

Lease Agreement

On this date: _____

by and between Transource Logistics, Inc., Fleet Provider

and: _____

Hereinafter called the "Contractor".

Witness:

WHEREAS, Fleet Provider will lease Contractor's services to a licensed for-hire motor carrier ("Carrier") by motor vehicle authority from the Federal Highway Administration and the State of Illinois.

WHEREAS, Contractor is the owner of certain motor vehicle equipment and is engaged in the business of hauling commodities by motor vehicle pursuant to contracts with contract or common carriers; and,

WHEREAS, Fleet Provider desires to enter into a contract with Contractor for the hauling of certain commodities that are within the authority and contract with Fleet Providers' Clients:

NOW THEREFORE, in consideration of the premises and of the mutual promises herein contained, the Fleet Provider and Contractor herein agree as follows:

1. The Contractor authorizes the Fleet Provider to retain revenues based upon: Flat rates, paid to Client for commodities hauled by the Contractor.
2. (A) Fleet Provider shall make interim settlements with the Contractor within 45 days; Provided, however, the Fleet Provider may withhold revenue owing the contractor until all documents showing performance of the contract are submitted and are properly completed, including delivery receipts, bills of lading, freight bills, railroad inspection reports, trip sheets, drivers' daily log reports and such other evidence of proper delivery of the commodities as may be required by any governmental agency having jurisdiction; including the Department of Transportation and the Federal Highway Safety Administration. At the time of settlement, the Contractor will be given the weekly summary of the driver's daily trip sheet to serve as a copy of the rated bill and the said trip sheet will show compensation per move.
(B) Fleet Provider and Contractor agree that 60 days after compensation has been paid Contractor for services, that Contractor shall not assert or claim that additional compensation is due. It is the intent of the parties that any payment dispute be immediately resolved while documentation to support or deny a claim is readily available. This 60 day waiver shall also apply to Fleet Provider on charge-back items except shipper or consignee claims, personal injury, property damage, equipment neglect or damage, cargo or worker injury claims shall be resolved by the terms of this agreement as they become available.
3. Under NO circumstance is the Fleet Provider providing physical damage coverage (Comprehensive and/or Collision) to the tractor(s) or trailer(s) owned and/or operated by the contractor. Fleet Provider or its clients, shall in no way be liable for any damage that may occur to the equipment of the contractor used in the performance of this contract.
4. Contractor shall, when requested by the Fleet Providers Clients, ("Carrier"), haul such commodities as may be provided by that Carrier from time to time. In hauling such commodities for the Carrier, the Contractor shall use only the equipment that is more particularly described hereto.
5. The Contractor shall pay and be responsible for all costs and expenses incident to the performance of this contract, including the physical damage coverage (comprehensive and/or collision) insurance, and all operating and maintenance costs for the equipment described herein, and used in said performance, such as, vehicle, Federal Road Use Tax, Fuel taxes, including any IFTA filing or other non IFTA jurisdiction fuel taxes including any surcharges for fuel tax license fees or decal purchases either IFTA or non IFTA. License fees (base and I.R.P. state plates), special permits, fuel, empty miles, tariffs, tolls, fines and penalties from a local state or federal authority because of an action or inaction by the Contractor, or the employees, agents, or servants of the Contractor in the performance of this contract; Provided however, that the Fleet Providers Clients shall pay yearly renewal fees imposed or assessed by State or Federal Government on operating authorities held by the Carrier as in Federal Highway Administrating Authority and Illinois Single State Registration Program. In the event the Contractor may fail or is unable to make such payments when due, the Fleet Provider is authorized to adjust the Contractor's settlements and make payments directly.
6. During the existence of this contract, the Fleet Providers clients shall exert every reasonable effort to provide the Contractor as substantial a volume of commodities for hauling as possible. The Contractor has the right to refuse loads without any penalty and without prejudicing his/her opportunity for future engagements. The Contractor is not required to purchase or rent any products, equipment, or services from the Fleet Provider or its clients as a condition of entering into the lease arrangements however, from time to time the Contractor may choose to enter into agreements on various items offered through Settlement deduction with the Fleet Provider. Separate agreements on these items will be signed as requested by Contractor.

7. The Contractor must display proper placards on tractor(s) when performing any duties for the Fleet Provider's Clients. Indicating that the described unit is leased by the master Fleet Provider Agreement between Fleet Provider and Carrier and is operating under DOT authority provided by the Carrier. The Contractor is to display his own or any company name used by the Contractor, City & State as owner, on his/her own tractor.
8. (A) During the existence of this contract, the Fleet Providers Clients assumes liability and will maintain insurance for property damage, bodily injuries to, or the death of any person, resulting from the negligent operation, maintenance or use of the vehicle(s) described hereto. The Carrier assumes liability for compensation due to any Shipper or Consignee due to the loss or damage of freight transported by the Contractor. (Cargo insurance). The Carrier shall maintain insurance for the liabilities, injuries, losses or damage as required by any state & federal regulatory authorities.
- (B) The Contractor agrees to carry Public Liability and Property Damage insurance on equipment contained herein when not being operated in the service of the Fleet Provider or its clients, proof of such coverage shall be submitted by the Contractor to the Fleet Provider.
9. The Contractor shall, in performance of this contract, always comply with the rules and regulations of the US Department of Transportation and of State regulatory authorities having jurisdiction. In order for the Fleet Provider's Clients to comply with the regulations of the Federal Highway Administration and the DOT, Contractor shall furnish the Carrier with all documents and information as needed and required for the Carrier to comply with such rules and regulations.
10. The Contractor shall not allow any person to operate the equipment described herein unless that person possesses the minimum qualifications required by the DOT and has been qualified by the Fleet Provider's Safety Department. The contractor shall hold Fleet Provider and its Clients harmless from any liability arising from the carriage of any passengers.
11. (A) Neither the Fleet Provider or its clients shall be responsible for the wages and/or expenses of the Contractor to the Contractor's employees, agents, and servants, nor for any social security, unemployment, other payroll taxes of the Contractor or to the Contractor's employees, agents and servants. Or any other liability resulting from the relationship between the Contractor and the Contractor's employees, agents or servants. Whether under industrial accident laws, worker's compensation laws, or any other State or Federal law applicable to employees or employers. Contractor must provide a certificate of insurance with the Fleet Provider as certificate holder showing workers compensation on Contractor as well as any drivers.
- (B) Contractor acknowledges that he/she is an independent business person and assumes all responsibility for any industrial or worker's compensation claim. Contractor affirmatively elects (for compensation payments herein negotiated reflecting this election), declines, and opts-out of Contractor's worker's compensation policy of insurance. Contractor further agrees to hold Carrier harmless, indemnify and defend against all claims or related costs.
12. Subject to the requirements of the Internal Revenue Service and/or DOT and of any State regulatory agency having jurisdiction:
- A. The contractor shall direct. In all respects, the operation of the equipment used in the performance of this contract.
 - B. The Contractor shall be solely responsible for the direction and control of the employees, agents and servants of the Contractor, including selecting, hiring, firing, supervising, directing, setting wages, hours and working conditions, paying and adjusting grievances of the employees, agents or servants of the Contractor.
 - C. It is the intent of this paragraph to reaffirm that while the contractor shall be required to meet all obligation assumed hereunder Contractor is entitled to exercise the discretion and judgment of an independent contractor in deciding the methods to be used in so doing.
13. It is the intention of the parties of this contract that the Contractor shall be in and remain on independent Contractor status. Nothing herein contained shall be construed as inconsistent with the status. Neither the Contractor nor the employees, agents or servants of the Contractor, are to be considered the employees, agents or servants of the Fleet Provider or its Clients any time under any circumstances, or for any purpose.
14. The Contractor shall reimburse the Fleet Provider, up to and including the total amount of insurance Deductibles, for any loss or damage incurred by the Fleet Providers Clients, per occurrence, because of the negligent operation, maintenance, or use by the Contractor, or employees, agents, or servants of the Contractor, used in the performance of this Contract, provided, the Contractor notified the Fleet Provider's Client immediately upon the happening of any accident or collision involving said Client by the speediest means of communication available and to cause the Contractor to make a detailed report at said Clients' office when practicable and to properly render all other assistance to said Client and the insurer requested by either of them in an investigation, defense or prosecution of any claims or suits. Contractor will be notified in writing of all charges made before settlement.
- A. IF THE CONTRACTOR FAILS TO GIVE THE AFORESAID NOTIFICATION IN ANY OCCURRENCE OF POSSIBLE LIABILITY THEN THE CONTRACTOR AGREES TO ASSUME ALL LIABILITY FOR SAID LOSS OR DAMAGE AND EXPRESSLY HOLDS THE FLEET PROVIDER AND ITS CLIENTS HARMLESS FROM ANY LIABILITY THEREFORE.
 - B. THE CONTRACTOR SHALL HOLD THE FLEET PROVIDER AND ITS CLIENTS HARMLESS FROM THE LOSS OR DAMAGE INCURRED BY SAID CLIENT BECAUSE OF THE NEGLIGENT OPERATION, MAINTENANCE OR USE OF SAID EQUIPMENT OR PROPERTY WHEN USED BY THE CONTRACTOR FOR ANY REASON UNRELATED TO THE PERFORMANCE OF THIS CONTRACT.

15. The contractor shall be responsible for any loss, damage or happening which causes claims by Shippers because of neglect, action or omission of the Contractor, or employees, agents, or servants of the Contractor, and the Fleet Provider may withhold payment of any sums than or thereafter due the contractor to the extent of such expense and valid claims, which amounts shall then be deducted to the satisfaction thereof.

16. The contractor shall hold the Fleet Provider and its Clients harmless from any loss, damage or expense resulting from delay by the Contractor or the employees, agents or servants of the Contractor, in pickup, transportation, handling or delivery of any cargo or shipment.

17. If, in the opinion of the Fleet Provider, the Contractor has violated this contract in such a manner to subject Fleet Providers Clients to liability from the Shipper or Consignee, the Fleet Providers Client may take possession of the commodities being hauled by the Contractor and complete the shipment. Contractor shall reimburse the Fleet Providers Client because of the Client taking possession of the commodities in completing the shipment including, but not limited to costs of re-handling and transferring the commodities, hauling expenses and damages paid to the Shipper and Consignee.

18. (A) Beyond any other remedies provided in any other paragraph of this contract the Fleet Provider may immediately cancel this contract in the event the Contractor or any of the employees, agents or servants of the Contractor, substantially or repeatedly violates the safety rules or regulations of the US Department of Transportation and/or any state agency having jurisdiction.

(B) Contractor may cancel this contract immediately for Fleet Providers failure to comply with the terms of this contract.

19. It is agreed that the provision of this Agreement are separable for purpose of determination of enforceability and that if any provision is held unenforceable, the remainder of this Agreement shall remain in full force.

20. This contract shall become effective on the date of execution, and shall remain in full force and effect for one (1) year from the effective date and from year to year after that unless sooner terminated by operation of law or according to the provisions of this contract.

21. (A) This contract has been executed in the State of Illinois and shall be deemed to have been drawn according to the statutes and laws of the State of Illinois and in case of any disagreement or litigation arising under this contract, such disagreement or litigation shall be decided according to the statutes and laws of the State of Illinois.

(B) This contract is the entire Agreement and understanding between the parties, and shall not be modified, changed or amended in any respect unless in writing and signed by both parties.

22. The contractor assumes the responsibility of preparing, submitting and paying any federal, state, or local taxes due from any and all payments made to the Contractor, and any federal, state or local withholding taxes or other required deductions to be made from any employee, servant or agent of the Contractor throughout the course of this contract.

23. Cancellation of this Contract: Upon Cancellation of Contract:

- A. All Fleet Providers and their Client's property in the possession of Contractor shall be returned. Including but not limited to copies of Carrier's permits and authorities used by the Contractor within the contract. All "Trip Sheets" tablets, log books, cartage tickets, company policy, procedure booklets and two way radio with parts if applicable.
- B. The placards including the Fleet Provider's Client's name, authority and permit numbers must be totally removed from the Contractor's equipment. This paragraph cannot be satisfied until a Fleet Provider's representative has either received the remains of the Client's placards or has viewed the Contractor's equipment in person. Final settlement will not be made with the Contractor until the requirement of this paragraph has been satisfied.
- C. Any final settlements owed to the Contractor, or any disputes over previous settlements will be settled with the Contractor upon receipt of all documentation and paperwork required in paragraph 2 of this contract. And any other money owed to the Contractor by the Fleet Provider will be paid within the terms of said paragraph.

IN WITNESS WHEREOF, the parties hereto have executed this contract the day and year first written.

YEAR: _____

MAKE: _____

VEHICLE ID NUMBER: _____

PLATE: _____

FEIN # _____

CONTRACTOR: _____ DATE: _____

TRANSOURCE LOGISTICS, INC.: _____ DATE: _____