

AUDIO IMAGES SOUND AND LIGHTING, INC.
STANDARD TERMS AND CONDITIONS

These terms and conditions shall apply to all leases and rental agreements regardless of the duration of the term or whether the agreement is reduced to a writing or not (the "Agreement") entered into between Audio Images Sound and Lighting, Inc. ("Audio Images") and any person or entity ("Client"). In addition, these terms and conditions shall apply to the possession or use of Audio Images' equipment by Client. Audio Images' equipment includes, but is not limited to, any: speakers, amplifiers, mixing consoles, microphones, lights, lighting systems, lighting consoles, video systems, musical instruments and associated accessories, disc jockey equipment, crowd control barricades, bike racks, power generators, stages, and roofs (the "Equipment").

1. **PAYMENT.** All payments are to be paid within the agreed upon terms or as set forth on any specific invoice. All payments shall be made to Audio Images at its address, PO BOX 1453 BATAVIA NY 14021 OR 2 Treadeasy Ave., Batavia, New York, 14020 or at such other place as Audio Images may designate in writing. Whenever any payment (of rent or otherwise) is not made when due, Client shall pay interest on such amount at the rate of one and a half percent (1.5%) per month from the date such payment was due to the date of payment to Audio Images.
2. **DELIVERY AND INSTALLATION.** Unless otherwise agreed to in writing, Audio Images will deliver and the Client will install the Equipment at Client's place of business and/or choice of venue (the "Delivery Location"). Client agrees to indemnify and hold Audio Images harmless pursuant to the terms of paragraph 7 of these standard terms for any liability stemming from Client's installation of the Equipment. The Client shall not move or transfer the Equipment from the Delivery Location without the written consent of Audio Images, which shall not be unreasonably withheld or delayed.
3. **TITLE.** Notwithstanding delivery and installation, Audio Images shall at all times retain title to the Equipment. All documents of title and evidences of delivery shall remain with Audio Images. Client shall not change any insignia or lettering which is on the Equipment at the time of delivery thereof, or which is thereafter placed thereon, indicating Audio Images' ownership thereof; and at any time during the term of the Agreement or during Client's possession or use of Audio Images' Equipment, upon request of Audio Images, Client shall affix to the Equipment, in a prominent place, labels, plates or other markings supplied by Audio Images stating that the equipment is owned by Audio Images. Client shall, at its expense, protect and defend Audio Images' title against all persons claiming against or through Client, at all times keeping the Equipment free from any legal process or encumbrances whatsoever, including but not limited to liens, attachments, levies and executions and shall give Audio Images immediate written notice thereof and

shall indemnify Audio Images from any loss caused thereby. Client and any guarantor, (“the Guarantor”) shall execute, file, refile and deliver to Audio Images, upon Audio Images’ request, such further instruments and assurances as Audio Images deems reasonable or advisable for the confirmation or perfection of Audio Images’ rights hereunder including but not limited to UCC-1 financing statements. Client shall also assist Audio Images in obtaining a statement and waiver from Client’s landlord that the Equipment constitutes Audio Images’ personal property and shall not become fixtures or property of the landlord. Without limiting the foregoing, Client and Guarantor hereby specifically authorizes and irrevocably appoints Audio Images and its successors in interest as attorney-in-fact for Client and Guarantor, to execute, deliver and file such instruments, including but not limited UCC-1 financing statements, for and on behalf of Client.

4. CARE AND USE OF EQUIPMENT. Client shall at its sole expense, at all times during the term of the Agreement and while the Equipment is in Client’s possession: maintain the equipment in good operating condition, repair and protect the same from deterioration other than normal wear and tear; shall use the Equipment in the regular course of business only, within its normal capacity, without abuse, and in a manner contemplated by Audio Images; shall comply with all laws, ordinances, regulations, requirements, rules, and Audio Image’s instructions with respect to the use, maintenance and operation of the Equipment; shall not make any modification, alteration or addition to the Equipment (other than normal operating accessories or controls which shall be readily removable without causing material damage and which shall, when added to the equipment, become the property of Audio Images) without the prior written consent of Audio Images, which consent shall not be unreasonably withheld; shall not so affix the equipment to realty (except to suspend certain speakers and lights from the ceiling of Client’s place of business and/or choice of venue if necessary) as to change its nature to real property or fixture, and agrees that all of the Equipment shall remain personal property at all times regardless of how attached or installed; shall keep the Equipment at the designated location, and shall not remove the Equipment without the consent of Audio Images. Audio Images shall have the right upon reasonable prior notice to the Client and subject to applicable laws and regulations, to enter upon the premises where the Equipment is located in order to inspect, observe or remove the Equipment or otherwise protect Audio Images’ interest therein. Client agrees in the event that Audio Images so requests, to cause the equipment to be properly serviced and maintained if in Audio Images’ judgment such service and maintenance work has not been adequately performed. Client agrees that all services shall be performed by Audio Images or their representative at their current hourly rate.
5. OPERATION OF THE EQUIPMENT. AUDIO IMAGES shall be permitted to operate the Equipment and shall have the first opportunity to do so before any

other individual. Client is also given the right to choose the other operators of the equipment ONLY WITH AUDIO IMAGES APPROVAL.

6. NET LEASE; TAXES. Client acknowledges that the rental payment due under the Agreement is to be “net” to Audio Images, and Client shall pay any and all sales, use, excise, personal property, stamp, documentary, ad valorem and all other applicable taxes, license and registration, fees, assessments, fines, penalties and similar charges imposed on the ownership, possession, use or rental of the Equipment during the term of the Agreement. Client shall reimburse Audio Images upon demand for any taxes paid by or advanced by Audio Images. Client shall file all returns required therefore and furnish copies to Audio Images upon demand.
7. INDEMNITY. Client shall and does hereby agree to indemnify and save Audio Images, its agents, servants, owners, employers, successors and assigns harmless from any and all liability, damage or loss, including reasonable attorney’s fees, arising out of the ownership, selection, possession, leasing, renting, operation (regardless of where, how and by whom operated), control, use, condition (including but not limited to latent and other defects), whether or not discoverable by Client, maintenance, delivery and return of the equipment, or, in the event that the Client shall be in default under the Agreement, arising out of the condition of any item of Equipment sold or disposed of after use by the Client. The indemnities and obligations herein provided shall continue in full force and effect notwithstanding the termination or conclusion of the Agreement; and Client ceasing to use or possess Audio Images Equipment.
8. INSURANCE. During the term of the Agreement, any extensions thereof, or while the equipment is in Client’s use or possession, Client shall keep the Equipment insured against all risks of loss or damage from every cause whatsoever for not less than the replacement cost of the equipment, without consideration for depreciation. The amount of such insurance shall be sufficient so that neither Audio Images nor Client will be considered a co-insurer. Client shall also carry public liability insurance, both personal injury and property damage, covering the equipment in an amount not less than \$1,000,000.00. All such insurance shall provide that losses, if any, shall be payable to Audio Images and all such liability shall include Audio Images as named or additional insured, loss payee. Client shall pay the premiums for such insurance and deliver to Audio Images, prior to the commencement of the term of the Agreement and upon request of Audio Images, satisfactory evidence of the insurance coverage required hereunder. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument delivered to Audio Images, that it will give Audio Images thirty (30) days prior written notice of the effective date of any alteration or cancellation of such policy and such policy may not be canceled as a result of loss or breach of warranty. The proceeds of such insurance

payable as a result of loss or of damage to any item of Equipment shall be applied to satisfy Client's obligation as set forth in Paragraph 9 below. Client hereby irrevocably appoints Audio Images as Client's attorney-in-fact to make claim for, compromise, receive payment of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy.

9. RISK OF LOSS. Client hereby assumes the entire risk of loss, damage or destruction of Audio Image's equipment from every cause whatsoever during the term of the Agreement and during Client's use or possession of the equipment. In the event of loss, damage or destruction of any Equipment, Client shall notify Audio Images immediately and at its expense (except to the extent of any proceeds of insurance provided by Client as a result of such loss, damage or destruction), and at Audio Images' option, shall either (a) repair such item, returning it to its previous condition, unless damaged beyond repair; or (b) replace such item with a like item acceptable to and approved by Audio Images, in good condition and of an equivalent value, which shall become property of Audio Images.

10. WARRANTIES OF AUDIO IMAGES; DISCLAIMERS. Audio Images makes no representations or warranties, whatsoever, whether written, oral or implied with respect to any matter, except as set forth herein. CLIENT AGREES THAT AUDIO IMAGES HAS NOT MADE AND MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING THE SUITABILITY OF SUCH EQUIPMENT, ITS DURABILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, ITS MERCHANTABILITY, ITS CONDITION, AND/OR ITS QUALITY, AND AS BETWEEN CLIENT AND AUDIO IMAGES, CLIENT LEASES, RENTS, USES AND POSSESSES THE EQUIPMENT "AS IS". AUDIO IMAGES SHALL NOT BE LIABLE TO CLIENT FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE WHATSOEVER CAUSED DIRECTLY OR INDIRECTLY BY ANY EQUIPMENT LEASED, RENTED, USED, AND POSSESSED HEREUNDER OR MAINTENANCE THEREOF OR THE FAILURE OF THE OPERATION THEREOF, OR THE REPAIRS, SERVICE ADJUSTMENT THERETO, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY THEREOF, OR BY AN INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS OR DAMAGE WHATSOEVER AND HOWEVER CAUSED. AUDIO IMAGES SHALL NOT BE LIABLE TO CLIENT OR ANY THIRD PERSON FOR INJURIES CAUSED BY THE EQUIPMENT WHETHER CAUSED BY AUDIO IMAGES ACTS OR OMISSIONS OR ARISING AS A MATTER OF LAW. NO REPRESENTATION OR WARRANTY AS TO THE EQUIPMENT OR ANY OTHER MATTER SHALL BE BINDING ON AUDIO IMAGES NOR SHALL THE BREACH OF SUCH RELIEVE CLIENT OF, OR IN ANY

WAY AFFECT, ANY OF CLIENT'S OBLIGATIONS TO AUDIO IMAGES.

- 11. DEFAULT.** If any one of the following events (each an "event of default") shall occur, then to the extent permitted by applicable law, Audio Images shall have the right to exercise any one or more of the remedies set forth in paragraph 12 below: (a) Client fails to pay any rent, sales tax or any other payment, including additional rent, under the Agreement when due, and such failure continues for five (5) days; or (b) Client fails to pay, when due, *any* indebtedness of Client to Audio Images and such default shall continue for five (5) days; or (c) Client breaches any covenant, warranty or agreement, except non-payment, under the Lease and such breach continues for ten (10) days after written notice thereof; or (d) Client becomes insolvent or makes an assignment for the benefit of creditors; or (e) a receiver, trustee, conservator or liquidator of all or a substantial part of its assets is appointed with or without the application or consent of Client; (f) a petition is filed by or against Client under the Bankruptcy Code or any amendment thereto, or under any other insolvency law or laws providing for the relief of debtors; or (g) Client voluntarily or involuntarily discontinues its business.
- 12. REMEDIES.** If any event of default shall have occurred, Audio Images may, at its option, at any time (a) declare the entire amount of unpaid rental for the balance of the term of the Agreement immediately due and payable whereupon Client shall become obligated to pay to Audio Images forthwith the total amount of unpaid rental plus sales tax for the balance of the said term, and; commence an action for the unpaid rent; (b) without demand or legal process, enter into the premises where the Audio Images' Equipment may be found and take possession of and remove the Equipment, without liability for suit, action or other proceeding, and all right of Client in the Equipment so removed shall terminate absolutely; and (c) exercise any and all other rights and remedies at law or equity. Client hereby waives notice of hearing with respect to such retaking and authorizes Audio Images' entry to the premises. Audio Images may, at its option, use, ship, store, and repair or lease all Equipment so removed and sell or otherwise dispose of any such Equipment at a private or public sale. Client shall also be liable for and shall pay to Audio Images all expenses incurred by Audio Images in connection with the enforcement of any of Audio Images' remedies, including Audio Images' reasonable expenses of repossessing, storing, shipping, replacing and selling the Equipment, as well as Audio Images' reasonable attorney's fees.

All remedies of Audio Images' hereunder are cumulative, and in addition to any other remedies provided for by law, and may, to the extent permitted by law, be exercised concurrently or separately. The exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy and no delay in exercising any right or remedy shall operate as a waiver or modification of that right.

- 13. WAIVER OF TRIAL BY JURY.** Client expressly waives all right to trial by jury in any claim action proceeding or counterclaims by either Audio Images or Client against each other on any matters arising out of or in any way connected with the Agreement and the possession or use of Audio Images' Equipment.
- 14. LEASE IRREVOCABILITY AND OTHER REPRESENTATION, COVENANTS AND WARRANTIES OF CLIENT.** Client agrees that Client's obligations under the Agreement and associated with the use and possession of Audio Images' Equipment are absolute, shall continue without defense, setoff, counterclaim, recoupment, reduction or abatement and regardless of any disability to Client, because of any reason including, but not limited to war, acts of God, governmental regulations, strike, or any loss, damage, destruction, obsolescence, failure of or delay in delivery of the Equipment or failure of the Equipment properly to operate, or any termination by operation of law, or any other cause.
- 15. ASSIGNMENT; NOTICE OF INTENDED ASSIGNMENT.** Audio Images may, without Client's consent, assign or transfer the Equipment, any rent or any other sums due or to become due under the Agreement, and in such event Audio Images' assignee or transferee shall have all the rights, powers, privileges and remedies of Audio Images hereunder. Client hereby acknowledges notice of Audio Images' intended assignment of Audio Images' interest in the Equipment executed pursuant to the Agreement and any equipment use by or in possession of the Client, and upon such assignment Client agrees not to assert as against Audio Images' assignee, any defense, setoff, recoupment, claim or counterclaim, whether arising under the Agreement transaction or otherwise. Client shall not assign the Agreement or any interests thereunder and shall not enter into any sublease with respect to the Equipment covered hereby without Audio Images' prior written consent.
- 16. AMENDMENTS.** The Agreement may be amended by any addition, subtraction or modification of the Equipment provided by Audio Images.
- 17. RETURN OF PROPERTY.** Upon the termination or expiration of the Agreement, and at the conclusion of the use or possession of the Equipment, Audio Images shall be granted access to the Equipment at a mutually agreeable time for the purpose of removing the Equipment. If a mutually agreeable time cannot be agreed upon, Audio Images shall notify Client of its intention to dismantle and seek return of the Equipment at a specific date and time between the hours of 8:00 a.m. and 9:00 p.m. The Client's failure to give Audio Images access to the Equipment at the time set forth shall be considered a default and Audio Images shall have the remedies set forth in paragraph 12. If upon such expiration or termination the Client does not immediately return the equipment to Audio Images, the Equipment shall

continue to be held and leased hereunder indefinitely (“Holdover Lease”) at the then current weekly rental rate multiplied by 3, subject to the right of either the Client or Audio Images to terminate the Holdover Lease upon Thirty (30) days written notice, whereupon on the last day, the Client shall deliver the Equipment to Audio Images as set forth in this paragraph.

- 18. AGREEMENT TO PAY ATTORNEY’S FEES AND EXPENSES.** In the event Audio Images should employ attorneys or incur other expenses in recovering possession of the Equipment, enforcing the performance of any obligations arising from either the Agreement or these terms or conditions, or the collection of amounts payable hereunder, including but not limited to an event of default, the Client shall, on demand therefore, pay Audio Images, the reasonable fees of such attorneys and such other expenses so incurred.
- 19. MISCELLANEOUS.** The Agreement and any action arising out of the use or possession of Audio Images’ Equipment shall be governed by the laws of the State of New York. Client intend the Agreement to be a valid and subsisting legal instrument and agree that any provision of the Agreement which may be deemed unenforceable shall in no way invalidate any other provision or provisions of the Agreement, as the case may be, all of which shall remain in full force and effect. The Agreement and all obligations under these terms and conditions shall be binding upon the parties, their successors, legal representatives and assigns. All agreements, covenants, representations and warranties contained in the Agreement or any document delivered pursuant hereto or in connection herewith shall be for the benefit of Audio Images and any assignee and shall survive the execution and delivery of the Agreement and the expiration or other termination of the Agreement.
- 20. NOTICES.** Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and only shall be deemed received upon the earlier of receipt or three days after mailing if mailed postage pre-paid by regular or airmail to Audio Images or Client, as the case may be, at their respective addresses.
- 21. CAPTIONS.** The titles on paragraphs hereof are not intended to have legal effect but are for information purposes only.