

## Terms and Conditions of the Equipment Lease with Grand HVAC Leasing, USA, LLC

Customer's continued use of the rental water heater shall constitute acceptance of the following Terms and Conditions. These Terms and Conditions of the Equipment Lease with Grand HVAC Leasing, USA, LLC ("Agreement") are between you, herein referred to as "Customer," "your," or "you" and Grand HVAC Leasing USA, LLC, a Delaware limited liability company, hereinafter referred to as "GHL", and govern your rental and GHL's service of the natural gas hot water heater(s) you previously leased from PSE (the "Equipment"). This Agreement shall be effective upon, and not be effective until, the Commencement Date (defined below).

Customer acknowledges and agrees that, effective as of the Commencement Date, any prior lease agreement or understanding the Customer has with Puget Sound Energy ("PSE"), whether oral or written, will be terminated and this Agreement will govern the Equipment.

**1.Term and Termination.** This Agreement will commence on the date of the successful close of the purchase and sale transaction between GHL and PSE, which is anticipated to occur on or around December 22, 2020 (the "Commencement Date") and will remain in effect for a period of 36 months (the "Term"), and shall renew automatically on a year to year basis unless terminated by you. Customer may, at any time during the Term of this Agreement, or at the end of the Term, purchase the Equipment in "As Is" condition for a value equal to: the total present value of all unpaid and future monthly rental payments due under the Terms of this Agreement where the present value will be calculated by discounting at a rate per annum equal to three percent (3.0%). Customer shall advise of their request to purchase the Equipment by contacting GHL at 1-855-754-0530 or by email at [service@grandhvacleasing.com](mailto:service@grandhvacleasing.com). Customer may return the Equipment to GHL at any time, provided, that Customer agrees that the Equipment must be inspected by a GHL technician at Customer's expense. Additionally, Customer agrees to be responsible for removal and restocking fees arising from the removal of the Equipment, as well as any applicable administrative fee, which fees shall be determined at or shortly after the Equipment is inspected by a GHL technician. Customer acknowledges that the foregoing fees are not a penalty; they will cover the overhead cost incurred by GHL in removing and restocking the Equipment, so as to make GHL whole. Customer will be reimbursed for the total market value of the Equipment based on the inspection undertaken at the time of removal.

**2.Condition of Equipment.** You agree to keep the Equipment in the same condition as when delivered and installed other than normal wear and tear. You have no ownership interest in the Equipment, other than the right to use the Equipment as intended for its ordinary purposes and under the Terms and Conditions herein. You will: (i) maintain effective operation of any system supplying water or electricity to the Equipment; (ii) ensure that no combustible, hazardous or flammable materials are used or stored in the same room near the Equipment; (iii) ensure that the Equipment is not confined in a location where it is difficult to service or remove or where there is inadequate ventilation; (iv) provide GHL or its authorized service representative with access to the Equipment, whenever reasonably required for purposes of inspection, repair, maintenance or removal; (v) ensure that the Equipment is located in an area with sufficient drainage and that such drainage is in proper working order and unrestricted; and (vi) shall not permit anyone who has not been authorized by GHL to service, repair, modify, alter, adjust, move, or disconnect the Equipment.

**3.Service and Repair.** GHL's obligation to Customer is to service and repair the Equipment using third party contractors licensed by the Washington State Department of Labor & Industries (<https://lni.wa.gov/>), and/or the Seattle Department of Construction & Inspections (<http://www.seattle.gov/sdci>). Customer's obligation is to notify GHL of any requested service or maintenance of the Equipment. Customer will not be responsible for any service charges or replacement parts charges except: (i) if you, or a third

party not authorized by GHL, install, alter, modify, adjust, damage, service, repair, move or disconnect the Equipment; (ii) if service or repairs are required because the Equipment was used for unintended or unauthorized purposes; (iii) if Equipment requires de-liming, flushing or other repair due to poor water conditions or poor quality of the environment in which the Equipment is situated; (iv) where, piping, wiring, plumbing, or electric services require cleaning, repair, or replacement; (v) if you fail to maintain your Equipment in accordance with the requirements of this Agreement; or (vi) if you fail to fulfill any of your obligations under the Agreement. A minimum service fee of \$100.00 plus any additional charges which may apply for additional services provided shall be charged to your account for Service calls you request which are unrelated to the Equipment, as determined at the sole discretion of GHL including service calls where a person at least 18 years of age is not present in the home or service calls where our access to the Equipment is obstructed. GHL, at its sole discretion, will replace defective Equipment due to issues not caused by you and you shall enter into a new Agreement under the then current Terms and Conditions or this Agreement may be terminated by you in accordance with your obligations under this Agreement.

**4.Payments.** You shall pay the Total Monthly Payment including applicable taxes each month throughout the entire Term of this Agreement, starting on the Commencement Date, and pay any additional charges which may apply. Your obligation to remit all amounts under this Agreement shall be absolute and unconditional without any hold-back, deduction, abatement, claim for compensation or set-off for any reason. After the first 24 months of this Agreement, GHL reserves the right to increase the Monthly Payment from time to time, with (i) at least 30 days advance Customer notice and (ii) any increase shall be no more than 4.9% annually. You shall make all payments required to be made under this Agreement to GHL by (i) pre-authorized, recurring Credit Card payment from a company acceptable to GHL, or (ii) automatic bank withdrawal (ACH) payment where you authorize GHL, and the financial institution you designate, to debit your bank account for the full amount of the payment due under the terms of this Agreement, for the entire term of this Agreement. You waive requirement for any notification when a payment shall be or is processed or any adjustment in Monthly Payment or other applicable charges shall apply. You agree to pay a fee of \$25.00 for a pre-authorized payment that is returned or incomplete for any reason. You agree that termination by you of credit card or ACH payments shall in no circumstance reduce your payment obligation, or any other obligation, under this Agreement. You warrant that all credit card or ACH information provided is accurate and for an account in good standing; you are an authorized user of such payment method; and you agree to notify GHL at least Fifteen (15) days prior to any change to your payment arrangements with us. You agree that GHL may utilize, assign, or transfer payment services to a third-party at our sole discretion. You have the right to receive reimbursement for a payment debited from your account for which this Agreement does not permit. Please contact

GHL immediately to report any error of payment. You may also obtain a form for a Reimbursement Claim, or for more information on your recourse rights, you may contact your financial institution.

**5.Liability.** You operate the Equipment at your own risk. You agree to indemnify GHL from any and all loss or damage related to the Equipment for any reason and all claims, losses or costs that GHL may suffer, pay or may be required to pay, including legal expenses, in connection with the Equipment, this Agreement or the use and operation of the Equipment, including any claims against GHL for any injury or death to individuals or damage to property. Your indemnification shall survive termination of this Agreement.

**6.Default.** You shall be in default of your obligations under this Agreement ("Default") if: (i) you do not make any payment(s) within Thirty (30) days as required by this Agreement; (ii) you encumber the Equipment in any way; (iii) transfer title to the premises where the Equipment is installed without first purchasing the Equipment, unless we have agreed in writing to the assumption of your obligations under this Agreement by the party acquiring title to such premises or such obligation to be paid at the closing of a transfer of title to the premises; (iv) you attempt to transfer or sublet the Equipment; (v) you move, alter, modify or place the Equipment at risk; (vi) you remove or attempt to remove the Equipment from the Premises; (vii) you allow any damage other than that caused by normal wear and tear; (viii) any representation or warranty made by you in entering into this Agreement is untrue or incorrect; or (ix) you fail to abide by any of the terms of this Agreement in any way, you shall be in Default and deemed to have terminated this Agreement per the terms of Termination of this Agreement.

**7.Sale of Premises.** If you sell your premises, you agree to inform the purchaser and GHL at least Thirty (30) days before such sale or transfer of the premises that the Equipment is rented pursuant to this Agreement and that this Agreement may either be assumed or bought out. You authorize GHL to respond to information requests relating to your account made by or on behalf of the purchaser. You shall contact GHL to inform us of any proposed assignment and you and the purchaser shall undertake all acts and provide and sign all documents as may be required giving effect to the assignment or purchase of this Agreement to the purchaser. If this Agreement is not bought out or assumed by purchaser in full and at any closing, for any reason, you shall remain solely obligated under the terms of this Agreement.

**8.Assignment.** GHL may as and by way of security or absolutely, at any time, without your consent or notice to you, assign our right, title or interest in this Agreement, payments under this Agreement or in the Equipment described herein to any assignee or purchaser of contracts or payments.

**9.Personal Information.** You consent that your personal information, included as part of your Agreement with us, but not limited to, your account, credit, and billing history, may be collected, used and maintained by us for the purposes of managing your account with GHL. You agree that GHL may provide your information to our lenders, potential lenders, assignees, or purchasers of Agreements or payments. You consent to our recording all telephone conversations between you and GHL and/or any lender, assignee or purchaser and that we may retain all such recordings. You also consent to GHL contacting you at the telephone number(s) and/or email(s) you have provided. You may revoke your consent to record or to contact by informing GHL by phone, by email or by letter. If you have any questions regarding your personal information, please contact GHL 1-855-754-0530 or by email at [service@grandhvacleasing.com](mailto:service@grandhvacleasing.com)

**10.Miscellaneous.** This Agreement and these terms and conditions make up the entire Agreement between GHL and you and this Agreement is binding upon you and your permitted successors and assigns. Time is of the essence of this Agreement. This Agreement will be governed by and construed in accordance with the laws of the State of Washington, applicable therein. Venue for any action under this Agreement shall lie in King County, Washington.

Information requests by any person(s) other than you shall be verified, unless otherwise stated in this Agreement, and are subject to administration charges as set from time to time by GHL. You agree that if a provision of this Agreement is void or unenforceable in any jurisdiction is, as to that jurisdiction, void only to the extent of such provision, without invalidating the remaining provisions or the invalid provision with respect to any other jurisdiction. You agree that all our rights are cumulative and not alternative and may be exercised by us separately or together in any order or combination.

**11.Title and Ownership.** GHL shall own, and have title to, the Equipment at all times. You have no ownership interest in the Equipment, other than the right to temporarily possess, insure, and use the Equipment while on the premises on which it has been installed. You will not transfer or sublet the Equipment to anyone without our consent. You agree that the Equipment shall remain portable or movable property (without the need for another party's consent or waiver to permit GHL to remove it), even though it may become affixed to the real or immovable property.

**12.Insurance.** During the term of this Agreement, you will keep the Equipment fully insured by obtaining and maintaining third-party property insurance against (i) physical loss or damage to the Equipment; (ii) damage that may be caused by the Equipment to the premises on which the Equipment is installed; and (iii) personal injury resulting from the Equipment. You are responsible for any loss or damage to the Equipment from any cause at all, whether or not insured, until all of your obligations under this Agreement have been fulfilled. The total or partial loss of the Equipment or its use or possession shall not relieve you of your obligations and liabilities under this Agreement.

**13.Total of Payments.** By the end of the Term of the Agreement the amount you will have paid will be equal to the monthly rental rate multiplied by the term length. This amount is the sum of the amount due at lease signing (less any refundable amounts), the total amount of periodic payments (less any portion of the periodic payment paid at lease signing), and other charges that are required under the Agreement. GHL represents that this amount is an estimate and may be updated and/or changed by GHL at any point throughout the Term of the Agreement.

**14.Other Documents.** You should refer to the lease documents for additional information on early termination, purchase options and maintenance responsibilities, warranties, late and default charges, insurance, and any security interests, if applicable.

**15.Arbitration Agreement.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by either the American Arbitration Association in accordance with its Commercial [or other] Arbitration Rules or by any local arbitrator of the State that governs this Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

**16.Class Action Waiver.** There shall be no consolidation of claims or class actions without the consent of all parties.

**17.Force Majeure.** GHL shall not be liable for failure or delay in the performance of any obligations caused by a force majeure. For purposes of this Agreement, force majeure shall be broadly construed to include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, riots, epidemics, pandemics, lightning, earthquakes, explosions, flooding, accidents or repairs to machinery or pipes, delays of carriers, inability to obtain materials or rights of way on reasonable terms, acts of public authorities, emergency stay-at-home orders issued by public authorities, or any other causes, whether or not of the same kind as enumerated herein, not within the control of GHL and which by the exercise of due diligence GHL is unable to overcome.