

I hereby authorize Welch Music to initiate a monthly debit entry to my checking account for the amount of my total monthly payment. This authorization is to remain in full force and effect until instrument is paid in full or returned to Welch Music at which time automatic debit entries will end. Payments will be automatically withdrawn on the 20th of each month.

I authorize Welch Music to charge my monthly lease payment to my credit card if I fail to pay my monthly payment within thirty (30) days of when due, and the entire outstanding balance if over ninety (90) days past due.

#### DAMAGES

Lessee shall be responsible for any damage and any missing or lost parts of the instrument (not covered in the Repair Maintenance section), reasonable wear and tear excepted. If instrument is damaged, Welch Music shall have sole discretion in determining whether it is due to reasonable wear and tear. Upon return, lessee shall immediately pay for any excessive damage or missing parts, and shall also pay for the removal of any stickers, or tape residue on instrument or case, at the rate of 10 dollars per sticker.

#### LEGAL REMEDIES AND COLLECTION COSTS

Lessee agrees to pay all costs and expenses incurred in collection including, but not limited to, attorneys' fees, \$25.00 per hour for employee time, expenses, service and filing fees, court costs, interest at the rate of 15% on all rental payments due on the date of return and any other reasonable expenses incurred. In any event, minimum charge for the pick-up of a payment or instrument outside the store shall be \$25.00 plus fifty-five cents (55¢) per mile, per attempt, and \$25.00 per hour for employee time spent prosecuting in small claims court to collect money owed under this agreement.

#### Disputes, Late Payments and Returned checks

Disputed balances must be discussed directly with the accounting office. Lessee agrees and understands that any endorsement of a check containing the phrase "paid in full" or similar language is not binding on the Owner without an express written agreement signed by the accounting office. If no payment is made in any given month during the term of the lease period, there will be a \$10.00 late fee added to the amount that is past due. There will be a \$20.00 service charge on all returned checks.

#### INSTRUMENT EXCHANGE AND UPGRADE OPTIONS

At any time during the term of this lease, lessee may option to exchange the original leased equipment. Lessee shall receive one-half the total value of all lease payments made, applied toward a new lease of any other band or orchestra instrument of equal or greater value.

#### RETURN

The lessee may return the instrument at any time during the lease period and the lease agreement will thereupon terminate, no money paid during the lease period shall be refunded, and the lessee shall be required to pay all past due payments (if any) in full. In the event of return, the instrument must be returned to Welch Music and not the school.

#### DEFAULT

If the lessee fails to pay when due, any payment or other amount required herein to be paid, or fails to perform any other provision hereof, or if a petition is filed by or against the lessee under the Bankruptcy Act, or if there has been a breach of any other lease agreement with Welch Music, then Welch Music, its successors, or assigns, shall have the right to exercise any one or more of the following remedies: (1) Welch Music may recover from the lessee all payments and other amounts due hereunder; (2) Welch Music may take possession of any or all instruments wherever same may be located, without demand or notice, without any court order or other process of law, and without liability to the school. Any such taking of possession shall constitute a termination of this agreement but shall not release the lessee from the obligation of past due payments; (3) Welch Music may recover any and all instruments, all payments, and other amounts due and to become due, including attorneys' fees incurred in taking possession of the instrument. Should the instrument become lost or stolen during the term of this lease, lessee shall remain obligated for any outstanding balance due.

#### SECURITY AGREEMENT

In order to secure all amounts due now or in the future under this agreement, the lessee hereby acknowledges that Welch Music retains a security interest in the instrument. Ownership of the instrument shall remain with Welch Music throughout the entire term of this lease. If the lessee elects to purchase the instrument, then ownership shall pass upon the full purchase price having been paid. Lessee agrees not to sell, mortgage or dispose of the instrument throughout the term of this lease, or until the full purchase price has been paid.

#### REMOVAL

The lessee agrees not to remove the instrument from the city and state at the given address without the express written consent of Welch Music.

#### REPAIR AND MAINTENANCE

This lease agreement provides our exclusive Repair and Maintenance program throughout the term of the lease, or until the instrument is returned. Disposable items including but not limited to, mouthpieces, strings, reeds, mallets, and sticks are not included in this coverage. Regular payments must be maintained while the instrument is being serviced. If payments are 30 days or more in arrears, instrument will be held and service will not be provided until all payments are brought current. All services are void and payments forfeited if the instrument is serviced or repaired by anyone other than a Welch Music repair technician. The service agreement expires with the termination of this lease agreement.