

LESSOR LOSS DAMAGE WAIVER PROGRAM

1. IMPLEMENTATION OF PROGRAM. If a lessee does not obtain insurance covering leased equipment for loss or damage as required by the lease contract or if the lessee does not provide Lessor with proof of such insurance coverage, indicating Lessor as loss payee, then the lessee will be charged a loss damage waiver fee. Lessor will waive the lessee's obligation to obtain such insurance, as set out in the lease contract provided that the lessee pays and continues to pay the applicable loss damage waiver fee to Lessor during the term of the lease. The amount of the loss damage waiver fee will be calculated and provided to the lessee by Lessor at the commencement of the lease term. The fee amount is fixed for the term of the lease.

2. GENERAL SCOPE. In the event of loss or damage to eligible leased equipment, Lessor shall at its option either repair the leased equipment if repairable or replace the leased equipment provided that all of the following conditions are satisfied by the lessee:

- (a) the equipment is eligible property as described in paragraph 3 and 4 of this Program;
- (b) the lessee pays to Lessor the first \$250 of the cost of replacement or repair (the first \$500 for portable lap top computer);
- (c) the loss or damage to the equipment is caused by an event set out in paragraph 5 of this Program;
- (d) the loss, damage or the equipment is not otherwise excluded from the scope of this Program;
- (e) Replacement cost value on items two (2) years or newer
- (f) Actual cash value on items beyond two (2) years; and
- (g) all of the other conditions set out in this Program are otherwise satisfied.

3. LOCATION OF ELIGIBLE EQUIPMENT. Only leased equipment located within Canada or in transit or temporarily stored at a location not owned by the lessee in the continental United States is eligible for the Program.

4. INELIGIBLE EQUIPMENT. The lessee remains responsible for and Lessor does not waive the lessee's responsibility for damage or loss to leased equipment if the equipment is:

- (a) Equipment which is waterborne;
- (b) Aircraft or watercraft, including their motors, equipment and accessories;
- (c) Automobiles, trucks, or any self-propelled vehicles or machines primarily designed and licensed for road use;
- (d) Trailers or semi-trailers, unless the trailer is part of a single work unit and is intended primarily to provide mobility to the main item of equipment; and both the trailer and the main item of equipment are covered under one agreement;
- (e) Equipment used in mining, logging, lumbering, or oil or gas explorations or processing;
- (f) Underground equipment or equipment while located underground; or
- (g) Equipment valued in excess of \$100,000.

5. EVENTS. Under the lease contract, the lessee is responsible for and accepts the risk of loss or damage to the leased equipment. In consideration of the payment of the loss damage waiver fee, Lessor will waive the lessee's responsibility in this regard but only in the event the leased equipment is damaged or lost due to one of the following events:

- (a) Burglary
- (b) Theft
- (c) Attempted Theft
- (d) Fire
- (e) Lightning
- (f) Windstorm
- (g) Tornado; or
- (h) Vandalism

6. MINIMUM REPAIR OR REPLACEMENT VALUES. The lessee remains responsible for and Lessor does not waive the Lessee's responsibility for damage or loss to the eligible leased equipment if:

- (a) The eligible leased equipment is a portable lap top computer and the cost to replace the lost equipment or to repair the damage, as determined by Lessor's Program Administrator, does not exceed \$500 in which case the lessee remain entirely responsible for and accepts the risk of such loss or damage; or
- (b) The eligible leased equipment is any other type of eligible equipment and the cost to replace the lost equipment or to repair the damage, as determined by Lessor's Program Administrator, does not exceed \$250 in which case the lessee remains entirely responsible for and accepts the risk of such loss or damage.

7. EXCLUDED DAMAGE OR LOSS. The lessee remains responsible for and Lessor does not waive the lessee's obligations for damage or loss to eligible leased equipment resulting from:

- (a) Wear and tear;
- (b) Mechanical breakdown;
- (c) Loss of market;
- (d) Damage caused by dampness, dryness, changes in or extremes of temperature;
- (e) Loss disclosed up on taking inventory, or unexplained loss;
- (f) Artificially generated electric current;
- (g) Water damage;
- (h) Any earth movement;
- (i) Voluntary parting with any property;
- (j) Conversion
- (k) Breakage, unless caused by a covered peril such as fire, theft, wind, etc; and
- (l) Any loss or damage due to insured articles not being stored under lock and key.

8. WITHDRAWING FROM THE PROGRAM. The lessee can withdraw form the Program at any time by obtaining insurance covering the leased equipment for loss or damage as required by the lease contract and providing Lessor with proof of such insurance coverage, indicating Lessor as loss payee.

9. REPORTING LOSS OR DAMAGE. If your eligible leased equipment is lost or damaged, contact Lessor with the details of the loss or damage. Call us at 888-599-1966 or email information to insurance@cwbnationalleasing.com. Lessor will forward the details of the loss or damage to our Program Administrator who will contact you if additional information is required.