

VEHICLE LEASE AGREEMENT

This Vehicle Lease Agreement (hereinafter referred to as "Agreement") is entered into this day, _____, ___ 20 *[Please Insert Date]* and shall remain in full force and effect through _____ *[Insert Date]* by and between

_____ *[Insert Name of Lessee]* ("Lessee"), of _____ *[Insert Address of Lessee]*, and

_____ *[Insert Name of Lessor]* ("Lessor"), of _____ *[Insert Address of Lessor]*, organized and existing under the laws of the State of _____ *[Insert State]*. Both parties collectively referred as the Parties and separately as the Party.

The following terms and conditions shall apply for the length of the lease:

1. RECITALS

WHEREAS, the Lessor is the registered owner of the Vehicle,

WHEREAS, the Lessor is desirous of leasing the Vehicle to the Lessee on such terms as are set out in this Agreement and the Lessee is desirous of leasing the Vehicle from the Lessor on said terms,

WHEREAS, this Agreement is a lease-only and Lessee will have no right, title, or interest in or to the Vehicle except for the use of the Vehicle as described in this Agreement,

WHEREAS, this Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership of the Vehicle,

NOW, THEREFORE, IT IS HEREBY AGREED as follows:

2. DESCRIPTION OF LEASED VEHICLE

The following vehicle ("the Vehicle") is the subject of this Lease Agreement: *[Insert the Following Description of Vehicle]*

TYPE:

COLOR:

YEAR:

MODEL:

MILEAGE:

LICENSE:

VIN:

INTENDED VEHICLE PURPOSE:

3. AMOUNT DUE AT LEASE SIGNING

Lessor and Lessee agree on the following amount due at lease signing, based on these terms:

1. A refundable security deposit shall be paid in the amount of \$ _____ *[Insert Amount]*.

The security deposit will be paid back to Lessee upon the Vehicle return.

4. LEASE COSTS AND FEES SUMMARY.

The Lessor and Lessee agree that at the end of the term of this lease the total cost of the lease will be \$ _____ *[Insert Amount]*, excluding any costs for repairing any excess wear and tear of the Vehicle. This total is based on the following provisions:

1. The full retail cost of the Vehicle is \$ _____ *[Insert Amount]*.
2. The Lessor and Lessee have negotiated and agree that the value of the Vehicle is \$ _____ *[Insert Amount]*.
3. A good faith estimate of the residual value of the Vehicle is \$ _____ *[Insert Amount]*.
4. The invoice price of the Vehicle minus net trade-in allowance, down payment, rebate, non-cash credit, or cash paid (net capitalized cost) is \$ _____ *[Insert Amount]*.
5. The amortized amount over the term of the Lease is \$ _____ *[Insert Amount]*.
6. The term of the Lease is for _____ *[Insert Number of Months]* months (the "Term").
7. The total base monthly depreciated payment is \$ _____ *[Insert Amount]*.
8. Lessor is charging a lease rate of _____ *[Insert Percentage]*%.
9. The financing fees total: \$ _____ *[Insert Amount]*.
10. The local sales tax on monthly payments is _____ *[Insert Percentage]*% per annum.
11. The monthly sales/use tax total is \$ _____ *[Insert Amount]*.

5. FORM OF PAYMENT.

The monthly payments are to be made on the _____ *[Insert Day of Month]* day of each month with the first payment due on the first payment day that occurs after the effective date of this lease. Payments may be made by personal check, cashier's check, money order, certified check, cash, or by any other means agreed upon by the Lessor and Lessee. Payments are to be paid to the Lessor at the address listed above, unless the parties agree that payment is to be submitted elsewhere.

6. SECURITY DEPOSIT.

The Lessee shall pay a security deposit of \$ _____ *[Insert Amount]* at the time that this Lease is signed. This deposit will be returned to the Lessee at the termination of the Lease, subject to the

option of the Lessor to apply it against Lease charges and damages. Any amounts refundable to the Lessee shall be paid at the time this Lease is terminated.

7. MILEAGE PERMITTED.

Lessee will be permitted to drive the Vehicle for unlimited miles per year.

8. GAP LIABILITY NOTICE.

In the event of theft or damage to the Vehicle that results in a total loss, there may be a gap between the amount due upon early termination and the proceeds of your insurance settlement and deductible. In case of the gap the Lessee is liable for the total amount of gap.

9. INSURANCE.

The Lessee must maintain Automobile Liability Insurance in the form of any applicable bodily injury and property damage coverage, and collision and comprehensive insurance, as required by [Insert State] state law. Proof of insurance or the insurance card must be provided to the Lessor upon request. The Lessee is responsible for insuring the Vehicle based on its full value. The Lessor will be named as the registered owner and as "Additional Insured" and loss payee in the insurance policy.

10. TAXES AND FEES.

During the term of this Lease, the Lessee shall pay all applicable taxes, assessments, and license and registration fees on the Vehicle.

11. END OF TERM LIABILITY.

(a) The residual value of the Vehicle is based on a reasonable, good faith estimate of the value of the vehicle at the end of the lease term. If the actual value of the vehicle at that time is greater than the residual value, Lessee will have no further liability under this lease, except for other charges already incurred. If the actual value of the Vehicle is less than the residual value, Lessee will be liable for any difference up to three (3) times the monthly payment. For any difference in excess of that amount, Lessee will only be liable if:

1. Excessive use or damage representing more than normal wear and use resulting in an unusually low value at the end of the term.
2. The matter is not otherwise resolved and Lessor wins a lawsuit against Lessee seeking a higher payment.
3. Lessee voluntarily agrees with Lessor after the end of the lease term to make a higher payment.

Should the Lessor bring a lawsuit against the Lessee, the Lessor must prove that the original estimate of the value of the leased property at the end of the lease term was reasonable and was made in good faith. For example, Lessor might prove that the actual was less than the original estimated value, although the original estimate was reasonable, because of an unanticipated decline in value for that type of vehicle. Lessor must also pay for attorney's fees.

(b) If Lessee disagrees with the value assigned to the vehicle, Lessee may obtain, at Lessee's own expense, from an independent third party agreeable to both parties, a professional appraisal of the value of the leased vehicle which could be realized at sale. The appraised value shall then be used as the actual value.

12. EARLY TERMINATION DISCLOSURE.

Lessee may have to pay a substantial charge if this lease is ended early. The charge may be up to several thousand dollars. The actual charge will depend on when the lease is terminated. The earlier the lease is ended, the greater this charge is likely to be.

13. EXCESSIVE WEAR AND USE.

Lessee may be charged for excessive wear based on Lessor's specifications and generally accepted standards for normal use. Excessive wear and tear includes, but is not limited to: damaged glass, damaged body panels, lights, fenders, paint, dysfunctional accessories, extremely worn tire tread, any damage to the interior, and any mechanical damage that interferes with the safe and lawful operation of the vehicle.

14. PURCHASE OPTION AT THE END OF LEASE TERM.

Lessee will not have the option to purchase the leased vehicle.

15. NOTICE.

All notices required or permitted under this Lease shall be deemed delivered when delivered in person or by mail, postage prepaid, addressed to the appropriate party at the address shown for that party at the beginning of this Lease.

16. ASSIGNMENT.

The Lessee shall not assign, transfer, or sublet any of its obligations, rights, or interest under this Agreement to any third party, whether an associated entity or not, whether in whole or in part without prior written consent of the Lessor.

17. TERMINATION.

If Lessee fails to pay any amount due under this agreement or to comply with any of the covenants contained in this Agreement, Lessor may terminate this agreement upon [Insert Number of days] days written notice and exercise any remedies under applicable law.

18. EVENT OF DEFAULT.

The Lessee will be in default if the Lessee fails to make a monthly payment on the due date, the Lessee has misrepresented personal or financial information, the vehicle is damaged or is beyond repair, the vehicle is not returned at the end of the lease term, Lessee fails to maintain vehicle insurance as required, or Lessee breaches any other term of this lease.

19. VEHICLE RETURN.

At the end of the lease the vehicle may be returned to the care of Lessor. Lessee shall pay any applicable end-of-lease costs.

20. COSTS, EXPENSES, FEES, AND CHARGES.

Lessee agrees to pay all fines, tickets, or penalties incurred in connection with the operation of the vehicle during the term of this agreement.

21. MAINTENANCE.

Lessee agrees, at its expense, to maintain the vehicle in good condition, repair maintenance and running order and in accordance with all manufacturers and warranty requirements. Lessee shall be responsible for all expenses that shall result as a part of the normal wear and tear of the automobile. Lessee also agrees to comply with the Lessor's requirements of maintenance of the vehicle such as, but not limited to, tire rotation and replacement, replacement of the air filter, replacements of hoses, clamps, belts, spark plugs, and oil changes.

22. SEVERABILITY.

If a court holds any provision of this Agreement to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect and the parties will amend this Agreement to give effect to the stricken clause to the maximum extent possible.

23. RISK OF LOSS.

Lessee assumes and agrees to bear the entire risk of loss of, theft of, damage to or destruction of the Vehicle from any cause whatsoever. In the event of such occurrence to a vehicle, Lessee shall give Lessor prompt notice of the occurrence and thereafter will place the Vehicle in good repair, condition and working order.

24. ACCEPTABLE DRIVERS, LIMITATIONS, and MODIFICATIONS TO THE VEHICLE.

The Vehicle is not to be operated by drivers without an appropriate license or those restricted under the insurance policy. Lessee agrees that it will not permit the Vehicle to be located in a state other than the state in which Vehicle is then titled for any continuous period of time that would require such vehicle to become subject to the titling and/or registration laws of such other state. Using the Vehicle on trips of less than sixty (60) days within continental North America is permitted. Any exceptions can only be made upon Lessor's prior written consent. Any modifications or cosmetic additions to the Vehicle are not permitted without the Lessor's prior written consent.

25. WAIVER.

The failure of either party to enforce any provision of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this lease.

26. WARRANTIES.

The Vehicle herein is in an "as is" condition and Lessor has not made, and does not hereby make, any representation, warranty or covenant expressed or implied with respect to the condition, quality, durability, capability, or suitability of the Vehicle or against any patent or latent defects therein.

27. EARLY TERMINATION.

There is no cancellation period before the end of the term of this vehicle lease. This lease may only be terminated with the agreement of the Lessor or upon proven and valid legal cause.

28. INSPECTION.

Lessor and Lessee acknowledge that the Vehicle has been inspected and the Lessee accepts the Vehicle as being in good condition, not including manufacturer's defects.

29. ENTIRE AGREEMENT AND MODIFICATION.

This Lease constitutes the entire agreement between the parties. No modification or amendment of this Lease shall be effective unless in writing and signed by both parties.

30. INDEMNIFICATION.

Lessee agrees to indemnify and hold harmless the Lessor from any loss; shall keep the Vehicle free from encumbrances, fines, liens, claims and expenses resulting from the maintenance and use of the vehicle.

31. ARBITRATION.

Any controversy or claim relating to this Lease, including the construction or application of this lease, will be settled by binding arbitration under the rules of the American Arbitration Association, or similar dispute resolution service, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

32. GOVERNING LAW.

This Lease shall be construed in accordance with the laws of _____ *[Insert State]*.

33. SIGNATORIES.

This Agreement shall be executed by *[Insert Name of Lessee]* and by *[Insert Name of Lessor]*. This Agreement shall be effective as of the date mentioned above:

LESSEE:

By: _____
[Insert Name of Lessee]

Date: _____

LESSOR:

By: _____
[Insert Name of Lessor]

Date: _____