

MASSAGE CHAIR LEASE

Office Use only

ORDER No. _____

Date: _____, 20__

Lessor's Name: Coway USA, Inc.

Lessor's Address: 4221 Wilshire Blvd., Suite 400, Los Angeles, CA 90010

Lessor's Phone: (213) 386-3033

Lessee's Name: _____

Lessee's Address: _____

Lessee's Phone: _____

THIS LEASE AGREEMENT (this "Lease") is entered into as of _____, 20__ by and between Coway USA, Inc. ("Lessor" or "we") and _____ ("Lessee" or "you").

1. **Lease.** Lessor hereby leases the Equipment (as defined below) to Lessee during the five (5) years period from the Delivery Date (the "Lease Term") pursuant to the terms and conditions of this Lease.
 - a. This Lease constitutes a lease of the property described and is not a sale or the creation of a security interest. Lessee will not have, or at any time acquire, any right, title, or interest in the property, except the right to possess and use as provided for in this Lease. Lessor will at all times be the sole owner of the Equipment.
 - b. In this Lease the words "you" and "your" refer to Lessee (or each Lessee, if more than one). The words "we," "us," and "our" refer to the Lessor named above, or its assignee, if this Lease has been assigned. You have leased from us the massage chair identified below, including attachments, equipment, and accessories (collectively the "Equipment").
 - c. Within 15 business days from execution of this Lease and your payment of the Registration Fee, we will deliver the Equipment to you unless we both have agreed in advance to a different date. The date when the Equipment is delivered to you is referred to as the "Delivery Date". By signing this Lease, you acknowledge that you have read and agree to be bound by the "Delivery and Acceptance" terms set forth in Section 4 of this Lease.
2. **Disclosures.**

Monthly Payments	[] \$99.99 + Tax (if installed at a Residential Place with a Registration Fee of \$1,800) [] \$119.99 + Tax (if installed at a Residential Place with a Registration Fee of \$900) [] \$139.99 + Tax (if installed at a Residential Place without a Registration Fee) [] \$139.99 + Tax (if installed at a Non-residential Place with a Registration Fee of \$900) Your monthly payments will be done on every [] day of each month.	Other Charges	Registration Fee \$900 or \$1,800 Late Fee \$5 Disposition Fee \$450 Restock Fee \$1,400
Lease Term	60 months	Early Termination Fee	90% of the Remainder of Monthly Payments per <u>Section 3(e)</u> .
Total Payments during 60 Months	* Residential Place (\$5,999.4+tax)+ Registration Fee of \$1,800 (\$7,199.4+tax)+ Registration Fee of \$900 (\$8,399.4+tax)+ No Registration Fee * Non-residential Place (\$8,399.4+tax)+ Registration Fee of \$900		

4. Payment.
- a. Monthly Payments. You agree to make monthly payments under this Lease in the amount of [] \$99.99, [] \$119.99, or [] \$139.99 (the “**Monthly Payment**”). Lessee shall make the Monthly Payment at Lessor’s address in this Lease or at any other place that maybe designated by Lessor or its assignees. All rental payments are due and payable in advance on the first day of each month after the execution of this Lease during the Lease Term.
 - b. Late Charge. Any rental payment not made by Lessee by the end of the billing month will be subject to an one-time late charge of \$5 (the “**Late Charge**”).
 - c. Fees and Taxes. You agree to be responsible for the payment when due of all fees and taxes related to the Equipment and this Lease including, but not limited to, personal property taxes.
 - d. Registration Fee. Upon entering into this Lease, you agree to pay us \$900 or \$1,800 as registration fee (the “**Registration Fee**”) if applicable. You further acknowledge and agree that this registration fee is not refundable nor a security deposit.
 - e. Early Termination Fee. Upon termination of this Lease prior to expiration of the Lease Term, you agree to pay 90% of the Monthly Payment(s) during the remainder of the Lease Term as the early termination fee (the “**Early Termination Fee**”) in order to properly compensate Lessor’s losses. You acknowledge and agree that the Early Termination Fee is not a penalty but rather, adequate compensation of Lessor’s losses. The payment obligation of the Early Termination Fee shall not release other payment obligations of yours (including but not limited to the Late Fee, disposition fee, any unpaid payments and etc.).
5. Delivery and Acceptance. We have agreed to deliver the Equipment to you in accordance with Section 1 of this Lease. On delivery, you agree to immediately inspect each item of Equipment delivered.
- a. Defect Inspection within 3 Days. Unless you notify us in writing within 3 days after the Delivery Date specifying the nature of any defect or objection to the Equipment, you agree that your failure to so notify us within 3 days will mean (a) that you have fully inspected and tested the Equipment, (b) that you acknowledge that the Equipment is in good condition, and (c) that you are satisfied with and have accepted the Equipment in the condition as delivered. Once the Equipment is delivered to and accepted by you, the Equipment will not be returned unless otherwise provided in this Lease.
 - b. Delivery Refusal. If you refuse a delivery, you will be charged for any charges Lessor incurs in having the Equipment returned to Lessor. The refused Equipment will remain in the possession of Lessor until such time as you remit payment for Lessor to send the Equipment again. If payment is not received within 30 days of the first failed delivery, then this Lease will be deemed cancelled. All the costs including the Registration Fee, shipping costs are non-refundable.
6. Purchase Option.
- a. You have the option to purchase the Equipment for the Residual Value (as defined below) “as is”: (i) prior to the third (3rd) anniversary of the Delivery Date; or (ii) at the scheduled end of the Lease Term for the amounts in the table below. In both cases, you agree to give us at least 15 days’ written notice if you intend to exercise this option.
 - b. If you exercise the option to purchase the Equipment “as is” pursuant to Section 5.a.(i) prior to the third anniversary, you must pay for the residual value (the “**Residual Value**”), which is calculated as follows: \$6,999 plus sales taxes minus the Monthly Payments, Registration Fee and taxes which you have paid.
 - c. If you exercise the option to purchase the Equipment “as is” pursuant to Section 5.a.(ii) at the scheduled end of the Lease Term, you may purchase the Equipment for only the applicable taxes, if any, if and only if you pay off any and all the payment obligations arising prior to the end of the Lease Term such as the Monthly Payment. Your inaction at the end of the Lease Term will be regarded as your exercise of the purchase option if you have no payments due.
 - d. If you exercise the option to purchase pursuant to the above subsections b and c, this Lease will be deemed terminated immediately and the warranties and services under this Lease will not be available.
7. Maintenance.
- a. You agree to be responsible for and to maintain the Equipment in good condition. You further agree to protect the Equipment from damage (except for ordinary wear and tear) and from any kind of loss while you have the Equipment and the Equipment is returned to us.
You agree to obtain our prior written permission to make any changes or modifications to the Equipment. Unless you purchase the Equipment from us pursuant to this Lease, if any such modifications are made, you must pay us for the cost to return the Equipment to its original condition even if we consented to the modification.
8. Damage, Loss, or Loss of the Equipment.
- a. You agree to be responsible for the risk of loss, damage to, or destruction of the Equipment during the Lease Term and until you return the Equipment to us.
 - b. Notice upon Damage or Loss. If the Equipment is damaged or destroyed in an accident or other occurrence or confiscated by any governmental authority, or is stolen, abandoned, or subjected to undue peril, you will immediately notify us of the occurrence or conditions, and we reserve the right to terminate this Lease.
 - c. Loss Value. If any property is lost, stolen, destroyed, or damaged beyond repair, Lessee will pay Lessor in cash the Early Termination Fee.

9. Return.
- a. Return Policy; No Return After Acceptance. Since you are given opportunities to test and experience the Equipment at Lessor's premises and upon delivery and assembly, you acknowledge and agree you may not return the Equipment after acceptance unless otherwise specified in this Lease.
 - b. Return of Defective Equipment within 3 Days. Notwithstanding the foregoing, you may return the Equipment within 3 days for the Restock Fee, if and only if: (i) you have discovered material defect on the Equipment and report such defect to Lessor within 3 days from the Delivery Date, which cannot be cured; and (ii) the conditions of the Equipment remain identical to the conditions of the Equipment newly delivered to you except for the alleged defect. In the event of such return caused by such defect, you acknowledge and agree that you will be responsible for the restock fee of \$1,400 (the "**Restock Fee**"). You acknowledge and agree that the Restock Fee is reasonable costs considering your reasonable opportunity to test and inspect the Equipment and the costs of delivery and assembly of the Equipment which Lessor should bear. If you return the Equipment without reporting such defect within 3 days from the Delivery Date, you acknowledge and agree that this subsection and the Restock Fee will not apply because no return is accepted, but rather early termination set forth in Section 8.c will apply.
 - c. Return upon Early Termination without Purchase. Upon early termination of this Lease (without exercising an option to purchase), you will pay the Early Termination Fee and Disposition Fee.
 - d. Return upon End of the Lease Term without Purchase. Upon termination of this Lease by maturity (without exercising an option to purchase), you will pay the disposition fee of \$450 (the "**Disposition Fee**").
 - e. No Return if Purchase Option Exercised. If you exercise an option to purchase pursuant to Section 5.a(i) or (ii), you are not required to return the Equipment.
 - f. If you do not exercise the purchase option but keep possession of the Equipment past the end of the Lease Term, you will be obligated to continue to pay the monthly payments. You acknowledge, however, that you have no right to keep the Equipment beyond Lease maturity unless you enter into a new agreement with us extending the term of this Lease. You agree to pay us for any damages that we suffer because you failed to return the Equipment at the end of the Lease Term.
 - g. Damages. Notwithstanding the foregoing or other parts of this Lease, you will be responsible for any damages on the Equipment except for the normal wear and tear in addition to any costs and fees set forth in this Lease.
10. Excess Wear and Tear. On Lease termination, whether early or at maturity, you agree to pay for all repairs to the Equipment that are not the result of normal wear and tear. These costs include, but are not limited to, the costs necessary to repair:
- a. Dents, scratches, chips, or tears to the outer surface of the Equipment, greater than 1 inch.
 - b. Damage to the structure or support of the Equipment; and
 - c. Tears or stains in fabric or cushions.
11. Termination Liability. On Lease termination, you agree to pay us immediately all of the following:
- a. All past due monthly payments, late charges, and other charges (including but not limited to the Disposition Fee).
 - b. Any amounts owed as a result of excess wear and tear.
 - c. If this Lease terminates before the end of the Lease Term without purchase, you agree to pay us the Early Termination Fee.
 - d. If you return the defective Equipment pursuant to Section 4, you will pay for the Restock Fee.
12. Early Termination.
- a. You may terminate this Lease before the end of the Lease Term, in which event you must give us at least 30 days' written notice of your intent to terminate and pay us the Early Termination Fee set forth in Section 3.
 - b. We may terminate this Lease on your Default (as defined in Section 14, below). If we do so, in addition to the Early Termination Charge, you will also be obligated to pay us our costs associated with the Default as described in Section 14.
13. Default.
- a. You will be in "**Default**" if any of the following occurs:
 - (1) You do not make a monthly payment on or before its due date;
 - (2) Any information in your credit application or that of a guarantor of this Lease is false or misleading;
 - (3) You do not promptly or properly perform any promise or agreement under this Lease;
 - (4) You or any guarantor die, become incarcerated, become subject to bankruptcy or insolvency proceedings, or become legally incompetent;
 - (5) The Equipment is lost, damaged, stolen, abandoned, confiscated by a governmental authority, or subjected to undue peril; or
 - (6) You commit any other act that constitutes a default under applicable law.
 - b. In the event of Default, we can, at our option:
 - (1) Take steps to perform your obligations that gave rise to the Default (in which case you agree to pay all our costs and expenses in so doing immediately on our demand); or
 - (2) Immediately terminate this Lease and do any or all of the following after giving any notice required by applicable law;

- (i) Sue you for damages and to recover the Equipment;
- (ii) Take the Equipment from you by any method or manner permitted by law;
- (iii) Calculate your liability on an early termination basis, in which case you agree to pay immediately the amount of the liability on our demand; or/and
- (iv) Pursue any other remedy permitted by law.

If we elect to terminate this Lease because you are in Default, you agree to pay us the Early Termination Charge and, in addition, you agree to pay our costs of collection, including our court costs and our reasonable attorney's fees to the extent permitted by applicable state law.

14. Removal of Equipment from Location in Lease. You agree not to remove the Equipment from the address location shown in this Lease without our prior written consent.

15. Warranties.

a. The Equipment is covered by the manufacturer's standard express warranty in Exhibit A. We have furnished you with a copy of the manufacturer's standard express warranty and you acknowledge receipt of the same. The manufacturer's standard express warranty is the only warranty covering the Equipment.

b. YOU UNDERSTAND THAT, EXCEPT AS SPECIFICALLY PROVIDED IN SUBPARAGRAPH (b) ABOVE, IF APPLICABLE, WE ARE NOT OFFERING ANY EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE EQUIPMENT. IN PARTICULAR, WE MAKE NO IMPLIED WARRANTY OF MERCHANTABILITY AND THERE IS NO WARRANTY THAT THE EQUIPMENT WILL BE FIT FOR A PARTICULAR PURPOSE

16. Indemnity. You agree to indemnify us (be responsible for and pay us) for any amount of loss, liability, or other expense arising from the use of the Equipment during the term of this Lease and thereafter, until you return the Equipment to us. This indemnity will survive the Lease term and covers any claim made against us and will not be affected by the surrender of possession of the Equipment.

17. Governing Law and Jurisdiction. This Lease shall be governed by the laws of the State of [California]. Any claims, disputes or litigation arising from, related to or in connection with this Lease shall be exclusively brought to the [Superior] Court of [California] located in [Los Angeles County, California].

18. Severability. If any portion or provision of this Lease is found to be invalid, illegal, or unenforceable, that portion or provision shall be ineffective only to the extent of the invalidity, illegality, or unenforceability without affecting in any way the remaining portions or provisions of this Lease.

Notices. Service of all notices under this Lease shall be sufficient if given personally or mailed certified, return receipt requested, postage prepaid, at the address hereinafter set forth, or to such address as such party may provide in writing from time to time:

If to Lessor: COWAY USA, Inc.
4221 Wilshire Blvd, #400
Los Angeles, CA 90010

If to Lessee: _____

19. Joint and Several Liability. If more than one person signs this Lease as Lessee, all signers will be jointly and severally liable. You agree that we can waive or delay the enforcement of our rights as to one signer without affecting our rights as to any other signers. You also agree that we can release any other signers from their obligations.

20. Miscellaneous.

(a) Bounced Checks. A fee for bounced checks in the amount of \$25.00 for the first bounced check and \$35.00 for bounced checks thereafter will be charged to Lessee.

(b) Lessee's Move. In the event the Lessee moves residences and requests a move and reinstallation of the Equipment, Lessor's service area for reinstallation is based on a 70 mile radius of the warehouse (postal zip code [90220]). A reinstall charge will be applied for installation of the Equipment at the new location.

(c) Time of Essence. Time is of the essence in this Lease.

(d) Electronic Copy and Multiple Counter Parts. This Lease may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Lease delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Lease. The parties agree that a copy of the original signature (including an electronic copy) may be used for any and all purposes for which the original signature may have been used. The parties further waive any right to challenge the admissibility or authenticity of this document in a court of law based solely on the absence of an original signature.

(e) Assignment. You agree that we can assign our interest in this Lease, the Equipment, and any guaranty of this Lease without your consent. You understand that you have no right to assign, transfer, or sublease any of your rights under this Lease without our prior written consent, at our sole discretion. You should be aware that your credit may be adversely affected if your assignee, transferee or sublessee fails to pay timely. You agree to keep the Equipment free from all liens and encumbrances, except those in our favor.

