

LEASE AGREEMENT

Agreement No. _____

AGREEMENT made this _____ day of _____, 20_____, by and between

_____, hereinafter referred to as LESSEE, located at

_____ and _____,

hereinafter referred to as LESSOR, located at _____

WITNESSETH:

- (1) LESSEE is a motor contract carrier of property authorized by the Federal Highway Administration by Permit No. MC- _____ to provide transportation of property under contract with shippers and receivers of general commodities, and
- (2) LESSOR is the owner of the tractor and trailer equipment described in Appendix "A" and is duly authorized and empowered to execute this agreement.

NOW THEREFORE, in consideration of the representation made herein, the parties agree as follows:

- (1) The LESSEE hereby leases the equipment and services of LESSOR, owned and described in Appendix "A". LESSOR certifies that equipment subject to this lease meets U.S. Department of Transportation (DOT) safety requirements and standards, and that LESSEE shall inspect such equipment and shall determine that such requirements and standards have been met at the time of execution of this lease.
- (2) Possession of equipment will be transferred under the terms of this lease from LESSOR to LESSEE beginning at the date and time of execution of this agreement and continue until cancellation is served by either LESSEE or LESSOR in writing. At such time as this lease agreement is terminated, LESSOR agrees to furnish LESSEE with a written receipt to show that LESSOR retakes possession of the equipment.
- (3) During the tenure of this lease agreement, the LESSEE shall have exclusive possession, control, and use of the equipment, and shall assume complete responsibility for the operation of the equipment for the duration of the lease. LESSOR agrees to properly identify equipment with the Federal Highway Administration's "MC" number and the name of LESSEE.
- (4) LESSOR agrees to comply with all safety regulations required by the Department of Transportation and the various States in which operations are conducted.
- (5) In consideration for the use of the equipment and services of LESSOR, the LESSEE agrees

to compensate LESSOR in the amount of _____% of gross revenues for each trip ticket ticket. LESSEE will provide all permitting necessary and will pay all fuel taxes. LESSOR has a right to examine LESSEE's documents containing information for determining charges billed to the shipper.

(6) Payment shall be made within 15 days after submission of the necessary delivery documents and other paperwork concerning a trip in the service of LESSEE. Delivery documents and paperwork concerning a trip required before the LESSOR can receive payment is defined as driver's log books required by the Department of Transportation, and those documents necessary for LESSEE to secure payment from the shipper. LESSEE may require the submission of additional documents by the LESSOR but not as a prerequisite to payment. Payment to the LESSOR shall not be made contingent upon submission of a bill of lading to which no exceptions have been taken. The LESSOR shall not set time limits for the submission by the LESSOR of required delivery documents and other paperwork. LESSOR must complete all trip tickets and reports. Each trip report must be turned in before the next trip is assigned.

(7) The LESSEE has a legal obligation and the responsibility to maintain liability and cargo insurance coverage for the protection of the public as required by Federal Highway Administration regulations under 49 U.S.C. 10927, as amended by Public Law 104-88. All insurance cost for the operation of LESSOR's equipment while in the service of LESSEE shall be paid by LESSOR. If the cost of the insurance is initially paid by LESSEE, such costs will be charged-back in full to LESSOR.

(8) The LESSOR is responsible for providing all fuel, meals and lodging, repairs and maintenance to tractor and trailer, tolls, ferries, detention, etc. necessary in the operation of equipment while in the service of LESSEE. If it becomes necessary for LESSEE to pay or provide any item that LESSOR is responsible for, the LESSEE has the right to deduct such cost from the LESSOR's compensation at the time of payment or settlement. If such deduction becomes necessary, then LESSEE will provide LESSOR with a full explanation and/or documentation as to how the amount of each item is to be computed. The LESSOR is not required to purchase or rent any products, equipment, or services from LESSEE as a condition of entering into this lease agreement.

(9) It is the duty of the LESSOR to properly determine the condition of the freight at the time such freight is picked-up from the shipper, and a further duty to transport the shipment to its destination in as nearly that same condition as when it was picked-up. The LESSOR will inspect all shipments at the time of loading and mark any exceptions or conditions on the bill of lading or receipt. At the destination, the LESSOR will again inspect the freight with the consignee and mark on the delivery receipt any exceptions to the condition or damages to the shipment that occurred during transit. Delivery receipts will be turned in to the LESSEE as part of the documentation required for payment. The LESSEE has a right to deduct for damages of freight in transit caused by LESSOR and not reimbursed by insurance. The LESSEE will provide a written explanation and itemization of any deductions for cargo or property damage made from compensation to LESSOR.

(10) The DRIVER is responsible for loading and unloading freight to and from the trailer, unless proper notations are made on the bill of lading that the driver is responsible. Except when the violation results from the acts or omissions of the LESSOR, the LESSEE shall assume the risks and costs of fines for overweight and oversize trailers when the trailers are pre-loaded, sealed, or the load is containerized, or when the trailer or lading is otherwise outside the LESSOR's control, and for

improperly permitted over dimension and overweight loads and LESSEE shall reimburse LESSOR for any fines paid by the LESSOR.

(11) Escrow funds or moneys placed on deposit with LESSEE by LESSOR are not required under the terms of this agreement.

(12) It is agreed that the services of LESSOR under the terms of this lease agreement is that of an independent contractor and that no "employee-employer" relationship exists between LESSOR and LESSEE. LESSOR is therefore responsible for providing his own workmen's compensation insurance, employment and income taxes, etc. Further, any drivers or employees of LESSOR are the complete responsibility of the LESSOR.

(13) This lease agreement may be canceled upon written notice by either LESSOR or LESSEE. It is agreed that any loads in transit will be delivered prior to cancellation and all required paperwork will be turned in prior to final settlement. Any costs incurred by LESSEE to complete the delivery of a load in transit will be charged to the LESSOR. The LESSOR agrees to remove identification signs or devices from the equipment upon the termination of the lease and return such signs or devices to the LESSEE. If identification has been painted directly on the equipment, then LESSOR agrees to furnish a photograph of both sides of the equipment showing identification has been removed or painted over. Failure to furnish evidence of the removal of identification from the equipment will result in the withholding of the final settlement.

(14) This AGREEMENT is to become effective _____, and shall remain in effect for a period of one year from such date, and from year to year thereafter, subject to the right of either party hereto to cancel or terminate the AGREEMENT at any time with written notice of one party or the other.

IN WITNESS WHEREOF, this agreement has been entered into and executed by duly authorized representatives of LESSOR and LESSEE.

(LESSOR)

(LESSEE)

Appendix "A".

(1) The LESSEE hereby leases the equipment and services of LESSOR, owned and described below:

_____	_____	_____
Tractor Unit No.	Year / Make	Vin#

_____	_____	_____
Trailer Unit No.	Year / Make	Vin#