replevin instituted by Lessor to recover possession of the equipment for which this agreement shall be sufficient warrant. An affidavit made by Lessor or someone acting for Lessor, setting forth the facts necessary to authorize the entry of judgment shall be conclusive evidence of such facts. If a true copy of this Lease and of the truth of the copy such affidavit shall be sufficient evidence be filed in such action, it shall not be necessary to file the original as a warrant of attorney, any rule of court, custom or practice to the contrary notwithstanding. Lessee expressly agrees that any judgment, order or decree entered against him by or in any court or magistrate by virtue of the powers of attorney contained in this Lease, or otherwise, shall be final, and that he will not take an appeal, certiorari, writ of error, exception or objection to the same, or file a motion or rule to strike off or open or to stay execution of the same, and releases to Lessor, or its assignee and to any and all attorneys who may appear for Lessee, all errors in the said proceedings, and all liability therefore. Lessee expressly waives the benefits of all laws, now or hereafter enforced, exempting any leased property from distraint, levy or sale in any legal proceedings taken by the Lessor to enforce any right under the Lease. Lessee further waives the right of inquisition on any real estate that may be levied upon to collect any amount that may become due under the terms and conditions of this Lease, and does hereby voluntarily condemn the same, and authorizes the Clerk of Court to issue a writ of execution or other process, upon Lessee's voluntary condemnation, and further agrees that the said real estate may be sold on a writ of execution or other process. If proceedings shall be commenced by Lessor to recover possession, either at the end of the term or sooner termination of this Lease, or for nonpayment of rent, or any other reason, Lessee specifically waives the right to notice as required by statute. The right to enter judgment against Lessee and to enforce all of the other provisions of this Lease herein above provided for may, at the option of any assignee of the Lease, be exercised by any assignee of the Lessor's right, title and interest in the Lease, in his, her or their own name, notwithstanding the fact that any and all assignments of the said right, title and interest, may not be in accordance with any applicable statute or amendment which may have been or may hereafter be passed.
11. Lessee's obligations hereunder including but not limited to the obligation to pay rent, shall not terminate until all equipment has been returned to Lessor in accordance with this Lease and all unpaid rental and other charges including interest thereon, shall have been paid in full to Lessor. Lessor shall be entitled to take or retain, by way of off-set, against any or all amounts due and owing under this Lease as set forth herein, any assets, tangible or intangible, or Lessee which may be in the possession of Lessor, his correspondents or agents, whosoever situated. Lessee shall, at its own cost and expense at the expiration of the minimum term hereunder, or upon the termination of this Lease, by Lessor thereafter, deliver the equipment leased hereunder in proper manner to Lessor, freight and insurance prepaid, to any location specified by the Lessor within the continental United States in good operating condition as required by this Lease. In the event Lessee shall fail to so deliver the equipment at the expiration or termination of this Lease, Lessor may by notice to Lessee, determine the term, rental and all other conditions for which Lessee shall be liable for any period or periods commencing at the termination or expiration of the term and Lessee shall be deemed to have accepted said term, rent or conditions as of the expiration or termination date of this Lease.

12. Lessee further agrees to procure at Lessee's sole cost and expense, and deliver to Lessor, simultaneously with or prior to delivery to Lessee of the equipment to be leased hereunder, a policy, or policies, of insurance issued by a company, and in a form satisfactory to Lessor with premiums prepaid thereon, insuring the Lessee against the hazards specified in paragraph 3b(i), 3b(ii) to the extent of the full cash value of the equipment and against the other hazards specified in minimum amount of \$1,000,000.00 Combined Single Limit, personal injury and property liability, The policy('s), shall name Lessor as loss payee and/or additional insured as applicable and shall provide for at least 30 days written notice to Lessor before cancellation can be effected. It is understood that procurement of insurance by Lessee, as herein provided, or Lessee's failure to procure the same, shall not, and does not affect Lessee's covenants, obligations, and indemnities under this Lease, and the loss, damage to, or destruction of the equipment leased hereunder, or any thereof, shall not terminate this Lease, except to the extent and only to the extent that Lessor is actually compensated by insurance paid for by Lessee, as above provided, relieve Lessee of any of Lessee's liability hereunder. This shall include but not be limited to the liability of the Lessee for the payment of rent and other charges and the obligation of the Lessee to return the equipment as herein provided. In the event that Lessee shall fail to procure or maintain the insurance provided for herein, Lessor shall have the option, but not the obligation, to do so, at Lessee's expense and for the account of Lessee. Lessee is, and shall be and remain, a full insurer of the equipment, and Lessee hereby releases and waives any and all defenses available to a bailee by law, in the event of any accident or occurrence involving the equipment or any thereof furnished by Lessor to Lessee pursuant to this Lease. Lessee shall cause its agents and employees to notify Lessor as well as Lessee's insurance company, immediately by telephone and thereafter as soon as practicable to report to Lessor and Lessee's insurance company in writing, all information relevant thereto. Lessee, its agents and employees shall cooperate fully with Lessor and Lessee's insurance company in the investigation, prosecution and/or defense of any claim or suit and shall do nothing to impair or invalidate any applicable insurance coverage.
13. Lessor assumes all responsibility and expense for such licenses, registrations, titles and agrees that all certificates of title or registration applicable to the equipment leased hereunder shall be applied for, issued and maintained in the name of Lessor, as owner. Lessee assumes all responsibilities for permits and other certificates as may be required for lawful operation of the equipment, and Lessee agrees to pay, or reimburse Lessor for, all costs in relation thereto, in addition to the rental, taxes, insurance and other costs provided for elsewhere herein.
14. Lessee agrees to keep and maintain, plainly, distinctly, permanently and conspicuously, on such place or places on each item of equipment leased hereunder, as may be designated by Lessor, at all times during the term of this agreement, signs or other suitable identification giving the name of Lessor and containing appropriate words designated by Lessor indicating the status of Lessor and Lessor's assignee as owner of such equipment, with such changes and additions thereto as from time to time Lessor may deem necessary in order to protect the title and interest of Lessor or Lessor's assignee in such leased equipment, all in a manner satisfactory to Lessor, and Lessee agrees not to remove, obscure, deface or obliterate any such words nor suffer any other person to do so.
15. Lessee agrees not to remove any of the equipment from the continental United States and to comply with, perform and execute all laws, rules, regulations or orders of all state, federal or local governments or agencies which in any way affect or relate to, or are applicable to any of the equipment or to the use, operation, maintenance or storage thereof, and to indemnify, defend and hold harmless Lessor or Lessor's assignee from any and all fines, forfeitures, seizures, penalties and liabilities that may arise from any infringement or violation of any such law, rule, regulation or order by Lessee or his employees or by any other person, or that may result from the use, possession, operation or condition of any of the equipment. Lessee further agrees to indemnify, defend and save harmless Lessor and Lessor's assignee from any and all claims, liens, demands or liability whatsoever arising from any work done on, or any material supplied to or in connection with the operation, maintenance, possession or storage of any of the equipment and from all loss of or damage thereto and from and against all loss, damage, claims, penalties, liability and expenses, including attorney's fees, howsoever arising or incurred because of the storage, maintenance, use, handling, repair, loading, unloading or operation; or alleged use or operation, of any of the equipment. All of Lessee's indemnities and indemnification obligations contained in this Lease shall survive the expiration or termination of this Lease.
16. Lessee shall not have the right to assign this agreement or any interest therein, without the written consent of Lessor first having been obtained. Lessor's right, title and interest hereunder, including all monies due and to become due and all of Lessor's rights, powers, claims and remedies hereunder may be assigned by Lessor. In the event of such an assignment by Lessor, said assignment shall not impose any obligation on any such assignee to perform any of the obligations of Lessor hereunder. After notice by Lessor or any such assignee to Lessee of such assignment, this Lease shall not be amended or terminated or the terms hereof waived or modified without the prior written consent of such assignee, and thereafter Lessee agrees to pay to said assignee directly all sums due and to become due hereunder without set-off, counter-claim or any deduction whatsoever, notwithstanding the failure of Lessor to perform any of its obligations hereunder, the bankruptcy or insolvency of Lessor, or any

other matter of event which might otherwise relieve Lessee from the obligation to pay such amounts and all such payments shall be made at the time specified herein for the payment thereof, and shall be final, and Lessee shall have no right to recover from said assignee any part thereof. Any notice of any such assignment given by such assignee shall have the same legal effect as if given by Lessor. Lessee agrees not to attempt to sell, mortgage, encumber, pledge, hypothecate, sublet the equipment to any other person, firm, associate or corporation, nor to relinquish possession of the equipment.

17. Lessee shall not, without Lessor's prior written consent, make or suffer any changes, alterations, or improvements in or to the equipment, nor to remove there from any parts, accessories, attachments, or other items or equipment. Upon Lessor's request, Lessee will permit Lessor, or its representatives, to have access to the equipment at all reasonable times for the purpose of inspection and examination Lessee further agrees to reimburse Lessor, by prompt payment on demand, for such sums as Lessor may be required to pay to release, satisfy or otherwise discharge any lien encumbrance, charge or assessment which, unless paid, would have adversely affected the property rights of the Lessor and the equipment and for which Lessee is obligated hereunder. Nothing contained herein shall be deemed to permit, authorize, or empower Lessee to create, incur, assume or suffer to exist any liens or encumbrances on the equipment on account of repair, storage, or any other service or transaction whatsoever, notwithstanding any duty of Lessee to repair or maintain.
18. Without in any way limiting the obligations of Lessee under this Lease, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any leased equipment to Lessor, to demand and take possession of such equipment in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such item of equipment.
19. The failure of Lessor to insist upon the punctual performance of any of the covenants of Lessee hereunder, or the failure of Lessor to exercise any right or remedy available to Lessor under this agreement, or any failure of Lessor to require payment from or by Lessee, when due, of any sum owing hereunder, or any extension of credit or any forbearance on the part of Lessor, shall not constitute a waiver by Lessor of any subsequent default by Lessee hereunder. All demands for payment and performance, and all notices of non-payment or other default hereunder, are hereby waived by Lessee.
20. The Lessee hereby agrees that service of process may be made upon it in any action, suit or proceeding against the Lessee based upon this agreement or any agreement referred to herein (i) at the office of the Lessee (ii) at the office at 8788 Byron Commerce, Byron Center, MI 48315. The Lessor shall endeavor to give the Lessee, at its address set forth in the Lease Agreement, notice of each such service of process but the Lessee agrees that the failure of the Lessor to give such notice for any reason whatsoever shall not (a) be deemed to invalidate or impair the validity or effectiveness of any such service of process or (b) impair, discharge or diminish any of the Lessee's obligations or agreements hereunder. The Lessee further agrees that service of process as aforesaid upon either the Lessee or Pace Transportation Services shall be deemed in every respect service of process upon the Lessee in each such action, suit or proceeding and that final judgment against the Lessee in each such action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit or indebtedness arising from such judgment. The contract shall be construed under the laws of the State of Michigan and the parties hereto agree that any action relating to this contract shall be instituted and prosecuted in the Federal or State courts of Michigan and each party herein waived the right to change of venue.
21. Any notice, request, or demand given under this agreement, whether required or not, shall be deemed affectively given when mailed and sent by regular mail, postage prepaid, addressed to the party for whom intended at the address stated above, or at such other address as either party may hereafter designate for itself by similar notice, or when actually received if given in any other manner. This Agreement, together with all amendments, schedules and addenda, constitutes a single agreement and is not severable into separate contracts. This Agreement, together with all amendments, Schedules and Addenda, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings of the parties, but without prejudice to Lessor's rights with respect to any breach or default by Lessee under any such prior agreements, and shall be binding upon each party and their respective representatives, successors, and assigns. This Agreement may not be amended or altered in any manner except by a writing signed by duly authorized representative of Lessee and by the President or General Manager of Lessor. The parties hereto acknowledge and agree that only the President or General Manger of Lessor has either actual or apparent authority to agree any subsequent modification, waiver, or release of any term or obligation stated in this agreement.

22. THIS INSTRUMENT AND ANY ATTACHMENTS HERETO CONTAIN THE ENTIRE AGREEMENT BETWEEN THE PARTIES PERTAINING TO THE SUBJECT MATTER HEREOF. NO AGREEMENTS, REPRESENTATIONS, 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, CONDITIONS AND PROVISIONS OF THE AGREEMENT MAY HEREAFTER BE CHANGED, AMENDED, OR MODIFIED ONLY BY AN INSTRUMENT IN WRITING, SPECIFICALLY PURPORTING SO TO DO, AND SIGNED BY THE PARTIES TO BE BOUND THEREBY, ANY PROVISION OF THIS LEASE WHICH MAY BE PROHIBITED BY LAW SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION WITHOUT INVALIDATING THE REMAINING PROVISIONS HEREOF. LESSEE HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION RELATING TO THIS LEASE, AS WELL AS ANY REQUIREMENTS BY LAW, NOW OR HEREAFTER IN EFFECT, WHICH MIGHT LIMIT OR MODIFY ANY OF THE REMEDIES HEREIN PROVIDED, TO THE EXTENT THAT SUCH WAIVER IS PERMITTED BY LAW.
23. This Lease constitutes chattel paper under the Michigan Uniform Commercial Code. Lessee acknowledges and agrees that Lessor has the exclusive right to assign this Lease, without notice to Lessee, for collateral purposes to an institutional lender of Lessor's choosing, This Lease shall, at the option of Lessor or its lenders, be subject and subordinate to the lien of any security interest which may now or at any time hereafter affect each Vehicle or other equipment subject to this Lease and to any agreements at any time made modifying, supplementing, extending, or renewing such security agreement. If the lender to which this Lease has been assigned as collateral or any successor in interest shall succeed to the rights of the Lessor under this Lease, whether through possession, surrender, assignment, subletting, judicial or foreclosure action, or delivery of a title or otherwise, the Lessee will attorn to and recognize such successor-Lessor as the Lessee's Lessor and the successor-Lessor will accept such attornment and recognize the Lessee's rights of possession and use of the Vehicle and equipment subject to this Lease in accordance with the provisions of this Lease. This clause shall be self-operative and no further instrument of attornment or recognition shall be required. Lessee shall, upon request by the Lessor, execute and delivery any and all instruments that may be necessary or proper to affect such subordination or to confirm or evidence the same, and in the event Lessee shall fail to execute and deliver any such instrument, Lessor in addition to any other remedies may, as the agent or attorney-in-fact of Lessee, execute and deliver the same, and Lessee hereby irrevocably appoints Lessor as its agent and attorney-in-fact for such purposes. This Lease and all rights of Lessor hereunder have been assigned by Lessor as noted above, but Lessee will not be obligated to any assignee of Lessor except after written notice of such assignment from Lessor. LESSEE HEREBY WAIVES, RELINQUISHES AND DISCLAIMS AS TO ANY ASSIGNEE OR LESSOR ALL CLAIMS, RIGHTS OF SET-OFF AND DEFENSES LESSEE MAY HAVE AGAINST LESSOR, INCLUDING THE RIGHT TO WITHHOLD PAYMENT OF ANY MONIES WHICH MAY BECOME DUE HEREUNDER. LESSEE AGREES THAT LESSEE'S RIGHTS IN AND TO THE EQUIPMENT SHALL BE SUBJECT AND SUBORDINATE TO THE INTEREST AND RIGHTS, INCLUDING THE RIGHT OF POSSESSION, OR ANY SUCH ASSIGNEE OR HOLDER OF A SECURITY INTEREST IN THE EQUIPMENT OR CHATTEL PAPER.
24. Lessor may receive from and disclose to any individual, corporation, business trust, association, company, partnership, joint venture, or other entity (herein collectively, the "Entity"), including, without limiting the generality of the foregoing, Lessor's owners or any parent, affiliate or any subsidiary of Lessor and any credit reporting agency or other entity whether or not related to Lessor for any purpose, information about Lessee's accounts, credit application and credit experience with Lessor and Lessee authorized any Entity to release to Lessor any information related Lessee's accounts, credit experience and account information regarding the Lessee. This shall be continuing authorization for all present and future disclosures of Lessee's account information, credit application and credit experience on Lessee made by Lessor, or any Entity requested to release such information to Lessor.

RIDER

REPAIR STANDARDS / NORMAL WEAR GUIDELINES

Pace Transportation Services (“Pace”) is very concerned with damages and return charges. We strive to make the process smooth and problem free. Mutual understanding of what is expected of Lessee and Lessor is the key to maintaining a long lasting relationship. Driver Pre-Trip and Post-Trip Inspections including checking and maintaining proper oil or grease levels on axles, proper repairs and inflation of tires, and reefer inspections are the Lessee’s responsibility.

General Notes:

Any damage that the structural integrity of the Vehicle or which will endanger the safety of the load or personnel handling the trailer and load must be repaired promptly after being identified in inspections.

Sometimes a trailer is inadequately maintained while on lease or rent, or it is used in an environment or application for which it is not suited, and excessive damage or wear results. Examples of this include, but are not limited to, having a trailer on rent / lease and failing to check wheel and lube level resulting in an axle “burn up”, poor braking techniques or only using trailer brakes for slowing a Vehicle on a long downhill run resulting in a brake “burn up”, sever overloading resulting in permanent cross member deformation or trailer collapse, constantly carrying liquid soaked goods in the trailer resulting in floor and liner damage or carrying freight such as scrap metal in a standard trailer, resulting in excessive sidewall and liner damage. Costs associated with these situations are also considered Lessee damage and will be charged to the Lessee.

New Equipment:

Upon the pickup / delivery of any equipment newer than 36 months the equipment must be returned and or repaired to its original equipment manufacturers conditions with Pace’s discretion.

Lights:

Replacement of factory lighting, corroded wiring, and burnt out lights, where no damage is shown is normal wear and will be replaced by Pace. Broken lights must be replaced with like kind (i.e. An Led light must be replaced with an Led light).

Floors / Cross Member:

Minor gouges in the floor are acceptable and normal wear, however gouges ½” or more must be filled with crack filler or a floor restore kit. For gouges over ½” the floor board must be sectioned. Floorboards can be sectioned as long as the section covers a minimum of three cross members and the full width of the board. If floor needs multiple sections all adjacent seams must be staggered at least 1 cross members length. Metal plating is not acceptable.

Cross members can be straightened as long as the flange is not pulled away from the floor and it is not bent over 3/8”. Cross members that are pulled away from the floor, cut, torn, or deflected (bowed downward) more than 3/8” must be replaced. When replacing cross members, end clips must be welded and Mylar tape must be used between any dissimilar metals. Cross members can be sectioned over the slider rail (excluding the first front 2 which must always be replaced) if bent or bowed more than 3/8”, to a maximum of 6. When, more than 3 cross members in row are damaged, it will require all damaged cross members to be replaced.

Please note the above standards for floors and cross members are for trailers older than 36 months.

Aluminum Roof:

Roof patches are acceptable as long as the patch material does not exceed an area of 3' by 3' and are buck riveted with soft buck rivets. The damage area must be cut out and all cracks and edges stopped drilled. If the hole will require a patch larger than 3' square or there will be more than two patches in a 6' length of roof, the roof must be sectioned. A section must start from the front or rear on the trailer, be less than 50% of the length of the trailer, and only 2 sections per trailer. If these conditions cannot be met, the roof must be replaced. Only buck rivets will be accepted, no pull rivets of any kind.

Roof bows must be straight and not have any cuts. Any roof bow with cuts or twists must be replaced

Please note the above standards for aluminum roofs are for trailers older than 36 months.

Translucent Roof:

Roof patches are acceptable as long as the patch material does not exceed an area of 3' by 3' and Olympic fasteners are used. The damage area must be cut out and all cracks and edges stopped drilled. If the hole will require a patch larger than 3' square or there will be more than two patches in a 6' length of roof, the roof must be sectioned. A section must start from the front or rear on the trailer, be less than 50% of the length of the trailer, and only 2 sections per trailer. If these conditions cannot be met, the roof must be replaced (Soft Buck rivets on all road edges).

Roof bows must be straight and not have any cuts. Any roof bow with cuts or twists must be replaced

Please note the above standards for translucent roofs are for trailers older than 36 months.

Body Panels (Dry Vans):

Scratches that do not dent, cut, deflect, or bend a body panel will be accepted on the sides of the trailer.

Scratches or Scraps that dent or deflect, or cut into a body panel less than 25% of the thickness or more than a 1/8" deflection will be charged a fee to straighten, buff, and paint touchup of the damage.

Scratches or Scraps that cut more than 25% of the panel thickness or that cause more than a 1/8" deflection in the panel will need a patch / section / or complete panel depending on location and size of the damaged area.

Panel patches are allowed but must not exceed an area of 12" by 12" or 24" by 6". No panel is to have over 2 patches and a section is not considered a patch. The patch must be aligned with current rivets lines to produce a quality repair. Caulking or sealant should be put between the panel pieces prior to assembly; not bordering around the section after assembly. Only buck rivets will be accepted, no pull rivets of any kind. Any area that cannot be patched with 12" by 12" or 24" by 6" must have a panel section or panel replacement.

Holes in side panels exceeding an area of 12" by 12" or 24" by 6" must be repaired by sectioning the complete width of the panel and buck riveting with hard buck rivets. A section must start from the top or bottom of the panel, be less than 3' from the Top or Bottom of the panel, a maximum of 2 sections per panel. Caulking or sealant should be put between the panel pieces prior to assembly; not bordering around the section after assembly. Only buck rivets will be accepted, no pull rivets of any kind.

If patches or sectioning conditions cannot be met, the panel must be replaced.

Posts must be straightened to their original shape and be free of cuts, otherwise they must be replaced.

Body panel, post damage on trailers less than one year old may be required to be returned to like-new condition.

Please note the above standards for aluminum roofs are for trailers older than 36 months.

Top and Bottom Rails:

Rail sections are acceptable as long as the section starts from the front or rear of the trailer. Only one section per rail is allowed and must not exceed 60% of the rail length; sections on opposing rails or two rails on the same side are not allowed. If two rails are sectioned the section must be staggered at least 6'. All sections must be reinforced. Bottom rail reinforcements must be at least 4" x 1" x 1/8" angled stock iron extending three cross members on each side of the splice, with reinforcement above the floor line of 2" x 1/8" flat stock. Top rail reinforcements must be at least 3" x 3/16" flat stock aluminum extending 18" on each side of the splice. Reinforcement above and below.

Dents and bends in rails should be straightened. If the rail has been bent 1/2" or more in either direction it must also be reinforced. Reinforcements must be at least 4" x 1" x 1/8" Angled stock iron extending two cross members beyond each side of the damaged area. Mylar tape must be used between any dissimilar metals. Rail damage on trailers less than one year old may be required to be returned to like-new condition.

Please note the above standards for top and bottom rails are for trailers older than 36 months.

Door repairs:

Door molding must be repaired if it is cut, broken, if the door core is exposed, or if the door does not fully seal. Door molding can be sectioned as long as the door core is watertight and the splice fully seals when the door is closed.

Minor cuts less than 2" in the door skin can be sealed with white silapreme. Any damage where the door core is broken or is no longer water tight, necessitates door replacement. Outer lower door corner sections are allowed up to the first hinge at an 45 degree angle to the bottom of the door.

Please note the above standards for door repairs are for trailers older than 36 months.

Plywood and Scuff:

Plywood lining with holes or cuts larger than 4" or that expose a post must be replaced. The full sheet must be replaced with AC grade plywood. Small cuts and holes smaller than 4" where the post is not exposed is normal wear and is acceptable. Scuff must be full attached with no sharp or bent edges. Broken oak scuff must be replaced. Scuff may be sectioned with the same type of scuff as long as steel splices are welded and oak splices are butt jointed on a post.

Please note the above standards for plywood and scuff are for trailers older than 36 months.

Landing Gear:

Bent or damaged legs need to be replaced with the same type of leg. Minor bends in braces can be straightened, however braces that have a kink must be replaced. Wing and support plates that are welded from the factory must be welded to the cross members. Wing plates that are bolted from the factory must be bolted.

Please note the above standards for landing gear are for trailers older than 36 months.

Sub frame and Mud Flaps:

All suspension areas must be straightened or replaced as necessary to be in good working order. Sub frames that are damaged that would cause the structural integrity to be in question will need the sub frame replaced. Axles must be replaced if they are bent or have spindle damage or groves. Spindle replacement or repair will be reviewed based on trailer and damage. Worn bushings must be replaced.

Bent mud flap brackets must be straightened or replaced. Mud flaps with tears, cuts, holes, or cracks must be replaced with DOT approved flaps.

Please note the above standards for sub frame and mud flaps are for trailers older than 36 months.

Rear Under Ride Guards (ICC bumpers):

Minor bends may be straightened as long as the bend is not over 15 degrees and welded areas have not been damaged. Any other damaged pieces must be replaced. All replacement parts should be primed and painted to match. NOTE: On 1998 and newer trailers, all repairs and replacements must meet federal criteria including a decal showing such.

Please note the above standards for rear under guards are for trailers older than 36 months.

Decal Removal:

All customer decals including decal adhesive must be removed. All damage resulting from their removal should be repaired.

Tires:

Under Lessor maintained lease agreements, tires needing replacement due to normal wear are the responsibility of the Lessor. Tires should be replaced between 2/32" and 4/32" of tread remaining. Notify Lessor when tires are approaching 4/32" of tread remaining, to schedule for replacement tires. If tires are run below 2/32" of tread remaining, a fee to recover any damage to the casing may apply.

Under Lessee maintained lease agreements, tires needing replacement due to normal wear are the responsibility of Lessee. Tires should be replaced between 2/32" and 4/32" of tread remaining. If tires are run below 2/32" of tread remaining, a fee to recover any damage to the casing may apply.

Tires damaged due to driver neglect, low air pressure or road hazards are the responsibility of the Lessee. Replacement tires should be of the same quality, design, and tread depth to the tires at the initial outbound inspection. If a first line tire is replaced with a recapped tire, a fee to recover the casing value may apply.

Tire Wear/Brake Wear:

The Current rate is subject to change based on a semi-annual cost review

Brakes:

Under Lessor maintained lease agreements, relining of brake shoes, replacing hardware kits, greasing cams and slack adjusters, replacing worn out slack adjusters and brake chambers, replacing worn out cam shafts and cam bushing, wand worn brake drums is normal wear and are the responsibility of the Lessor. Notify Lessor when brakes are approaching (measurement of 2/8ths") of brake lining remaining to schedule a brake job. If brakes are run below 2/8ths" pad remaining, damage from exposed brake shoe rivets may occur, and a fee to recover damage to the brake drum may apply.

Under Lessee maintained lease agreements, relining of brake shoes, replacing hardware kits, greasing cams and slack adjusters, replacing worn out slack adjusters and brake chambers, replacing worn out cam shafts and cam bushing, wand worn brake drums is normal wear and are the responsibility of the Lessee. Replacement brakes should be of the same quality material and design to the brakes at the initial outbound inspection. Brakes should be replaced when there is between (measurements of 2/8ths and 3/8ths") of brake lining remaining. If brakes are run below 2/8ths" pad remaining, damage from exposed brake shoe rivets may occur, and a fee to recover damage to the brake drum may apply.

Revised date 01/01/18, all future revisions supersede all past versions.