

## Terms and Conditions

LESSEE \_\_\_\_\_, agrees to defend indemnify and hold harmless SKEETER SPECIAL EFFECT CO. Doing business as ROGER GEORGE SPECIAL EFFECTS collectively LESSOR, against any claim, liability, loss, or costs, arising out of, or in connection with, the equipment leased from Lessor by Lessee, or out of operations conducted by Lessee, its agents. Employees sublessees, contractors, representatives guests, invitees, or customers, including, but not limited to, active and/or passive negligence, save and except claims or litigation arising through the sole negligence or sole willful misconduct of Lessor.

Lessee is considered to have taken "delivery" of the equipment and assumes all risks of loss thereof, from the time the equipment is set aside from Lessor's general inventory for Lessee's use. From the time Lessee takes delivery as defined above, of the equipment leased, until the time that the equipment is returned to Lessor during Lessor's normal business hours and Lessor accepts the return of the equipment Lessee assumes all risk of loss and responsibility for any Damage Lessee causes to the equipment, and/or any property or person(s), including but not limited to, all risks and losses while in transit, at all locations, while in storage, and while on Lessee's premises.

Lessee will take all necessary precautions during the progress of its work, including the use of the equipment leased to it by Lessor, to protect all persons and property from injury or damages. The equipment shall be used only by Lessee's qualified employees or agents. Lessee warrants that it will not sublease any of the equipment rented.

Lessee acknowledges that the equipment is rented from Lessee without express or implied warranty or guarantee, to the fullest extent permitted by law.

Lessee shall, at its own expense, maintain at all times during the rental period an all risk perils insurance policy covering the equipment rented (the equipment rental floater) for full replacement value except vehicles (see below), and for loss of use (rentals) of the equipment.

Coverage shall begin from the time Lessee or its agents takes delivery of the equipment and continue until the time the equipment is returned to and accepted by Lessor. Such insurance shall be on a worldwide basis, shall name Lessor as the Loss Payee for loss or damage to the equipment rented and shall cover all risks of loss of, or damage to equipment and loss of use. Limit shall be sufficient to encompass the value of all of Lessor's property at risk due to Lessee's rental of same, but in no event less than \$1,000,000.

Lessee shall, at its own expense, maintain business automobile liability insurance, including coverage for loading and unloading equipment and hired auto physical damage insurance covering owned, co-owned, hired and rented vehicles. Coverage for physical damage shall include the perils of "comprehensive" and "collision" loss. Lessor shall be named as an additional insured respecting the liability coverage and as loss payee on the hired auto physical damage coverage. The insurance shall provide no less than \$1,000,000 in combined single

limits, and actual cash value, less a \$1,000 deductible for physical damage on comprehensive and collision coverage.

Lessee shall at its own expense, maintain worker's compensation/employer's liability insurance during the course of the equipment rental with minimum limits of \$1,000,000.

Lessee shall, at its own expense, maintain commercial general liability insurance which includes coverage for independent contractors and contractual liability coverage specifically referring to this Rental Agreement and to the hold harmless agreement herein. Said insurance shall name Lessor as an additional insured and provide that said insurance is prima, coverage with respect to all insured's, the limits of which must be exhausted before any obligation arises under Lessor's insurance. Such insurance shall remain in effect during the course of the rental, and shall include the following coverages: broad form contractual liability, personal injury liability, completed operations, and products liability. Such insurance shall have provided general aggregate limits of not less than \$2,000,000 (including the coverages specified above), personal injury and advertising injury of not less than \$1,000,000 and per occurrence limits of not less than \$1,000,000.

All insurance maintained by Lessee pursuant to the foregoing provisions shall be issued by an insurance carrier authorized to do business in the State of California with a BEST rating of A- or higher.

All insurance maintained by Lessee pursuant to the foregoing provisions shall contain a waiver of subrogation against Lessor.

Lessee shall provide Lessor with 30 days written notice prior to the effective date of any cancellation or material change to any insurance maintained by Lessee pursuant to the foregoing provisions.

Before obtaining possession of the equipment leased, Lessee shall provide to Lessor a Certificate of Insurance and applicable endorsements confirming each of the coverages specified above. All Certificates of Insurance shall be signed by an authorized agent or representative of the insurance carrier

Should Lessee fail to procure or pay the cost of maintaining in force the insurance specified herein, or to provide Lessor upon request with satisfactory evidence of the insurance, Lessor may, but shall not be obliged to procure the insurance and Lessee shall reimburse Lessor on demand for such costs. Lapse or cancellation of the required insurance shall be an immediate and automatic default of this rental agreement.

The grant by Lessee of a sublease of the equipment shall not effect Lessee's obligation to procure insurance for the benefit of Lessor or otherwise effect Lessee's obligations under this agreement.

Lessee hereby agrees to strictly comply with the laws of the State in which the special effects equipment is transported and/or used as well as all federal and local laws, regulations and ordinances pertaining to the transportation and use of special effects equipment. Lessee

warrants and represents that it is fully aware of any and all dangers and risks, patent as well as latent, involved in the use, transportation and handling of the special effects equipment rented hereby and shall assume responsibility for any accident, damage, or loss, including death, resulting from the transportation and/or use of the special effects equipment rented herein.

Lessee hereby agrees to pay all of Lessor's attorney's fees and costs resulting from any requirement of Lessor in having to enforce the Terms and Conditions of this agreement whether or not a legal action is filed .

Lessee is responsible to Lessor for the full replacement cost, without deduction for depreciation, or repair cost, of all special effects equipment which may be lost stolen or damaged. In the event the special effects equipment is lost or stolen, Lessee shall promptly file a police report and notify Lessor. Lessor shall be under no obligation to replace or repair equipment until Lessee has paid for the damaged, lost or stolen equipment. In such event the rental fees for the subject special effects equipment shall continue to accrue until Lessee has paid for the lost damaged or stolen equipment or until repairs are completed. Lessor's determination whether the damaged equipment shall be replaced or repaired shall be conclusive.

Lessee hereby agrees Lessor shall be subrogated to any recovery rights Lessee may have for damage to the equipment in the form of insurance protection for such damage.

Accrued rental charges cannot be applied against the purchase/replacement price or cost of repair of damaged, lost or stolen equipment.

Equipment deemed beyond repair by Lessor, in its sole discretion, will be paid for by Lessee at its replacement cost.

LESSOR AND LESSEE AGREE TO THE ABOVE TERMS AND CONDITIONS:

DATE: \_\_\_\_\_ LESSEE: \_\_\_\_\_

DATE: \_\_\_\_\_ LESSOR: \_\_\_\_\_