

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement ("Agreement") is made and entered into this 28 day of Dec, 2005 by and between International Automated Systems, Inc., a Utah corporation with offices at 326 North Highway 6, Salem, UT 84653, hereinafter referred to as "Lessor", and Greg Shepard, whose address is 858 West Clover Meadow Drive, hereinafter referred to as "Lessee".
SLC, UT 84123

BACKGROUND

1. Lessor is the owner of certain proprietary alternative energy technology, hereinafter "IAS Technology", which technology relates to solar energy collection and which technology is utilized for the design and fabrication of certain components which are identified below and which are hereinafter collectively referred to as the "Alternative Energy System".
2. Lessor and Lessee now desire to enter into an agreement whereby Lessor will lease to Lessee the Alternative Energy System specifically described below.

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor for a period of 72 months, hereinafter referred to as the "Lease Period", from the Installation Date stated below, the Alternative Energy System consisting of the system components identified on the attached Exhibit "A". Lessor shall furnish, deliver, install and startup the Alternative Energy System, at a site provided by Lessee at Yermo, California, hereinafter referred to as the "Installation Site".

2. Lessor agrees to complete the following for the Alternative Energy System in accordance with the schedule stated:

- a. Lessor shall, by Undetermined ("Plan Date") provide plans, specifications and other documentation and engineering as required to obtain approval for the Alternative Energy System by local, state and federal agencies and to obtain necessary building permits and other permits and to obtain environmental, land use and zoning approval. Lessor agrees to represent Lessee in applying, on behalf of Lessee, for regulatory agency approval and in obtaining required building and other permits for the Alternative Energy System. Lessee shall cooperate with Lessor and assist Lessor, including executing required documents, as needed in obtaining the required regulatory agency approval and in obtaining the required permits. Application and permit fees shall be paid by Lessor on behalf of Lessee.

EXHIBIT <u>462</u>
WIT: <u>G. Shepard</u>
DATE: <u>5-22-17</u>
CitiCourt, LLC

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- b. Lessor shall, by 3-1-06 or within six (6) months of the Plan Date, hereinafter referred to as the "Permit Date", obtain, on behalf of Lessee, all required regulatory agency approvals, land use and zoning approvals, building permits and other permits.
 - c. Lessor shall furnish, deliver, install and startup the Alternative Energy System at the Installation Site, by 6-1-06, or within six (6) months of the Permit Date, whichever is later, hereinafter referred to as the "Installation Date".
 - d. Lessor shall provide to Lessee all required documentation relating to the Alternative Energy System and its components as requested by Lessee for federal, state and local review of the Alternative Energy System for potential tax benefits.
3. Lessee shall pay to Lessor the sum of \$ 9,000⁰⁰, hereinafter referred to as the "Total Lease Amount" for the lease of the Alternative Energy System for the Lease Period stated above. This includes the cost of delivery, installation and startup, as well as the cost of warranty work performed during the warranty period described below.
4. In the event that Lessee fails to pay the Final Payment or any portion of the final payment, when due, interest shall accrue on the overdue amount at the rate of one and one-half percent (1-1/2 %) per month until paid. If the Final Payment or any portion thereof shall become past due by more than thirty (30) days, Lessor shall be entitled, at its sole discretion, to enter the Installation Site and repossess the Alternative Energy System or any or all of the components thereof, and to recover its attorney fees, court costs, arbitration costs, collection costs, repossession fees and expenses incurred in pursuing any or all remedies against Lessee at law or equity, including but not limited to in repossessing the Alternative Energy System or any components thereof.
5. If Lessee fails to pay the Final Payment or any portion thereof when due, or if Lessee becomes subject to any state or federal insolvency, bankruptcy, receivership, trusteeship or similar proceeding, or if Lessee shall default in any other term of this Agreement, Lessor may immediately terminate this Agreement by notice in writing to Lessee and repossess the Alternative Energy System and all of the components thereof as stated above, but Lessee shall nevertheless remain liable for all sums then due and unpaid, plus a reasonable amount for attorneys' fees and such expenses as may be expended in the repossession of the Alternative Energy System. The remedies provided herein in favor of Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity.
6. If Lessor shall fail, for any reason, to furnish, deliver, install and startup the Alternative Energy System at the Installation Site, by December 31, 2007, or within six (6) months of the Permit Date, whichever is earlier, hereinafter referred to as the "Refund Date", Lessor shall refund to Lessee, within ten (10) days following the Refund Date, the Initial Payment amount as well as the full amount of any other payments made by Lessee on the Total Lease Amount.

3/12/06

7. Lessee shall be responsible to operate, at Lessee's cost, the Alternative Energy System and to use reasonable care at all times to maximize the energy output of the Alternative Energy System. Lessee's obligation to operate the Alternative Energy System shall include the routine service of Alternative Energy System equipment in accordance with service instructions and service schedules provided by Lessor.

8. Lessor shall warrant, for a one year period following the Installation Date, hereinafter referred to as the "Warranty Period", the Alternative Energy System and each of the components thereof, from defects in materials and workmanship. Within five (5) business days following the receipt of written notice from Lessee, Lessor shall initiate reasonable efforts to ascertain repair or replacement requirements, to order replacement parts and equipment needed for repair, and to deploy qualified maintenance personnel. The cost of warranty parts, replacement equipment and labor shall be borne by Lessor.

9. Except as provided under the warranty for the Warranty Period, Lessee shall be responsible to maintain, at Lessee's cost, the Alternative Energy System and shall initiate reasonable efforts to ascertain maintenance requirements, to order replacement parts and equipment needed for maintenance, and to deploy qualified maintenance personnel immediately within five (5) business days of discovery of an apparent maintenance requirement. Except as provided under the warranty for the Warranty Period, the cost of repair parts, replacement equipment and labor shall be borne by Lessee.

10. Lessee hereby agrees to waive any and all claims against Lessor for delays, including but not limited to claims for damages due to delays in preparing plans; delays in applying for or obtaining approvals or permits; delays in the delivery, installation, or start-up; or delays in performing warranty work. This waiver includes any and all direct, indirect or consequential damages.

11. Unless otherwise agreed in writing by the parties, the term of the lease shall be the Lease Period stated above. Extensions of the Lease Period shall only be upon mutual written agreement of the parties entered into prior to the end of the Lease Period.

12. Neither of the parties shall have liability for consequential damages to the other arising out of this agreement or the transactions, events or occurrences related thereto and each hereby waives any and all such claims for consequential damages against the other. Lessor's liability for any breach under this agreement shall be limited to any amounts actually paid by Lessee and received by Lessor under this Agreement.

13. At the end of the Lease Period, or within ten business days thereafter on a date and time selected by Lessor during normal business hours, Lessee shall provide unlimited access by Lessor to the Installation Site for Lessor to take possession of the Alternative Energy System. In the event that Lessee fails to provide access to the Installation Site or otherwise wrongfully

retains possession of the Alternative Energy System, Lessee shall pay to Lessor a monthly Holdover Lease Amount equal to two (2) times the Monthly Payment amount stated above.

14. Lessee shall be solely responsible for all damage to the Alternative Energy System resulting from causes from other than normal wear and tear, including any and all damage to or destruction of the Alternative Energy System or any component thereof, during the Lease Period until the Alternative Energy System is recovered by Lessor at the end of the Lease Period. Lessor and Lessee agree that the value of the respective components of the Alternative Energy System are listed on the attached Exhibit "A". Any such damage or destruction shall be remedied by Lessee within ten (10) days of the event causing such damage or destruction. Lessee, at its option, may elect to maintain property damage insurance to insure the interest of Lessee in the Alternative Energy System during the Lease Period. If Lessee subleases the Alternative Energy System to a sub-lessee expressly approved by Lessor, as provided below, with the provisions of any such sublease being essentially identical to the terms of this Agreement, thereby resulting in the sub-lessee assuming all of the obligations of the Lessee under this Agreement, Lessee shall be liable to Lessor for such damage or destruction only to the extent of the liability of the sub-lessee to Lessee and only to the extent of Lessee's ability to collect from the sub-lessee.

15. Lessor may, at its option, maintain property damage insurance on the Alternative Energy System, insuring Lessor's interest in the Alternative Energy System. The existence of insurance coverage insuring the interest of Lessor shall not relieve Lessee of its responsibility for damage to or destruction of the Alternative Energy System. Lessor shall have no obligation to provide property damage insurance with coverage for the interest of Lessee in the Alternative Energy System.

16. Lessor may, at its option, maintain liability insurance to insure Lessor against bodily injury, property damage, product liability or other claims related to the design, manufacture, delivery, installation, start-up, operation or maintenance of the Alternative Energy System. Lessor shall have no obligation to provide liability insurance with coverage of any kind for Lessee.

17. This Agreement shall not be assigned by Lessee without the express written consent of Lessor. However, Lessor and Lessee agree that Lessee may, in the sole discretion of Lessee, sublease the Alternative Energy System to LTB LLC. Lessor may assign its rights and obligations under this Agreement but Lessor shall remain liable to Lessee for the failure of its assignee to perform the obligations of Lessor under this Agreement.

18. This Agreement shall be binding upon the successors and assigns of each of the parties.

19. Lessor makes no representations or warranties, expressed or implied, including the implied warranty of merchantability and fitness, except as expressly stated in this Agreement.

BY: [Signature] 2004 LP

20. Lessor shall use reasonable care in installing and starting up the Alternative Energy System to see that it is in proper working condition before turning operation of the Alternative Energy System over to Lessee. Upon two (2) business days notice from Lessor, Lessee shall designate one or more representatives to witness the operation of the Alternative Energy System to verify that it is in good working condition and that installation and start up are complete.

21. Lessee agrees to operate, maintain and service the Alternative Energy System in accordance with Lessor's Operation and Maintenance Manual and any updates or modifications thereof that may be issued from time to time hereafter, to use the Alternative Energy System and each of its components within their rated capacity as provided by Lessor, to restrict its use to Lessee's authorized personnel, and to prohibit anyone other than Lessor's authorized personnel to repair, modify or adjust the Alternative Energy System or any component thereof. Except for warranty work, Lessor shall invoice Lessee at Lessor's normal hourly rates for such work, including Lessor's applicable rates for work performed after normal business hours or on weekends or holidays.

22. Lessee shall notify Lessor immediately of accidents, disabilities, failures or like information concerning the Alternative Energy System.

23. In the event the Alternative Energy System becomes inoperable for any reason, except as otherwise provided under the warranty during the warranty period, Lessor shall not be obligated to furnish a substitute Alternative Energy System or any component thereof. In any event, Lessor shall not be liable at any time for down time or special or consequential damages of any nature resulting from such inoperability.

24. Lessee agrees that the Alternative Energy System shall be used and operated only at the Installation Site and shall not be relocated by Lessee without the written consent of Lessor.

25. Any notice under this Agreement shall be deemed sufficient if it is in writing and it is delivered to Lessee, personally or sent by mail addressed to Lessee at the address set forth above.

26. This is an Agreement for rental only and nothing herein conveys to Lessee any right, title or interest in or to the Alternative Energy System or any component thereof, except as a Lessee. Lessor reserves the right to file or record such documents and instruments as it may deem necessary from time to time to protect its ownership rights, title and interest in the Alternative Energy System. Lessee agrees to cooperate with Lessor and to execute such documents as may be required or requested by Lessee to assist Lessor in protecting its rights, title and interest in the Alternative Energy System.

27. At the end of the Lease Period, Lessor shall dismantle and remove the Alternative Energy System and all of the components thereof from the Installation Site, and Lessee shall have no further right to the possession or use of the Alternative Energy System.

28. In the event of the breach of this Agreement by either party, the injured party shall be entitled to recover its costs, attorney fees, arbitration costs and arbitration fees incurred in enforcing the agreement and in pursuing appropriate remedies.

29. Lessor and Lessee acknowledge that they each understand and expect that the Alternative Energy System may qualify for certain tax incentives and benefits under the 2005 Energy Policy Act and other statutes. Lessee acknowledges that it has reviewed a tax opinion letter obtained by Lessor from Lessor's accountant. However, Lessee acknowledges and agrees that the tax opinion letter of Lessor's accountant was prepared for the sole use of Lessor and that Lessee shall not rely on the content of that opinion letter. Lessee agrees to obtain the evaluation and opinion of its own tax attorney or accountant as to any tax matters relating to this Agreement and to the Alternative Energy System. Lessor hereby transfers to Lessee any and all energy tax credits related to the Alternative Energy System. Lessor shall not claim any such energy tax credits. Lessor and Lessee agree that the respective values of the components of the Alternative Energy System are listed on the attached Exhibit "A".

The following information is provided for use by Lessee in claiming tax credits as advised by Lessee's tax attorney or accountant:

- a. Taxpayer I.D. account number:
 Lessor: [redacted] 7580
 Lessee: [redacted] 2230
- b. IRS District Director's office where tax return is filed:
 Lessor: Orden, Utah
 Lessee: Orden, Utah
- c. Date the property is to be transferred to Lessee: Installation Date
 (Installation Date is defined above - actual
 Installation Date not known at time this
 Equipment Lease Agreement is signed)
- d. Estimated useful life of Alternative Energy
 System and components: Fifteen (15) years
 Class life IRC 168(e)(3)(B)(vi): Four(4) to ten(10)
years

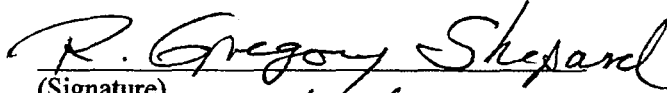
30. In the event of a dispute arising out of this Agreement or the transactions, events or occurrences related thereto, Lessor shall have the sole option of electing to have such disputes resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association with all hearings and other proceedings in that arbitration being conducted in Salt Lake City, State of Utah. Lessor shall have the right to elect arbitration at any time up to and including the time that either party files an Answer in pending litigation between the parties relating to such disputes.

31. This Agreement shall be construed in accordance with the laws of the State of Utah.

32. This is the entire agreement between the parties. This agreement shall not be modified except by written amendment signed by Lessee and Lessor.

LESSEE

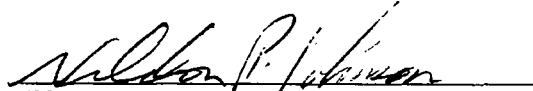
By:


(Signature)
Title: Individual

INTERNATIONAL AUTOMATED SYSTEMS, INC.

LESSOR

By: Neldon P. Johnson


(Signature)
Title: President