

# Equipment Rental Terms & Conditions

In addition to the general terms and conditions contained in the TelNet Service Agreement (“SA”) between TelNet Worldwide (“TelNet”) and Customer (the “Agreement”), of which this Equipment Rental Schedule is a part, the following terms and conditions apply to the Rental of the Equipment, as defined below. In the event of any inconsistency between the Agreement and this Schedule, this Schedule shall control.

## 1. Rental of Equipment

Customer Rents from TelNet the equipment described on the attached SA (“Equipment”) for the number of months set forth on the SA (“Equipment Rental Term”). The Equipment Rental Term will be coterminous with the TelNet provided Service(s) on the SA and therefore will commence with the Effective Date of the Service(s) per the terms of the Agreement. Upon expiration of the initial Equipment Rental Term, this Equipment Rental Schedule will automatically continue for successive periods equal in length to the SA renewal period(s). Customer shall remain obligated to pay the applicable Equipment Rental rate (whether initial or renewal) notwithstanding an early termination of the SA, or execution of the Equipment Buyout Option noted below.

## 2. Rental

Customer shall pay all amounts due under the SA, in accordance to the payment terms set forth in the Agreement. Customer also agrees to pay all sales, excise, use, property, and similar taxes (other than income taxes on payments made by Customer to TelNet under this Agreement) and related charges that may be imposed or assessed by any governmental entity or taxing authority with respect to such Equipment.

## 3. Equipment Buyout Option

Upon successful completion of original contract term as defined in the attached SA, Customer has the option to purchase the TelNet-supplied rental Equipment, associated with the SA, for \$1.00 per piece of Equipment plus applicable taxes (includes phones, Power over Ethernet switches and conference phones). This Equipment would no longer be eligible for TelNet maintenance or replacement. TelNet-supplied rental Equipment that Customer adds after the installation date and before completion of the original contract term would be excluded from this offer, (e.g., if Customer adds three phones in month 28 of a 36-month contract, those three phones would be excluded from the buyout option.) Equipment added after initial installation would become eligible for buyout after renewing the initial agreement and completing the balance of the original term, or by paying month to month charges on the Equipment for a period of time that matched the initial contract term.

## 4. Ownership and Use

The Equipment is and shall remain the exclusive property of TelNet, subject only to Customer’s rights to use it in normal business operations under this Rental. The Parties agree that the Equipment is and shall remain or be deemed to remain personal property even if installed in or attached to real property. Customer shall keep the Equipment at all times free and clear from all liens and encumbrances. Customer shall give TelNet immediate notice of any such attachment or other judicial process affecting any article of Equipment. The Equipment shall be

located at the address designated on the SA and Customer shall not move the Equipment to another location or subleases the Equipment without TelNet's prior written consent. Customer agrees, at its sole expense, to provide the proper environment and electrical and telecommunications connections for the Equipment, such as but not limited to, ensuring appropriate power supply and surge protection is deployed. Customer is solely responsible for correcting any hazardous conditions that may adversely affect Equipment. Customer shall use the Equipment in a careful and proper manner and shall comply with all federal, state, and local laws. Customer shall not make any alterations or improvements to the Equipment without TelNet's prior written consent.

## 5. **Warranty, Disclaimers, and Limitation of Liability**

Customer rents the equipment as is and, not being the manufacturer of the equipment, the manufacturer's agent or the seller's agent, TelNet makes no warranty or representation whatsoever, express or implied, as to the merchantability, fitness for any particular purpose design or condition of the equipment, or intellectual property rights (including without limitation any patent, copyright and trademark rights, of any third party with respect to the equipment, whether relating to the infringement or otherwise) with respect to the equipment. TelNet shall not be responsible for any direct, indirect, incidental or consequential damages arising from possession or use of the equipment, including but not limited to, lost profits or business revenue, lost business, whether such damages are foreseeable and whether TelNet has been advised of the possibility of such damages. Customer agrees that TelNet shall not be liable for any delay in delivery or installation of, or any failure to deliver or install, any equipment. Notwithstanding the foregoing, in no event shall TelNet's liability (whether in tort, negligence, or otherwise) to customer with respect to the equipment under this schedule exceed an amount equal to the aggregate charges or fees actually paid by customer with respect to the equipment for the one (1) month period immediately preceding the month during which the event giving rise to TelNet's liability occurs.

## 6. **Liability for Damage**

Customer shall be responsible for any damage to the Equipment while in Customer's possession and shall pay to TelNet the value of as much of the Equipment as may be damaged or destroyed. On receipt of the payment, TelNet shall, to the extent of the amount paid, assign to Customer any rights Customer may have with respect to the damaged or destroyed article of Equipment under any insurance, together with all of TelNet's interest in the article of Equipment.

## 7. **Inspection**

Upon service activation, Customer will inspect the Equipment and notify TelNet within 48 hours if the Equipment is not in good operating condition. The agents of TelNet may at any time enter Customer's premises to inspect the Equipment and the manner in which it is being used.

## 8. **Return**

If Customer does not choose to participate, or is not eligible for the Equipment Buyout Options (see 3), at the end of the term of this Rental, Customer shall, at Customer's own expense, return the Equipment to TelNet in as good condition as when received, reasonable wear and tear excepted, at the location specified by TelNet. Customer must keep all original packing that came with the Equipment (including, but not limited to, the box, cd's, installation disks, paper documents and instructions) and must return it to TelNet along with the Equipment. Additional terms and conditions for the return of Equipment can be found in the General Terms and Conditions located on the TelNet website and are made a part of the Agreement.

## 9. Insurance

- A. Customer shall procure and continuously maintain and pay (including the deductible) for:
  - 1. All risk insurance against loss of and damage to the Equipment for not less than the full replacement value of the Equipment, naming TelNet as loss payee, and;
  - 2. Combined public liability and property damage insurance with limits as approved by TelNet, naming TelNet as additionally named insured and a loss payee.
- B. The insurance shall be in such form and with such company or companies as shall be reasonably acceptable to TelNet, shall provide at least thirty (30) days advance written notice to TelNet of any cancellation, change or modification, and shall provide primary coverage for the protection of Customer and TelNet without regard to any other coverage carried by Customer or TelNet protecting against similar risks. Customer shall provide TelNet with an original policy or certificate evidencing such insurance. Customer hereby appoints TelNet as Customer's attorney in fact with power and authority to do all things, including, but not limited to, making claims, receiving payments and endorsing documents, checks or drafts necessary or advisable to secure payments due under any policy of insurance required under this Agreement.

## 10. Maintenance or Repairs

TelNet shall provide routine maintenance and repairs to the Equipment as TelNet as follows:

- A. In the event that Customer is experiencing trouble with the Equipment, Customer shall immediately notify TelNet of the issues via the TelNet customer service number. TelNet will attempt to resolve the problem via remote support and if that is not successful, TelNet may dispatch personnel to perform on-site support during normal business hours. The on-site repair services may be performed by a TelNet affiliate or subcontractor, at TelNet's discretion.
- B. TelNet shall use reasonable efforts to identify and correct the problem with the Equipment. However, if the Equipment cannot be fixed and none of the exclusions in Section (C) below apply, TelNet will replace the defective Equipment with either new or reconditioned Equipment.
- C. If persons other than those employed by TelNet shall repair, modify or perform any maintenance services on any of the Equipment, or if Customer fails to maintain the Equipment according to the terms of the Agreement or this Schedule, and as a result of either of the foregoing, further maintenance services are required to restore the Equipment to operating condition or the Equipment needs to be replaced, such further maintenance services or Equipment replacement shall be billed to Customer at the then current TelNet time and material rates.

## 11. **Breach**

Upon default in the payment of any installment of rent, or upon a breach of any other condition of this Rental, or if during the term of this Rental, bankruptcy or insolvency proceedings are commenced by or against Customer, a receiver is appointed for the business of Customer, or Customer discontinues business, TelNet shall have the right without notice or demand to terminate this Rental, but the termination shall not release Customer from paying damages sustained by TelNet. If upon any termination of this Rental, Customer fails or refuses to deliver the Equipment to TelNet, TelNet shall have the right to enter Customer's premises and take possession of and remove the Equipment without legal process. Customer releases any claim or right of action for trespass or damages caused by the entry and removal. TelNet can pursue any other remedies TelNet has for arrears of rent or breach of any other conditions of this Rental. Customer shall pay all expenses, including attorney fees, which TelNet pays or incurs to enforce this Rental.

## 12. **Assignment**

This Rental is not assignable or transferable by operation of law by Customer. TelNet may assign the Rental without Customer's consent.