

UNITED STATES of AMERICA
U.S. DISTRICT COURT -- EASTERN DISTRICT OF MICHIGAN

KAI HARRIS,
on behalf of herself
and all others similarly situated,

Plaintiff,

DEMAND FOR JURY TRIAL

-vs-

Case No. 11-12130
Hon. George Caram Steeh

DETROIT II AUTOMOBILES, INC.,

Defendant.

FIRST AMENDED COMPLAINT
WITH JURY DEMAND FOR CLASS RELIEF

1. This action is brought by consumers in response to Detroit II Automobiles, Inc.'s unlawful practices in connection with the credit lease and sale of used cars. Specifically, Detroit II Automobiles, Inc. sells used cars and loans to purchase those cars to consumers who are unsophisticated, desperate or led to believe that they are unable to obtain conventional auto financing. Wilfully, and with intent to defraud, Detroit II Automobiles, Inc. misrepresents the credit sales which are the subject of this lawsuit as "leases" in an illegal attempt to circumvent the disclosure requirements of the Truth in Lending Act, 15 U.S.C. § 1638 ("TILA") for credit sales.

2. Although the financing document involved in these matters is called a “lease,” it is actually a credit sale disguised as a lease or a “spurious lease” as defined in 15 U.S.C. § 1602(h) and Regulation Z, 226.2(a)(16).
3. The practice and policy of foisting a spurious lease upon an unsuspecting consumer serves to allow a nimety of deceptive ends, chief among these the complete and total circumvention of the standard TILA disclosures which allow consumers to make informed decisions regarding a major credit purchase.

JURISDICTION

4. This court has federal question jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337.
5. As to any supplemental claims set forth herein, there are no exceptional circumstances or other compelling reasons for this Court to decline jurisdiction and the interests of justice would best be served if this Court heard these claims along with the federal claims.

PARTIES

6. The Plaintiff to this lawsuit is Kai Harris who resides in Clarkston, Michigan in Oakland County.
7. The Defendant to this lawsuit is Detroit II Automobiles, Inc. (“Detroit II Auto”) which is a corporation doing business in Michigan and which by statute and condition of licensing, may be served through its irrevocable resident agent, the Bureau of Regulatory Services, Business Licensing and Regulation Division, Richard H. Austin Building – 3rd Floor, 430 W. Allegan Street, Lansing, MI 48918.

8. At all relevant times Detroit II Auto -- in the ordinary course of its business -- regularly extended or offered consumer credit for which a finance charge is, or may be imposed or which, by written agreement is payable in more than four installments and is the person to whom the transaction which is the subject of this action is initially payable.
9. Detroit II Auto is a creditor under the TILA, 15 U.S.C. § 1602(g) and regulation Z § 226.2(a)(17).

VENUE

10. The transactions and occurrences which give rise to this action occurred in Wayne County in Michigan.
11. Venue is proper in the Eastern District of Michigan.

GENERAL ALLEGATIONS

12. On or about March 21, 2011, Ms. Harris went to the business place of Detroit II Auto for the purpose of purchasing a vehicle.
13. At that time, Ms. Harris executed the attached "Closed End Vehicle Lease Agreement" which was in fact, a spurious lease; the transaction was not a true lease, but based upon the terms in the lease, it was a purchase on credit.
14. Specifically, the lease contains an agreed upon value of the vehicle of \$11,375.00 – with sales tax, that amount would be \$12,057.50; Ms. Harris also purchased a \$1,500.00 service contract but she put \$2,083.00 down; with no credit or financing whatsoever, Ms. Harris could have driven away with the vehicle and owed nothing if she wrote a check for \$11,474.50.

15. However, Ms. Harris did not write a check for \$11,474.50; instead she agreed, under the terms of the “Closed End Vehicle Lease Agreement” to pay \$124.32 per week for 156 weeks.
16. The effective Annual Percentage Rate for this transaction is 38.52864% – at law, the most Detroit II Auto could have charged, by law, as an Annual Percentage Rate is 25.00%.
17. Under these circumstances, Ms. Harris would pay more than the total of the amount financed and all the finance charges that Detroit II Auto could possibly charge; this is the classic example of a usurious credit sale disguised as a lease; as such, TILA disclosures for a credit sale were required to be given to Ms. Harris.
18. At the time and in the manner required under TILA and Regulation Z, Detroit II Auto did not disclose to Ms. Harris, that the subject transaction was actually a credit sale and that the annual percentage rate or APR of the loan associated with the purchase was 38.52864%.
19. At the time and in the manner required under TILA and Regulation Z, Detroit II Auto did not disclose to Ms. Harris, that the subject transaction was actually a credit sale and that finance charge was approximately \$9,155.44.
20. At the time and in the manner required under TILA and Regulation Z, Detroit II Auto did not disclose to Ms. Harris, that the subject transaction was actually a credit sale and that the amount financed was \$11,474.50.
21. At the time and in the manner required under TILA and Regulation Z, Detroit II Auto did not disclose to Ms. Harris, that the subject transaction was actually a credit sale and that the total of payments was \$21,476.92.
22. At the time and in the manner required under TILA and Regulation Z, Detroit II Auto did not disclose to Ms. Harris, a legal itemization of the amount financed.

23. Detroit II Auto charged Ms. Harris a finance charge greatly in excess of what was legal.
24. Ms. Harris entered into a transaction with Detroit II Auto in which Detroit II Auto identified the transaction as a lease, but the terms of the agreement required her to pay as compensation a sum substantially equivalent to, or in excess of, the total value of the property and service involved.
25. Ms. Harris was not able to make an informed decision as to the cost of credit.
26. Ms. Harris suffered actual damages as a result of Detroit II Auto's violations of the TILA.

CLASS ALLEGATIONS

27. Plaintiff incorporates the previous allegations by reference.
28. It was Detroit II Auto's policy to enter into the spurious lease agreements as set forth in this complaint.
29. This action is brought on behalf of a class, pursuant to Fed.R.Civ.P. 23(a) and (b)(3).
30. The class is defined as follows: All consumers who – during the preceding six years – entered into transactions with Detroit II Auto in which Detroit II Auto identified the transaction as “a lease” or a “closed end vehicle lease agreement,” the terms of which require the consumer to pay as compensation a sum substantially equivalent to, or in excess of, the total value of the property and service involved.
31. On information and belief, the class is so numerous that joinder of all individuals is not practicable.

32. There are questions of law and fact common to the class, which questions predominate over any questions affecting only individual class members. The principal common question for purposes of this claim is whether Detroit II Auto has a policy and practice of entering into spurious lease agreements with consumers.
33. The only individual question would appear to be the identification of the class members.
34. Plaintiff's claims are typical of those of the class members. All are based on the same factual and legal theories.
35. Plaintiff will fairly and adequately represent the class members. Plaintiff has retained counsel experienced in bringing class actions and consumer credit claims.
36. A class action is superior for the fair and efficient adjudication of the class members' claims. Congress specifically contemplated TILA class actions as a means of enforcing the statute.

WHEREFORE, Plaintiff requests that the Court enter judgment in favor of Plaintiff and the class members and against defendant Detroit II Auto for:

- a. Statutory damages as provided by 15 U.S.C. §1640;
- b. Appropriate injunctive relief.
- c. Attorney's fees, litigation expenses and costs of suit.
- d. Such other or further relief as is appropriate and just.

COUNT I -- Truth in Lending Act (Detroit II Auto)

37. Ms. Harris incorporates the preceding allegations by reference.
38. By failing to provide Ms. Harris with a copy of truth in lending disclosures at the time and in the manner prescribed by Regulation Z of the Truth in Lending Act, the dealer has violated the federal Truth in Lending Act, 15 U.S.C. § 1601.

39. Detroit II Auto retained portions of the amount charged for the service contract which Ms. Harris purchased.
40. Detroit II Auto failed to disclose that it was retaining a portion of the amount charged for the service contract.
41. The failure of Detroit II Auto to disclose that it was retaining a portion of the amount charged for the service contract constitutes a violation of TILA, 15 U.S.C. § 1638 and 16 C.F.R. § 226.18(b) and [c].
42. Detroit II Auto failed to accurately disclose the applicable finance charge as required by 15 U.S.C. § 1638 and Reg Z § 226.18(d)
43. Detroit II Auto failed to accurately disclose and itemize the amount financed in violation of 15 U.S.C. § 1638, Reg Z § 226.18(b), and Reg Z § 226.18[c].
44. As a consequence of failing to accurately state the actual finance charge, Detroit II Auto also misstated the applicable "APR" in violation of 15 U.S.C. § 1338 and Reg Z § 226.18(e).
45. Detroit II Auto failed to accurately disclose the applicable "APR" as required by 15 U.S.C. § 1638; Reg Z § 226.18(32); Reg Z § 226.22.
46. Detroit II Auto was required to make the disclosures required by 16 U.S.C. § 1638 prior to failed to prior to consummating the sale of the vehicle.
47. Those disclosures were required to be made in writing, in form that could be kept by the consumer so that consumers may shop for credit prior to engaging in a credit transaction.
48. Detroit II Auto failed to make those disclosures in a timely fashion in violation of 15 U.S.C. § 1638(a)(4).

49. Detroit II Auto is liable to Plaintiff for actual and statutory damages to be determined at trial, costs, and statutory attorney fees in accordance with 15 U.S.C. § 1640.

COUNT II — Motor Vehicle Sales Finance Act

50. Ms. Harris incorporates the preceding allegations by reference.
51. All charges imposed upon Ms. Harris and the class members under the spurious lease, which were not authorized by the Michigan Motor Vehicle Sales Finance Act ("MVSFA"), M.C.L. §492.101 *et seq.* and not properly itemized, as required in that act, constitute a finance charge.
52. Detroit II Auto failed to properly complete all necessary terms of the installment contract as required by the MVSFA.
53. Because the spurious lease was not a retail installment contract as defined in the MVSFA, those charges imposed as a finance charge were not authorized under that statute.
54. Detroit II Auto imposed upon Ms. Harris and the class members charges which are not authorized by the MVSFA in violation of M.C.L. § 492.131.
55. Those charges constitute actual damages suffered by Ms. Harris and the class members.
56. Ms. Harris and the class members have suffered the damages set forth above by reason of the Detroit II Auto's violations of the MVSFA.

COUNT III — Motor Vehicle Installment Sales Contract Act

57. Ms. Harris incorporates the preceding allegations by reference.
58. Detroit II Auto failed to properly complete all necessary terms of Ms. Harris's and the class members' installment contracts as required by the Michigan Motor Installment Sales Contract Act, M.C.L. § 566.301 *et seq.*, ("MVISCA").

59. Ms. Harris's and the class members' spurious lease – prepared by Detroit II Auto – did not substantially comply with the MVISCA. M.C.L. § 566.302.
60. Ms. Harris and the class members have suffered damages in the amount of the finance charge imposed under the MVISCA.

COUNT IV — Michigan Credit Reform Act

61. Ms. Harris incorporates the preceding allegations by reference.
62. The finance charges imposed on Ms. Harris and the class members were not authorized under the MVSFA and were therefore “excessive” as that term is defined in the Michigan Credit Reform Act, M.C.L. § 445.1851 *et seq.*, (“MCRA.”)
63. Detroit II Auto has imposed excessive charges upon Ms. Harris and the class members in violation of M.C.L. § 445.1856.
64. Ms. Harris and the class members suffered damages as a result of this violation of the MCRA and are entitled to damages of \$1,000 each plus disgorgement of the improper finance charges.
65. Ms. Harris and the class members have suffered damages as a result of this violation of the MCRA.

COUNT V – Michigan Consumer Protection Act (Class Claim)

66. Plaintiffs incorporate the preceding allegations by reference.
67. The allegations set forth above also give rise to violations of the Michigan Consumer Protection Act, M.C.L. §445.901 *et seq.*
68. Ms. Harris and the class members have suffered damages as a result of these violations of the Michigan Consumer Protection Act.

JURY DEMAND

69. Kai Harris demands a jury trial in this case.

REQUEST FOR RELIEF

Plaintiff requests that this Honorable Court grant the following relief:

- a. Assume jurisdiction over this case including all supplemental claims.*
- b. Certify this lawsuit as a Class Action;*
- c. Award actual damages.*
- d. Award statutory damages under both state and federal law.*
- e. Award appropriate injunctive relief.*
- f. Award attorney's fees, litigation expenses and costs of suit.*
- g. Grant such other or further relief as is appropriate.*

Respectfully Submitted,

ADAM G. TAUB & ASSOCIATES
CONSUMER LAW GROUP, PLC

By: s/ Adam G. Taub
Adam G. Taub (P48703)
Attorney for Kai Harris and a
class of similarly situated consumers
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Dated: May 15, 2011



CLOSED END VEHICLE LEASE AGREEMENT

(SIMPLE INTEREST)
(Assigned to LHPH)

This lease agreement is between the lessor listed at the foot hereof and the lessee listed also at the foot hereof. As used in this lease the words "I", "me," or "my" refer to the lessee, "you" or "your" refer to the lessor and "we," "our" or "us" refer to both the lessee and lessor. I understand that the consumer lease disclosures made in this lease are also made on behalf of Detroit II Automobiles and on behalf of LHPH to whom you intend to assign this lease. Lessee Name(s) Kai Harris, Address(es) 4361 Hemlock Loop, Clarkston, MI 48348

1. **AGREEMENT TO LEASE.** I will lease the vehicle described below under this lease. Our obligations begin when we have signed this lease. If the vehicle is not delivered to me when we sign, you will use your best efforts to deliver it as soon as practicable. The lease term expiration is 03/17/2014

New or Used	Year	Make	Model	Color	Manufacturer's Serial Number	Odometer	License Number
U	2008	JEEP	PATRIOT	Silver	1J8FT48W58D522170	43648	

Added Equipment: _____
Trade: _____ Year _____ Make _____ Model _____

2. **SEGREGATED FEDERAL DISCLOSURES.** The following disclosures are required by federal law to be segregated if this lease is covered by the Federal Consumer Leasing Act.

(a) Amount Due at Lease Signing or Delivery (Itemized below)* \$ <u>2,083.00</u>	(b) Lease Payments I will make <u>156</u> <u>Weekly</u> lease payments under this lease. My first lease payment of \$ <u>124.32</u> is due on <u>03/28/2011</u> . The second and subsequent lease payments in the same amount will be due on the same day of each succeeding payment period. 	(c) Other Charges (not part of my lease payment) Disposition fee (if I do not purchase the vehicle and it is not a casualty loss) <u>\$ 450.00</u> Deferred lease signing payment <u>\$ 0.00</u> <u>\$ 0.00</u> Total <u>\$ 450.00</u>	(d) Total of Payments (The amount I will have paid to you by the end of the lease) <u>\$ 21,926.92</u>
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***Itemization of Amount Due at Lease Signing or Delivery**

(e) Amount Due at Lease Signing or Delivery: (i) Capitalized cost reduction <u>\$ 1,000.00</u> (ii) Tax on capitalized cost reduction <u>\$ 60.00</u> (iii) Current year registration/license fees <u>\$ 23.00</u> (iv) 1st Payment <u>\$ 0.00</u> (v) Tax on Other <u>\$ 0.00</u> (vi) Security Deposit <u>\$ 1,000.00</u> Total <u>\$ 2,083.00</u>	(f) How the Amount Due at Lease Signing or Delivery will be paid: (i) Net trade-in allowance <u>\$ 0.00</u> (ii) Rebates and noncash credits <u>\$ 0.00</u> (iii) Amounts to be paid in cash <u>\$ 2,083.00</u> Total <u>\$ 2,083.00</u>
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(g) My payment is determined as shown below:

(i) Gross capitalized cost. The agreed upon value of the vehicle (<u>\$11,375.00</u>) and any items I pay for over the lease term as part of the base payments (such as taxes, fees, mechanical breakdown protection contract, insurance, and any outstanding prior credit or lease balance) If I want an itemization of this amount, I may check this box. <input type="checkbox"/>	<u>\$ 16,685.00</u>
(ii) Capitalized cost reduction. The amount of any net trade-in allowance, rebate, noncash credit or cash I pay that reduces the gross capitalized cost - <u>\$ 1,000.00</u>	= <u>\$ 15,685.00</u>
(iii) Adjusted capitalized cost. The amount used in calculating my base payment - <u>\$ 5,232.50</u>	= <u>\$ 10,452.50</u> #
(iv) Residual value. The value of the vehicle at the end of the lease used in calculating my base payment = <u>\$ 10,452.50</u> #	= <u>\$ 18,295.68</u>
(v) Depreciation and any amortized amounts. The amount charged for the vehicle's decline in value through normal use and for other items paid over the lease term as part of the base payments. + <u>\$ 7,843.18</u> #	= <u>\$ 18,295.68</u>
(vi) Lease charges. The amount charged in the base payments in addition to the depreciation and any amortized amounts + <u>\$ 156</u>	= <u>\$ 117.28</u>
(vii) Total of base payments. The depreciation and any amortized amounts plus the lease charges. + <u>\$ 117.28</u>	+ <u>\$ 7.04</u> **
(viii) Lease payments. The number of payments in my lease. = <u>\$ 7.04</u> **	+ <u>\$ 0.00</u>
(ix) Base payment + <u>\$ 0.00</u>	= <u>\$ 124.32</u> **
(x) Lease sales/use tax + <u>\$ 0.00</u>	
(xi) + <u>\$ 0.00</u>	
(xii) Total lease payment = <u>\$ 124.32</u> **	

(h) **Early Termination.** I may have to pay a substantial amount if this lease is ended early. The amount may be up to several thousand dollars. The actual amount will depend on when the lease is terminated. The earlier the lease is ended, the greater this amount is likely to be.

(i) **Excessive Wear and Use.** I may be charged for excessive wear based on your standards for normal use and for mileage in excess of 18,000 miles per year at the rate of 15 cents per mile.

(j) **Purchase Option at End of Lease Term.** I have an option to purchase the vehicle at the end of the lease term for the Lease Balance described in paragraph 5 and accrued but unpaid lease charges, plus \$375 and applicable official fees and taxes if the lease is not in default and I have given you 30 days notice.

(k) **Other Important Terms.** See 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.

**These amounts are estimates because they are based on current tax rates. #These amounts are based on the lease running its full term.

LESSEE(S) INITIALS

FURTHER FINANCIAL DISCLOSURES

3. ESTIMATED OFFICIAL FEES AND TAXES. You estimate the total of official fees and taxes I will have to pay during the lease term is \$1,181.24. My tax and fees obligations are described in paragraph 10.

4. MECHANICAL BREAKDOWN PROTECTION. (MBP) While I have no obligation to do so, I understand I may purchase from you a contract under which I will have the right to have a portion of the costs of repairs of certain major mechanical breakdowns of the vehicle and some related expenses paid by the contract administrator listed in the contract.

The term of this protection will be 0 payment periods from the date this lease is signed or until the vehicle has been driven _____ miles, whichever occurs first.

Service Contract Administrator _____

Choice of Payment:

I choose to purchase the contract for its cash price of \$ 0.00. LESSEE(S) INITIALS () ()

I choose to purchase the contract and pay for its cash price of \$1,500.00 together with lease charges during the term of the lease as part of the lease payments.

LESSEE(S) INITIALS (AA) (AA)

5. LEASE BALANCE CALCULATION. In paragraphs 2(j), 13, 14 and 16 the term Lease Balance is used to describe a component of my liability on scheduled or early termination. For these purposes each lease payment will be allocated when you receive it first to taxes, then to lease charges which have accrued on an actual days basis since the prior lease payment on the outstanding adjusted capitalized cost and finally to reduce the outstanding adjusted capitalized cost. The adjusted capitalized cost as of the date you and I sign the lease and before application of the first lease payment is shown in paragraph 2(g)(iii). Lease charges will accrue at the rate implicit in this lease on an actual days basis beginning with the adjusted capitalized cost as of the date of the lease and assuming you purchase the vehicle at lease expiration for the residual value shown in paragraph 2(g)(iv) and make each of the base payments on the exact due dates for the lease payments. In calculating this implicit rate taxes and other amounts included in the lease payments are not considered. The Lease Balance at any time equals the then outstanding adjusted capitalized cost plus any accrued but unpaid lease charges.

These allocations will impact on my purchase option liability and my liability if this lease is terminated early. These allocations may also impact on my scheduled termination liability. Generally speaking, the Lease Balance will be less if I pay my lease payments early because a greater portion of the lease payments will go to reduce the adjusted capitalized cost and will increase if you receive my lease payments after the due date because a lesser portion of the lease payments will go to reduce the adjusted capitalized cost.

MY OTHER OBLIGATIONS DURING THE LEASE TERM

6. LATE CHARGES AND LATE RETURN. If any lease payment is not received by you within 10 days of its due date, I will pay you a late charge equal to the lesser of 5% of the payment or \$25 or such lesser amount as may be set by law. If for any reason I do not return the vehicle to you at the end of the lease term, I will pay you an additional lease payment for each payment period or portion of a payment period the vehicle is retained. I acknowledge, however, that I have no right to retain the vehicle after the end of the lease term and that any retention of the vehicle after the end of the lease term is a default under this lease.

7. INSURANCE. I will provide the following insurance coverage under which I am a named insured during the lease term and until I return the vehicle to you:

- A. Designating you as Loss Payee with respect to the following coverages:
-Fire, theft and comprehensive insurance with a maximum deductible of \$1,500, and
-Collision insurance with a maximum deductible of \$1,500, and

B. Designating you as an Additional Insured with respect to the following coverages:

- Minimum public liability insurance for bodily injury or death to any one person in the amount of \$100,000 and for any one accident in the amount of \$300,000, and
-Minimum property damage insurance for \$50,000.

However, while the vehicle is garaged in a state which has minimum requirements, my liability insurance only needs to satisfy the state mandated minimum liability limits.

The insurance policy I obtain must be approved by you and must state you will be given at least 10 days advance written notice of any cancellation or change in coverage. I will furnish you with whatever written proof of the required coverage you request. I appoint you my attorney-in-fact to negotiate and settle, and endorse all checks for payments of, any amounts due under the insurance I am carrying under this lease.

If the vehicle is insured in the state of Florida, the valid and collectible liability insurance and personal injury protection of any authorized rental or leasing driver is primary for the limits of liability and personal injury protection required §§324.021(7) and 627.736, Florida Statutes.

LESSEE(S) INITIALS (AA) (AA) Page 2 of 5

8. **USE OF VEHICLE.** I am responsible for all expenses (for example, gasoline, oil, repairs and parking tickets) incurred in connection with the vehicle. I will not use nor permit use of the vehicle:

- (a) For any unlawful purpose or in violation of any law;
- (b) In a manner subjecting it to abnormal depreciation or that would cause the insurance on the vehicle to be suspended or canceled;
- (c) By a person not having a valid driver's license or one who, for insurance purposes, is deemed an assigned risk or one who does not exercise care in its operation;
- (d) For the transportation of goods or persons for hire;
- (e) Outside the state where I reside when I sign this lease for a period exceeding 30 days; or
- (f) Outside the United States excluding Alaska and Hawaii.

9. **LIENS AND INDEMNITY.** I will not permit the vehicle or this lease to become subject to any lien or encumbrance except one you create. I also will indemnify you against any liability, loss or expense arising from the operation, condition or ownership of the vehicle. I understand that under this indemnity I am obligated to pay your court costs and attorneys' fees in connection with any action against which I have indemnified you. I also understand that this indemnity covers any claims made against you under the doctrine of strict liability.

10. **OFFICIAL FEES AND TAXES.** I will pay for and maintain current registration of the vehicle until I return it to you and pay when due or reimburse you for any other official fees and all taxes, excluding your net income taxes, imposed by any governmental authority in connection with this lease or the vehicle. My obligations include property and other taxes assessed during the lease term but not payable until after the lease ends.

11. **VEHICLE MAINTENANCE AND MODIFICATIONS AND STANDARDS OF WEAR AND USE.** Until I return the vehicle to you, I will have the vehicle serviced according to the manufacturer's recommendations, maintain the vehicle in good running order and condition and have all necessary repairs made. I will add any legally required emission control systems or safety equipment to the vehicle. If you request, you may inspect the vehicle at any reasonable time. Unless I obtain your written consent beforehand, I will not make any changes to the vehicle (such as adding or removing parts or painting the vehicle) which would decrease its value, limit its use or void the manufacturer's warranty.

When I return the vehicle, it will be in good operating order and appearance with all manufacturer recommended servicing having been performed and will be saleable at wholesale without deductions for condition.

Upon early termination I agree to pay any amounts you spend to put the vehicle in this condition. At the end of the lease term I agree to pay any amounts that it would take, based upon the good faith estimate of a qualified repair person or facility you obtain, to put the vehicle in this condition. I recognize that the most common items of repair or replacement for which I may be liable if I failed to maintain the vehicle properly are any of the following which will detract from the vehicle's wholesale value:

Repair of:

- (a) Inoperative mechanical parts including power accessories;
- (b) Dents, scratches, chips or rusted areas or series of these on the wheels, rims or the body; including the bed of the truck;
- (c) Mismatched paint or any mark left by special identification;
- (d) Cracks, scratches, pits or chips in the windshield, broken windows or inoperative window mechanisms or broken headlight lenses or sealed beams;
- (e) Bumper dents or scratches through the chrome or bumpers;
- (f) Broken grilles or dents in the grilles;
- (g) Dents on other trim parts, including headlight and taillight bezels; and
- (h) Seats, seat belts, headlining, door panels or carpeting which is torn or damaged beyond ordinary wear and tear or burned.

Replacement of:

- (a) Any tire not part of a matching set of 5 tires (or 4 with emergency "doughnut" spare) or tires with less than 1/8 inch of tread remaining at the shallowest point; and
- (b) Missing parts, accessories and adornments, including bumpers, ornamentation, aerials, hubcaps, chrome stripping, rear view mirrors, radio and stereo components and spare tire.

I also recognize that if the vehicle has suffered frame, including unibody, damage or substantial other damage or had an inoperative or tampered odometer, even though the damage or odometer may have been repaired, or is otherwise sold with a disclosure, the value of the vehicle will be substantially less than the value of an identical vehicle which has not had frame damage, including unibody damage, suffered substantial other damage, had an inoperative or tampered odometer or been sold with some other disclosure. I understand that my obligations include this difference.

12. **LIMITS ON MY ASSIGNMENT. I UNDERSTAND THAT I HAVE NO RIGHT TO ASSIGN ANY INTEREST IN THE LEASE OR THE VEHICLE OR TO SUBLET OR LEND THE VEHICLE TO ANYONE WITHOUT YOUR WRITTEN CONSENT.**

ENDING THE LEASE

13. **SCHEDULED TERMINATION LIABILITY.** I have no right to extend this lease and if it has not been terminated early, this lease terminates at the expiration of the lease term. Unless I choose to purchase the vehicle, if I have that option, I agree that upon the expiration of the lease I will return the vehicle to a place you will specify. Before surrender of the vehicle I will allow the vehicle to be inspected by your inspection company and when I surrender the vehicle I will return the "Turn In Receipt and Odometer Statement" you have sent me, properly completed. I understand that if I fail to return the vehicle to the place you specify, I have agreed under paragraph 17 to reimburse your costs to transport the vehicle there. I agree that if I do not then purchase the vehicle if I have that option, my payment liability at lease expiration will be the sum of:

- (a) A disposition fee of \$450; plus
- (b) Any amounts other than monthly lease payments I then owe you, including any charge I may owe under paragraph 11; plus
- (c) Any excess mileage charge described in paragraph 2(i); plus
- (d) The amount, if any, by which the Lease Balance as described in paragraph 5 exceeds the residual value shown in paragraph 2(g)(iv); plus

- (e) Any official fees and taxes imposed in connection with lease termination (for example, taxes due on a mileage charge under (c)).

I realize that some of my end of term liabilities may not be determined until after the vehicle is surrendered.

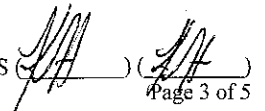
14. **FURTHER PURCHASE OPTION INFORMATION.** At any time if this lease is not in default and I have given you 30 days notice, I will have the option to purchase the vehicle from you for the sum of the following:

- (a) A \$375 purchase fee; plus
- (b) The Lease Balance as described in paragraph 5; plus
- (c) Any official fees and taxes imposed in connection with purchase.

A trade in is a purchase obligating me to pay the purchase price.

Whether I purchase the vehicle during or at the end of the lease the purchase will be on an "AS-IS, WHERE-IS, AND WITH ALL FAULTS" basis.

LESSEE(S) INITIALS



15. VEHICLE ACCIDENT AND DAMAGE, LOSS OR DANGER. I

agree to be responsible for the risk of loss, damage, confiscation or destruction of the vehicle during the lease term and until I return the vehicle to you. If the vehicle is in an accident where there is personal injury or damage to somebody else's property or the vehicle is damaged or destroyed in an accident or other occurrence or confiscated by any governmental authority or is stolen or is abandoned or is subject to undue peril, I will notify you of such occurrence or condition as soon as possible and will cooperate with you and my insurance company in resolving the matter. If the vehicle is damaged and is in such condition which you believe is beyond reasonable repair or if any other occurrence or condition involving your potential loss of or peril to the vehicle included above happens, you reserve the right to terminate the lease. I realize you have no obligation to replace the vehicle. If the lease is terminated, my liability will be for the amount I would be required to pay if I were then to purchase the vehicle plus any past due amounts, and you will apply the proceeds of my insurance to this liability.

16. VOLUNTARY EARLY TERMINATION. At any time I may terminate this lease by returning the vehicle to a place you will specify. Before surrender if you ask me I will allow the vehicle to be inspected by your inspection company and when I surrender the vehicle I will return the "Turn In Receipt and Odometer Statement" you have sent me, properly completed. I agree that except as specified in paragraphs 14 and 15 my payment liability upon early termination will be the sum of:

- (a) A disposition fee of \$450; plus
- (b) Any amounts other than lease payments I then owe you, including any charge I may owe you under paragraph 11; plus
- (c) If the Lease Balance described in paragraph 5 exceeds the "realized value" described below, the difference between that sum and the realized value; plus
- (d) Any official fees and taxes imposed in connection with the lease termination (for example, taxes due on a deficiency balance under (c)).

For purposes of calculation of my liability the realized value will be determined in one of the following ways:

- (e) By a written agreement between you and me establishing the realized value, if it is signed within 10 days after termination of the lease;
- (f) By a professional appraisal of the wholesale value of the vehicle obtained at my expense within 10 days after termination of the lease, if you and I agree to my selection of any independent third party qualified to make the appraisal; or
- (g) If the realized value is not determined within 10 days after termination of the lease as provided in paragraph (e) or (f), you will dispose of the vehicle in a commercially reasonable manner. The disposition proceeds will be considered the realized value. I understand that the realized value amount will be exclusive of any official fees and taxes imposed upon disposition.

17. DEFAULT AND REMEDIES If any information in my lease application or any information provided you by a guarantor of my lease obligations is false or misleading or if I fail to make a lease payment when due or if I fail to maintain the insurance required under paragraph 7 or otherwise fail to meet my obligations under or breach this lease or if I or any guarantor of my lease obligations becomes insolvent or subject to a bankruptcy proceeding or dies, you may treat this lease as being in default.

In the event of default, you may do any or all of the following without giving me advance notice except as otherwise provided by applicable law: (a) take any reasonable measures designed to either correct the default or to save yourself from loss, such as purchasing insurance to protect your interest, if I fail to fulfill my obligations under paragraph 7, in which case I will reimburse you for all costs and expenses incurred; (b) terminate the lease and my rights to possess and use the vehicle; (c) take possession of the vehicle by any method or manner permitted by law if I fail to return it to you; (d) determine my termination liability as provided in paragraph 16 in which case I will return the vehicle to a place you will specify, and I will pay you this amount; (e) recover from me interest at the rate of 18% per annum or at such lesser rate as may be provided for under applicable law on all expenses incurred by you and on all obligations which I owe you after termination; and (f) pursue any other remedy permitted by law.

I also agree in the event of default to be liable for all your collection, repossession, storage and legal costs, to the extent permitted by law.

OTHER INFORMATION

18. YOUR ASSIGNMENT. You may assign an interest in this lease or the vehicle and if I receive notice of the assignment, I will pay any assigned amounts as you have directed. I agree that unless otherwise provided by applicable law the rights of your assignee will be free of any claims I have against you and further that no assignee will be responsible for the performance of any of your duties under this lease unless the assignee expressly assumes the duties. I also understand that upon the assignment of the lease to any assignee for other than collateral purposes the assignee will be entitled to all your rights as lessor including the right to all payments due under this lease and the right to be named as the Loss Payee and Additional Insured under the insurance required in paragraph 7.

19. GENERAL. We further agree that:

- (a) If more than one lessee signs this lease, all lessees will be jointly and severally liable. Additionally, you can waive or delay enforcement of your rights as to one lessee without affecting your rights as to any other lessees, and you can release any lessee from his or her obligations without releasing any other lessees from their obligations;
- (b) Your waiver or delay in requiring me to perform any of my obligations or in enforcing your rights will not affect your ability to require me to perform the same obligations or to enforce your rights afterwards;

- (c) Notices under this lease must be in writing addressed to the appropriate one of us at the address shown above and must be mailed by U.S. Mail, first class postage prepaid, and we will each notify the other of a change in address;
- (d) Any changes to this lease must be in writing and signed by the party to be changed;
- (e) If, despite our intent, a court finds that this lease is other than a true lease, you will be deemed to have a security interest in the vehicle;
- (f) This lease will be interpreted according to the laws of the state where you are located and this lease and is binding on each of our heirs, personal representatives, successors and assignees; and
- (g) You have not given me any information on which I am relying regarding the tax consequences of this lease.
- (h) Any security deposit shown in 2(e)(vi) may be applied to any amounts I owe you. Any deposit funds which remain after I perform all my obligations will be returned to me. No interest will be paid or earned on the deposit.
- (i) Amounts other than lease payments will be due when I receive your related invoice.

LESSEE(S) INITIALS

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<p>VEHICLE WARRANTIES AND DISCLAIMERS. I understand that unless otherwise indicated below the vehicle is subject to the manufacturer's new car warranty and I have those warranty rights. I AM LEASING THE VEHICLE "AS-IS" AND ACCORDINGLY YOU MAKE NO EXPRESS WARRANTIES AND SPECIFICALLY DISCLAIM ANY IMPLIED WARRANTIES AS TO THE VEHICLE INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. IF I HAVE PROBLEMS WITH THE VEHICLE, YOU WILL NOT BE RESPONSIBLE FOR THE REPAIRS, NOR WILL MY LEASE OBLIGATIONS BE AFFECTED.</p>	<p>LESSEE(S) INITIALS <i>(Signature)</i></p> <p><input checked="" type="checkbox"/> New Car Warranty not applicable</p>
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The early termination amount which would be due from me under paragraph 15 of this lease if any of the events described in that paragraph occurs may be different than the net actual cash value after deductions my insurance company sets for the vehicle, if my insurance policy covers the event. I realize that in that case I will be required to pay any deficiency between the early termination liability amount and the net actual cash value after deductions my insurance company sets for the vehicle. LESSEE(S) INITIALS *(Signature)*

THIS IS A LEASE AGREEMENT.

THIS IS NOT A PURCHASE AGREEMENT.

PLEASE REVIEW THESE MATTERS AND SEEK INDEPENDENT PROFESSIONAL ADVICE IF YOU HAVE ANY QUESTIONS CONCERNING THIS TRANSACTION. YOU ARE ENTITLED TO AN EXACT COPY OF THE AGREEMENT YOU SIGN.

The execution of this lease below evidences your and my acceptance of the lease. Your execution also has the effect of assigning to LPH this lease and your interest in the vehicle.

I HAVE READ ALL FIVE PAGES OF THIS LEASE AND RECEIVED A COMPLETELY FILLED IN COPY BEFORE SIGNING BELOW.

<p>LESSOR NAME <i>(Signature)</i></p> <p>(By) _____ (Title) <i>(Signature)</i></p> <p>Address _____</p>	<p>Dated <u>03/21/2011</u></p> <p><i>(Signature)</i> _____ LESSEE</p> <p>_____ LESSEE</p>
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WARNING: IF THE VEHICLE IS EQUIPPED WITH A STARTER INTERRUPT SYSTEM, THE VEHICLE MAY BE MADE INOPERABLE AFTER THE LEASE IS IN DEFAULT.