

# 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 the lessor with proof of such insurance coverage, indicating the lessor as loss payee and if the leased equipment is eligible for the Loss Damage Waiver Program, then the lessee will be charged a loss damage waiver fee. The 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 the lessor during the term of the lease. The amount of the loss damage waiver fee will be calculated and provided to the lessee by the lessor before the fee is charged to the lessee. The fee amount is fixed for the term of the lease.

## 2. GENERAL SCOPE.

(a) Provided that:

- the leased equipment is not ineligible property as described in Sections 3 and 4 of this Program;
- the loss or damage to the leased equipment is caused by an event set out in Section 7 of this Program;
- the loss, damage or the equipment is not otherwise excluded from the scope of this Program;
- the lessee's lease is not in default at the time the equipment is lost or damaged; and
- all of the other conditions set out in this Program are otherwise satisfied.,

then:

- (i) in the event of loss or damage to leased equipment that is less than two years old, the lessor shall at its option either:
- (A) repair the equipment and continue the lease;
  - (B) replace the equipment and continue the lease; or
  - (C) pay to the lessee an amount equal to the lesser of:
    - I. the replacement value of the equipment at the time of loss or damage; and
    - II. the outstanding future payments due under the lease at the time of loss or damage, and
- (ii) in the event of loss or damage to leased equipment that is two or more years old, the lessor shall at its option either:
- (A) repair the equipment and continue the lease;
  - (B) apply an amount equal to the actual cash value of the equipment at the time of loss or damage towards the replacement of the equipment and continue the lease; or
  - (C) pay to the lessee an amount equal to the lesser of:
    - I. the actual cash value of the equipment at the time of loss or damage; and
    - II. the outstanding future payments due under the lease at the time of loss or damage,
- (b) If the lessor elects to repair or replace the leased equipment pursuant to Subparagraphs 2(a)(i)(A), 2(a)(i)(B), 2(a)(ii)(A), 2(a)(ii)(B), then the lessee shall be required to pay to the lessor the first \$250 of the cost of replacement or repair.
- (c) If the lessor elects to replace the leased equipment pursuant to Subparagraph 2(a)(ii)(B) and the cost of replacing the equipment exceeds the amount applied by the lessor towards the replacement of the equipment, then the lessee shall be required to pay to the lessor the difference immediately upon demand.
- (d) If the lessor elects to make the payment required in Subparagraph 2(a)(i)(C) or 2(a)(ii)(C), then such payment will be applied to the outstanding future payments due under the lease. The lessee shall be responsible for all other amounts (including defaulted payments, outstanding payments and other fees or charges) remaining due under the lease as well as all applicable taxes and the lease shall be terminated upon payment by the lessee of such outstanding amounts to the lessor.

**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:

(a) The equipment is:

- i. Agricultural equipment
- ii. Equipment which is waterborne;
- iii. Aircraft or watercraft, including their motors, equipment and accessories;
- iv. Automobiles, trucks, or any self-propelled vehicles or machines primarily designed and licensed for road use;
- v. 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;
- vi. Equipment used in mining, logging, lumbering, or oil or gas explorations or processing;
- vii. Underground equipment or equipment while located underground;
- viii. Post frame buildings, pole sheds, portable shelters, agricultural buildings or steel buildings; or
- ix. Equipment valued in excess of \$100,000.

(b) Lessor's exposure with respect to the lessee exceeds \$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 the lessor does not waive the lessee's responsibility for damage or loss to the eligible leased equipment if the cost to replace the eligible lost equipment or to repair the eligible leased equipment, as determined by the lessor's program administrator, does not exceed \$250 and 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 from the Program at any time by obtaining insurance covering the leased equipment for loss or damage as required by the lease contract and providing the 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 the Lessor with the details of the loss or damage. Call us at 888-599-1966 or email information to [claims@cwbnationalleasing.com](mailto:claims@cwbnationalleasing.com). The lessor will forward the details of the loss or damage to the loss damage waiver program administrator who will contact you if additional information is required.