

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2012 OCT 25 P 4: 51

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ARIZONA CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
INSTALL A WATER LINE FROM THE WELL ON
TIEMANN TO WELL NO. 1 ON TOWERS

DOCKET NO. W-04254A-12-0204

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING TO
PURCHASE THE WELL NO. 4 SITE AND THE
COMPANY VEHICLE

DOCKET NO. W-04254A-12-0205

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF FINANCING FOR AN
8,000 GALLON HYDRO-PNEUMATIC TANK

DOCKET NO. W-04254A-12-0206

IN THE MATTER OF THE RATE APPLICATION
OF MONTEZUMA RIMROCK WATER COMPANY,
LLC.

DOCKET NO. W-04254A-12-0207

Insufficiency Submittals & Amendments

Montezuma Rimrock Water Company LLC hereby submits the insufficiencies and amendments to its Rate Case Application.

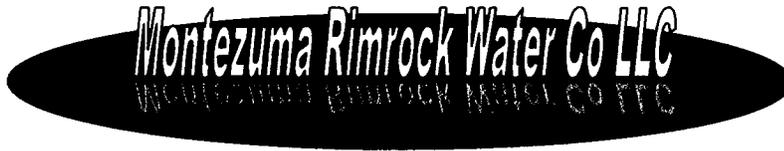
Patricia D. Olsen

Arizona Corporation Commission

DOCKETED

OCT 25 2012





P.O. Box 10
Rimrock, AZ 86335
928-592-9211

October 20, 2012

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona

Attached are the Statements in Support of Rate Request, Current and Proposed Rates and Charges, and the Narrative Description of Application for Rate Adjustment. These attached notices were mailed via First Class U.S. Mail on October 12, 2012.

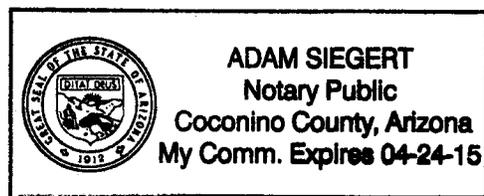

Patricia D. Olsen, Manager

DATED the 20th day of October, 2012

SUBSCRIBED AND SWORN to before me on this 20th day of October, 2012


NOTARY PUBLIC

My Commission Expires 04/24/15



Company Name:
Montezuma Rimrock Water Company LLC

Test Year Ended: 2011

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: Residential Commercial Industrial

Irrigation All Other, specify _____

CURRENT RATES

PROPOSED RATES

MINIMUM OR SERVICE CHARGES	\$ GALLONS		\$ GALLONS	
	5/8" x 3/4" Meter	27.25	for 0	57.25
3/4" Meter	40.88	for 0	70.88	for 0
1" Meter	68.13	for 0	98.13	for 0
1-1/2" Meter	136.25	for 0	166.25	for 0
2" Meter	218.00	for 0	238.00	for 0
3" Meter	436.00	for 0	466.00	for 0
4" Meter	681.00	for 0	711.00	for 0
6" Meter	1362.50	for 0	1392.50	for 0

GALLONS IN EXCESS OF MINIMUM
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)
First Tier
Second Tier
Third Tier
FLAT RATE

Current Rates

Proposed Rates

Rate	Gallons	Rate	Gallons
\$ 1.50	Up to 4000__	\$ 2.00	Up to 4000__
\$ 2.50	4001 to 10000__	\$ 3.00	4001 to 10000__
\$ 4.00	Over _10000__	\$ 4.50	Over _10000__
\$	Per Month	\$	Per Month

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

Efforts made to encourage conservation of water through the proposed rate design or through other means

Please explain:

MRWC has a public service announcement which periodically airs on the local radio station and a conservation sign located at Kramer Dr. and Beaver Creek Road in Rimrock.

Other factors

Please explain:

Per Decision 71317, MRWC was required to submit a Rate Case Application to ACC by May 31, 2012.

Attach additional pages as necessary.

Other factors – JD Legal Surcharge

Please explain:

Addition of Legal Fees Surcharge to customers. MRWC is requesting a surcharge designated JD Legal Surcharge. MRWC seeks a legal fee surcharge for cost recovery pertaining to legal fees due to John Dougherty and his intervention since January, 2010. MRWC has incurred legal fees in order to protect itself from John Dougherty and his threat, "I make no bones about attacking their company. I want it to be shut down." John Dougherty has harassed, made false allegations, and filed charges against MRWC in order to prevent it from moving forward in the construction of its arsenic treatment system and the ability to provide an alternative source of water. John Dougherty has consistently abused regulatory agencies in efforts to destroy a Hispanic woman owned business. Total legal fees with respect to the intervention of John Dougherty amounts to \$47298.09 over a three year period. MRWC is seeking a surcharge of \$6.57 per month per customer for legal fees. Included on the following pages are the invoices and statements with respect to the legal fees incurred.

LEASE AGREEMENT

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST. PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800		Lease Number >
Full Legal Name and Place of Business of Lessee > MONTEZUMA RIMROCK WATER COMPANY LLC > PO BOX 10 > RIMROCK, AZ 86335		Place of incorporation or organization or, if an individual, location of principal residence. > ARIZONA
Quantity	Description, Model #, Catalog #, Serial #, or other Identification	
Equipment Leased	> 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET	
Equipment Location if Different	> 4599 E. GOLDMINE RD., RIMROCK, AZ 86335	
Terms	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 342.09	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Other Specify:
	Terms of Lease > 36	No. of Payments > 36
		Advanced Payment/Security Deposit > \$ 734.46

TERMS AND CONDITIONS OF LEASE

1. **LEASE.** Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the "Equipment").

2. **ACCEPTANCE OF EQUIPMENT.** Lessee agrees to inspect the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Lessee's notice, as provided by Lessor, after the Equipment has been delivered and after Lessee is satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.

3. **DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES.** THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.

4. **ASSIGNMENT BY LESSEE PROHIBITED.** WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

5. **COMMENCEMENT; RENTAL PAYMENTS; INTERIM RENTALS.** This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified, Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

6. **CHOICE OF LAW.** This Lease shall not be effective until signed by Lessor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.

7. **SECURITY DEPOSIT.** As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section shown as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

8. **LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend the terms of the Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

9. **LOCATION.** The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.

10. **USE.** Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.

11. **OWNERSHIP; PERSONALTY.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation () partnership () individual (); (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: NILE RIVER LEASING, L.L.C.

Date: 3/22/12

Date: 3/23/12

12. SURRENDER. By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase same unless said option is incorporated herein by an attached Rider. Upon the expiration or earlier termination or cancellation of this Lease, or in the event of a default under Paragraph 20 hereof, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify.

13. RENEWAL. As the expiration of the Lease, Lessee shall return the Equipment in accordance with Paragraph 12 hereof. At Lessor's option, this Lease may be continued on a month-to-month basis until 30 days after Lessee returns the Equipment to Lessor. In the event the Lease is so continued, Lessee shall pay to Lessor rentals in the same periodic amounts as is indicated under the section entitled Amount of Each Payment above.

14. LOSS AND DAMAGE. Lessee shall at all times after signing the Lease bear the entire risk loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay rent or to comply with any other obligation under this Lease, in the event of damage to any part of the Equipment, Lessee shall immediately place the same in good repair as Lessee's expense. If Lessor determines that any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall, at Lessee's option, do one of the following: (a) Replace the same with like equipment in good repair, acceptable to Lessor; or (b) Pay Lessor in cash the following: (i) all amounts due by Lessee to Lessor under this Lease up to the date of the loss; (ii) the accelerated balance of the total amounts due for the remaining term of this Lease attributable to said item; discounted to present value at a discount rate of 6% as of the date of loss; and (iii) the Lessor's estimate as of the time the Lease was entered into of Lessor's residual interest in the Equipment, discounted to present value at a discount rate of 6%, as of the date of loss. Upon Lessor's receipt of payment as set forth above, Lessee shall be entitled to receive title to the Equipment without any warranties. If insurance proceeds are used to fully comply with this subparagraph, the balance of any such proceeds shall go to Lessee to compensate for loss of use of the Equipment for the remaining term of the Lease.

15. INSURANCE; LIENS; TAXES. Lessee shall provide and maintain insurance against loss, theft, damage, or destruction of the Equipment in an amount not less than the full replacement value of the Equipment, with loss payable to the Lessor. Lessee also shall provide and maintain comprehensive general all-risk liability insurance, including but not limited to product liability coverage, insuring Lessor and Lessee, with a severability of interest endorsement, or its equivalent, against any and all loss or liability for all damages, either to persons or property or otherwise, which might result in or happen in connection with the condition, use, or operation of the Equipment, with such limits and an insurer satisfactory to Lessor. Each policy shall expressly provide that said insurance as to Lessor and its assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be canceled without 30 days prior written notice to Lessor. As to each policy Lessee shall furnish to Lessor a certificate of insurance from the insurer, which certificate shall evidence the insurance coverage required by the paragraph Lessor shall have no obligation to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit, if Lessee fails to provide the insurance, Lessor will have the right, but no obligation, to have such insurance protecting Lessor and at Lessee's expense. Such placement will result in an increase in Lessee's periodic payments, the increase being attributed to Lessor's costs of obtaining such insurance and any customary charges or fees of Lessor's or its designee associated with such insurance.

Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances. Lessee shall pay all charges and taxes (local, state, and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment; excluding, however, all taxes on or measured by Lessor's net income. If Lessee fails to pay said charges or taxes, Lessor shall have the right, but shall not be obligated, to pay such charges or taxes. In that event, Lessor shall notify Lessee of such payment and Lessee shall repay to Lessor the cost thereof within 15 days after such notice is mailed to Lessee.

16. INDEMNITY. Lessee shall indemnify Lessor against any claims, actions, damages or liabilities, including all attorney fees incurred out of or connected with the Equipment, without limitation. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee waives any immunity Lessee may have under any industrial insurance act, with regard to indemnification of Lessor.

17. ASSIGNMENT BY LESSOR. Any assignee of Lessor shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize and hereby consents to any assignment of the Lease by Lessor, and shall not assert against the assignee any defense, counterclaim, or setoff that Lessee may have against Lessor. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, devisees, personal representatives, survivors, successors in interest, and assigns of the parties hereto.

18. SERVICE CHARGES; INTEREST. If Lessee shall fail to make any payment required by the Lease within 10 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due per month, minimum 25.00 for each month that the payment remains delinquent. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges and travel expenses. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 24% per annum.

19. TIME OF ESSENCE. Time is of the essence of the Lease, and the provision shall not be impliedly waived by the acceptance on occasion of late or defective performance.

20. DEFAULT. Lessee shall be in default if: (a) Lessee shall fail to make any payment due under the terms of this Lease for a period of 10 days from the due date thereof; or (b) Lessee shall fail to observe, keep or perform any other provision of the Lease, and such failure shall continue for a period of 10 days; or (c) Lessee has made any misleading or false statement in connection with application for or performance of the Lease; or (d) The Equipment or any part thereof shall be subject to any lien, levy, seizure, assignment, transfer, bulk transfer encumbrance, application, attachment, execution, sublease, or sale without prior written consent of Lessor, or if Lessee shall abandon the Equipment or permit any other entity or person to use the Equipment without the prior written consent of Lessor; or (e) Lessee dies or ceases to exist; or (f) Lessee defaults on any other agreement it has with Lessor; or (g) Any guarantor of the Lease defaults on any obligation to Lessor; or any to the above listed events of default occur with respect to any guarantor or any such guarantor files or has filed against it a petition under the bankruptcy laws.

21. REMEDIES. If Lessee is in default, Lessor, with or without notice to Lessee, shall have the right to exercise any one or more of the following remedies, concurrently or separately, and without any election of remedies being deemed to have been made: (a) Lessor may enter upon Lessee's premises and, without any court order or other process of law, may repossess and remove the Equipment, or render the Equipment unusable without removal, either with or without notice to Lessee. Lessee hereby waives any trespass or right of action for damages by reason of such entry, removal or disabling. Any such repossession shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing; (b) Lessor may require Lessee, at its expense, to return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify; (c) Lessor may cancel or terminate this Lease and may retain any and all prior payments paid by Lessee; (d) Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee; (e) Lessor may re-lease the Equipment, without notice to Lessee, to any third party, upon such terms and conditions as Lessor alone shall determine, or may sell the Equipment, without notice to Lessee, at private or public sale, at which sale Lessor may be the purchaser with respect to any exercise of Lessor of its right to recover and/or dispose of any Equipment or other collateral securing Lessee's obligations under this Lease, Lessee acknowledges and agrees as follows: (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the Equipment or any other collateral for disposition, (ii) Lessor may comply with any applicable state or federal law requirements in connection with any disposition of the Equipment or other collateral, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any disposition of such Equipment and/or other collateral; (f) Lessor may sue for and recover from Lessee the sum of all unpaid rents and other payments due under the Lease then accrued, all accelerated future payments due under the Lease, reduced to their present value using a discount rate of 6%, as of the date of default, plus Lessor's estimate at the time the Lessee was entered into of Lessor's residual interest in the Equipment, reduced to present value at a discount rate of 6%, as of the date of default, less the net proceeds of disposition, if any, of the Equipment; (g) To pursue any other remedy available at law, by statute or equity.

No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time. No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right or remedy.

22. MULTIPLE LESSEES. Lessor may, with the consent of any one of the Lessees hereunder, modify, extend, or change any of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under the Lease.

23. EXPENSE OF ENFORCEMENT. In the event of any legal action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level, including action in bankruptcy court on appeal or review, or incurred without action, suits or proceedings, together with all costs and expenses incurred in pursuit thereof.

24. ENTIRE AGREEMENT; NO ORAL MODIFICATIONS; NO WAIVER. This instrument constitutes the entire agreement between Lessor and Lessee. No provision of the Lease shall be modified or rescinded unless in writing signed by a representative of Lessor. Waiver by Lessor of any provision hereof in one instance shall not constitute waiver as to any other instance.

25. SEVERABILITY. This Lease is intended to constitute a valid and enforceable legal instrument, and no provision of this Lease that may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect.

CERTIFICATE OF AUTHORITY

The undersigned, being the duly elected MEMBER of the Company named in the foregoing Lease, hereby certifies that: (a) PATRICIA D. OLSEN, in his/her capacity as MANAGING MEMBER of the Company, is authorized by the Bylaws or other organizational documents of the Company, or by a resolution duly adopted or other authorization properly given by the Board of Directors, the Managers, the Managing Member(s) or the Managing Partner(s) of the Company, as applicable, in accordance with the Bylaws or other organizational documents of the Company, to negotiate execute and deliver on behalf and in the name of this Company, the Commercial Lease, (b) that such authorization has not been revoked and continues in full force and effect, (c) that the execution of such documents by such officer shall be conclusive evidence of his/her approval thereof and (d) this Lease and such other documents constitute legal and binding obligations of the Company. IN WITNESS WHEREOF, I have affixed my name as MEMBER of the Company on the date set forth below.

Printed Name
>PATRICIA D. OLSEN

Date
3/22/12

DELIVERY AND ACCEPTANCE CERTIFICATE

Re: MONTEZUMA RIMROCK WATER COMPANY LLC

Lease No.:

To Lessor: NILE RIVER LEASING, L.L.C.

All of the items referred to in the above-referenced Lease have been delivered to and have been received by the undersigned. All installation or other work necessary prior to the use thereof has been completed. Said equipment has been examined and/or tested and is in good operating order and condition, and is in all respects satisfactory to the undersigned and is as represented. Said equipment has been accepted by the undersigned and complies with all terms of the Lease.

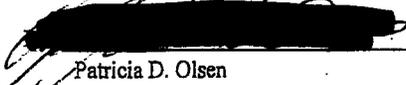
In the future, even if the equipment fails to perform as expected or represented, we will continue to honor the above-referenced Lease by continuing to make our periodic payments in the normal course of business, and we will look solely to the seller or manufacturer for the performance of all covenants and warranties. In addition, we agree to indemnify and hold harmless and defend the Lessor from such nonperformance of all the aforementioned equipment.

We acknowledge the Lessor is neither the manufacturer, distributor, or seller of all the equipment and has no control, knowledge, or familiarity with the conditioning, capacity, functioning, or other characteristics of the equipment.

NOTICE TO THE LESSEE: DO NOT SIGN THIS ACCEPTANCE UNTIL THE EQUIPMENT HAS BEEN DELIVERED, ASSEMBLED, INSTALLED AND ACCEPTED BY YOU AS SATISFACTORY IN ALL RESPECTS. PAYMENT TO THE SUPPLIER WILL NOT BE MADE UNTIL THIS NOTICE IS SIGNED AND RETURNED TO THE LESSOR.

EQUIPMENT: 1 - ARSENIC BUILDING PLANT - BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC



Patricia D. Olsen

Title: MANAGING MEMBER

Date:

5/10/2012

PHONE # (928) 592-9211 CELL # (928) 300-3291

EMAIL: Patsy @ MontezumaWater.com

I hereby authorize _____ (title) to verbally verify my/our acceptance of the above-referenced equipment in my absence.

PHONE # () _____

LEASE AGREEMENT

For internal use only.
This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

LEASE #: 796680.001

LESSEE
MONTEZUMA RIMROCK WATER COMPANY LLC
BILLING ADDRESS:
PO BOX 10
RIMROCK, AZ 86335
COUNTY: YAVAPAI

VENDOR/SUPPLIER
KEVLOR DESIGN GROUP, LLC
430 FITZGERALD PLACE
ATLANTA, GA 30349

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed) new used

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.
ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

Lease Term (Months)	Number of Payments	Amount of Each Lease Payment			Number Prepayment(s)	Administrative Fee	Security Deposit	Initial Amount Due	Option Price/ Guaranteed Purchase
		Rental	Tax	Total Payment					
60	60	\$1,058.18	\$77.78	\$1,135.96	2	\$420.00	\$0.00	\$2,691.92	\$1.00

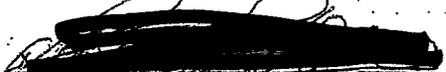
Payment Due Date 1st 15th Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice.

THIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

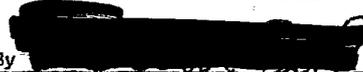
THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSOR: FINANCIAL PACIFIC LEASING, LLC



PATRICIA D. OLSEN, MEMBER AND INDIVIDUALLY



By
(Signature Only)

5/2/2012

(Date)



(Title)

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

2. **LESSEE REPRESENTATIONS.** Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.

3. **STATUTORY FINANCE LEASE.** Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance Lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. **ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT.** LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.

6. **APPLICABLE LAW AND VENUE.** ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.

6. **NO WARRANTY.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to: Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

7. **TERM.** The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the Inspection/Verification Certificate.

8. **END OF TERM OPTIONS.** If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation or warranty whatsoever.

9. **LEASE PAYMENT; SECURITY DEPOSIT.** The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lessee shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lessee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.

10. **LATE CHARGES AND COLLECTION CHARGES.** A late charge of 10% of the total monthly lease payment, or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Lessee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.

11. **LOCATION AND USE OF EQUIPMENT.** Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

12. **SURRENDER OF EQUIPMENT.** At the expiration of the term of this lease, or upon demand by Lessor pursuant to Paragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lessee at its expense shall return the Equipment in proper working order, condition and repair by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. **WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.**

13. **NOTICES.** Services of all notices under this agreement shall be sufficient if given personally or mailed to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4568, Federal Way, WA 98063; or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

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Intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any part thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same with like property of the same or greater value; provided, however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments, and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease payments herein provided.

15. INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify, including liability insurance, with limits not less than \$500,000 unless Lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days' prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fail to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fail to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement.

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

a) An event of default shall occur if:

- (1) Lessee fails to pay any Lease installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fail to perform or observe any covenant, condition or obligation to be performed or observed by it hereunder and such failure continues uncured for fifteen (15) days;
- (3) Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a suit for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or subject the Equipment or any item thereof without first obtaining Lessor's consent;
- (7) Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the Lessor.

b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:

- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
- (2) Cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (i) Retain the Equipment and all lease payments made hereunder, or
 - (ii) Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less 10% to cover Lessor's internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment; reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

paid to whosoever may be lawfully entitled to receive the same; or

(iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or

(iv) Lease the Equipment for any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lessee to Lessor hereunder, with Lessee remaining responsible for any deficiency. It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.

(3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided; but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's failure to demand punctual performance or any obligation of Lessee shall not be deemed a waiver (A) of any such right or remedy, or (B) the requirement of punctual performance; or (C) of any subsequent breach or default on the part of Lessee.

19. **ATTORNEY'S FEES AND EXPENSE.** In the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorney's fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.

20. **OPERATION, MAINTENANCE AND REPAIR.** Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment to proper working condition, using as a guide the maintenance program described in the owner's manual, if any; for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.

21. **TAXES.** Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale, possession or use thereof, whether the same be assessed to Lessor or Lessee, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination, in the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment; if the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.

22. **LESSOR'S ASSIGNMENT.** Lessor may assign all or any of Lessor's other rights hereunder. After each assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lease. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.

23. **TITLE; LESSEE'S INTEREST; GRANT OF SECURITY INTEREST.** The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable therefrom by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided. In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the Leased Property and all proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to, Lessee's obligations under this Lease and under any other agreement with Lessor.

24. **LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY.** In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee; this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

25. **FINANCIAL STATEMENTS; CREDIT REPORTS.** Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.

26. **MISCELLANEOUS.** Lessee will not change or remove any insignia or lettering on the Equipment and shall conspicuously identify each item of the Equipment by suitable lettering thereto to indicate Lessor's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessees, modify, extend, or change any one of the terms hereof without consent or knowledge of the others; without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lease.