

LEASE AND SERVICE AGREEMENT

THIS AGREEMENT is made as of the _____, between Transfer Trucks Corp., ("LESSOR")

AND _____ ("LESSEE"). DOT: _____ MC: _____

1. **EQUIPMENT COVERED**

LESSOR agrees to lease to LESSEE and LESSEE agrees to lease from LESSOR the Vehicle(s), which are owned or held under lease by LESSOR, on Schedule A hereafter made a part of this Agreement ("Vehicle(s)"). Control and responsibility for the operation of the equipment shall be that of the LESSEE from the time of possession is taken by LESSEE until the time possession of the equipment is returned to the LESSOR. ***During the term of this lease, the LESSEE shall affix to the vehicle(s) all identification required by governmental agencies and regulations.***

2. **TERM**

The agreement will become effective with respect to each vehicle on the date rendered by LESSOR and continue for the term specified on Schedule "A" unless terminated earlier as provided FOR in this agreement by means of written and signed instrument expressing such cancellation of this lease. LESSEE shall not in any way modify or alter the Vehicle(s) or its appearance without the written consent of LESSOR.

3. **RECEIPTS**

All equipment tendered by the LESSOR for LESSEE's use shall be received by Lessee at the place designated by the LESSOR's representative.

Thereupon, the LESSEE's representative shall sign the receipt for the equipment. Receipts specifically identifying the equipment to be leased and the date and time of day possession is transferred, shall be given from LESSOR to LESSEE at the start of the lease and from LESSEE to LESSOR at the end. The receipts may be transmitted by mail, telegraph or other similar means of communication and may be exchanged by the LESSOR and LESSEE or their respective authorized representatives.

4. **POSSESSION OF LEASE AGREEMENT**

A copy of this LEASE agreement shall be maintained and carried in the leased equipment provided for herein for the duration of the entire period the equipment is in LESSEE'S possession.

5. **OPERATION OF VEHICLE(S)**

The Vehicle(s) will be used and operated by LESSEE only in the normal and ordinary course of LESSEE'S business, not in violation of any laws or regulations (including legal weight and size limits) and LESSEE will indemnify and hold LESSOR harmless from any claim or loss or damage arising out of any such violation. Each Vehicle will be promptly returned by LESSEE to LESSOR'S facility specified on Schedule "A" at the end of its lease term.

6. **MAINTENANCE AND REPAIRS CHARGE-BACK**

- A. All **routine** maintenance will be performed by LESSOR included in the rate set forth in Schedule A.
- B. Failure to follow the maintenance schedule will make the Lessee liable for repairs. The Lessee is also liable for damage caused by misuse or negligence, these costs will be deducted from Lessee's compensation at the time of settlement.

7. LICENSES, PERMITS AND TAXES

Lessee will be responsible to acquire and pay for taxes, tolls, or other charges assessed against the equipment arising out of lessee's use

8. DRIVERS

A. LESSEE agrees that vehicles will only be operated by licensed drivers, at least 23 years old, under LESSEE's control, and not under the influence of alcohol or drugs. LESSEE will reimburse the LESSOR for any loss or damage if vehicles are operated by drivers under 23. If LESSOR complains about a driver's recklessness or incompetence, LESSEE will remove the driver. If LESSEE fails to do so, LESSEE will reimburse LESSOR for any damage and indemnify LESSOR from claims. LESSOR may terminate liability insurance with 30 days' notice and increase LESSEE's physical damage responsibility.

B. LESSEE agrees to operate vehicles according to regulations and not recklessly, off-road, on flat tires, improperly loaded, or with hazardous materials. LESSEE will reimburse LESSOR for any damage resulting from violations and cover towing expenses for mired vehicles not on LESSOR's premises.

9. CHARGES

LESSEE agrees to pay LESSOR for all charges related to this lease in accordance with Schedule "A" attached hereto and made part of this Agreement.

10. INSURANCE

A. Liability Insurance Responsibility

- 1) A standard policy of automobile liability insurance (hereafter Liability Insurance) with limits specified by LESSOR, will be furnished and maintained by LESSEE at its sole cost, written by a company satisfactory to LESSOR, covering both LESSOR and LESSEE as insureds for the ownership, maintenance, use or operation of the Vehicle(s) and any substitute vehicle, owned, non-owned, and/or for hire. Such policy will provide that the coverage is primary and not additional or excess coverage over insurance otherwise available to either party and that it cannot be cancelled or materially altered without 30 days prior written notice to both parties. LESSEE will furnish LESSOR certificates to evidence compliance with the provision.
- 2) If LESSEE fails to promptly furnish LESSOR the required evidence of insurance, LESSEE agrees to indemnify and hold LESSOR harmless from and against any claims or causes of action for death or injury to persons or loss or damage to property arising out of or caused by the ownership, maintenance, use or operation of any Vehicle(s), and LESSOR is authorized but not obligated to procure such Liability Insurance without prejudice to any other remedy LESSOR may have, and LESSEE will pay LESSOR, as additional rental, the amount of the premium paid by LESSOR.
- 3) LESSEE agrees to release, indemnify and hold LESSOR harmless from and against any claim or causes of action for death or injury to persons or loss or damage to property in excess of the limits of Liability Insurance, whether provided by LESSOR or LESSEE, arising out of or caused by the ownership, maintenance, use or operation of any Vehicle(s) or substitute vehicle, and any such claims or causes of action which LESSOR may be required to pay as a result of any state requirements of insurance or as a result of the insolvency of LESSEE'S Insurance company and for which LESSOR would not otherwise pursuant to the terms hereof be required to pay.

- 4) LESSEE further agrees to release and hold LESSOR harmless for death or injury to LESSEE, LESSEE'S employees, drivers or agents, arising out of the ownership, maintenance, use or operation of any Vehicle(s) or substitute vehicle.
- 5) Pursuant to Rules and Regulations of the Interstate Commerce Commission or other regulatory agencies, the LESSOR shall maintain at its own expense public liability, property damage and cargo insurance coverage as concerns shippers and the general public, however, **LESSEE SHALL INDEMNIFY AND BE LIABLE TO LESSOR FOR ANY LOSS OR DAMAGE TO THIRD PARTY PERSONS OR PROPERTY INCLUDING ANY EQUIPMENT OF LESSOR, WHICH RESULTS FROM OPERATIONS OF LESSEE ITS AGENTS OR EMPLOYEES.**

B) Physical Damage responsibility

(1) LESSEE will be responsible and pay for all loss (including theft) or damage to any Vehicle(s) or substitute vehicle, including related expenses arising from any cause and regardless of how, including LESSOR'S premises, the loss or damage occurred. LESSEE'S liability for any Vehicle(s) will not exceed the purchase price for the Vehicle(s) computed at the same time of such loss or damage.

(2) LESSEE agrees to furnish LESSOR with evidence of physical damage insurance coverage reasonably acceptable to LESSOR with LESSOR listed as a named insured or endorsed as a loss payee.

C) Notice of Accident

LESSEE agrees to immediately notify LESSOR of any accident, collision, loss (including theft), or damage involving a Vehicle(s) or substitute vehicle; to cause the driver to make a detailed report in person at LESSOR'S office as soon as practicable; and to render all other assistance reasonably requested by LESSOR and the insurer in the investigation, defense or prosecution of any claims or suits.

D) Cargo Insurance Responsibility

LESSOR will have no liability for loss of or damage to any goods or other property in or carried on any Vehicle(s) or substitute vehicle whether such loss or damage occurs in a LESSOR facility or elsewhere, occurs due to any negligence on LESSOR'S part, or occurs as a result of any other failure on LESSOR'S part. LESSEE hereby assumes all such risk of loss or damage, waives any claim it may have against LESSOR, and agrees to release, indemnify, defend and hold LESSOR harmless from all liability for such loss or damage to cargo. LESSEE agrees to reimburse LESSOR for loss of any tools, tarpaulins, spare tires, or other similar equipment furnished by LESSOR.

E) Vehicle(s) Theft or Destruction

If a Vehicle(s) is lost or stolen and remains so for 30 days after LESSOR has been notified, the lease as to such Vehicle(s) will then terminate provided all charges for the Vehicle(s) have been paid to that date and provided any amounts due LESSOR have been paid. LESSOR will not be obligated to provide a substitute vehicle during this 30 day period. If a Vehicle(s) is, in LESSOR'S opinion, damaged beyond repair, LESSOR will notify LESSEE within 30 days after LESSOR has been advised of the loss. Upon receipt of LESSOR'S notice that the Vehicle(s) has been damaged beyond repair, provided all charges for the Vehicle(s) have been paid to that date and provided any amounts due LESSOR hereof have been paid, the lease as to such Vehicle(s) will then terminate.

11. TERMINATION

In the event either party commits a material breach of any term of this Agreement, the other party shall have the right to terminate this Agreement immediately and hold the party committing the breach liable for damages.

Upon termination of this Agreement, LESSEE shall immediately return Vehicle(s) to LESSOR's premises. Should LESSEE fail to do so, LESSOR may take all necessary steps to secure return of said Vehicle(s). LESSEE agrees to pay LESSOR all LESSOR'S costs and expenses, including reasonable attorney's fees, incurred in collecting amounts due from LESSEE or in enforcing any rights of LESSOR hereunder. Should LESSEE be engaged as a Contract Carrier for LESSOR, this lease shall terminate immediately upon termination of the Contract Carrier's delivery agreement.

12. ASSIGNMENT OF LEASE

This Agreement will be binding on the parties hereto, their successors, legal representatives, and assigns. LESSEE does not have the right to sublease any of the Vehicle(s), nor to assign this Agreement or any interest therein without LESSOR'S prior written consent.

13. FORCE MAJEURE

LESSOR will incur no liability to LESSEE for failure to supply any Vehicle(s), provide a substitute vehicle, repair any disabled Vehicle(s), or provide fuel for Vehicle(s), if prevented by a national emergency, wars, riots, fires, labor disputes, federal, state or local laws, rules, regulations, shortages (local or national), or fuel allocation programs, or any other cause beyond LESSOR'S control whether existing now or hereafter. Notwithstanding LESSOR'S inability to perform under these conditions, LESSEE'S obligations hereunder will continue.

14. DISPUTE RESOLUTION

(a) LESSOR and LESSEE agree that any controversy or claim, including those relating to federal leasing regulations, arising out of relating to this Agreement (a "Claim") shall be settled through binding arbitration in Charlotte, North Carolina conducted under and governed by the Commercial Rules of the American Arbitration Association. LESSOR and LESSEE agree that such method of dispute resolution authorizes arbitration under both federal and state arbitration laws. Any award by the arbitrator shall be final and binding on LESSOR and LESSEE. LESSOR and LESSEE consent to the jurisdiction of the federal and state courts in Charlotte, NC for enforcement of any arbitration award. Any arbitrator used by LESSOR and LESSEE shall have the discretion to allocate responsibility for the payment of the fees and expenses incurred by LESSOR and LESSEE in connection with the arbitration (including reasonable attorneys' fees). Any such allocation shall be based on the relative success of LESSOR and LESSEE on the merits of their respective positions in the arbitration. In the absence of any such allocation, LESSOR and LESSEE shall each pay their own fees and expenses incurred in connection with the arbitration and shall share equally the fees assessed by any arbitrator used to resolve disputes hereunder.

(b) No proceedings for arbitration (or any other formal proceedings) relating to any Claim may be instituted until (i) the party seeking to institute such proceedings shall have provided written notice to the other party of that party's intent to submit the Claim to arbitration; and (ii) the parties involved shall have not resolved the Claim within the thirty days following any such notice. The parties agree that no class arbitrations will be authorized relating to any dispute arising under this Agreement.

15. GENERAL

The parties intended to create by this Agreement the relationship of LESSOR and LESSEE and not an employer-employee relationship. Neither the LESSEE nor its employees are to be considered employees of the LESSOR at any time for any purpose. Neither party is the agent of the other and neither party shall have the right to bind the other by contract or otherwise except as herein specifically provided.

The parties wish to confirm and fully disclose the obligations of the parties with respect to LESSOR'S underlying lease agreement, attached hereto as Exhibit "A". In this regard the parties agree as follows: (1) LESSEE and LESSOR agree that the terms and conditions applying to the Lessor and lessee in the attached Exhibit "A" shall apply to them as LESSOR and LESSEE under their Truck Lease and Service Agreement, except to the extent that these terms and conditions conflict with the Truck Lease and Service Agreement, or Delivery Service Agreement between the parties; (2) In the event of any such conflict(s), the terms and conditions of the Truck Lease and Service Agreement or Delivery Service Agreement between the parties shall control.

Notices provided for herein will be in writing and mailed to the parties at their respective address set forth above. This

Agreement will not be binding on LESSOR until executed by a person duly authorized and will then constitute the entire agreement and understanding between the parties concerning the Vehicle(s), notwithstanding any previous writings or oral undertakings, and its terms will not be altered by any oral agreement or informal writing, nor by failure to insist upon performance, or failure to exercise any rights of privileges, but alterations, additions, or changes in this Agreement will only be accomplished by written endorsements, amendments, or additional Schedules A to this Agreement executed by both parties.

16. EARLY BREACH OF CONTRACT CLAUSE

In the event that the LESSEE does not provide a two-week notice, LESSOR shall be allowed at their discretion, but not by way of limitation, to exercise any or all remedies within their power. Damages LESSOR may recover, may include the worth of the time of the award of the amount by which the unpaid balance or the term after the time of the award, or for any shorter period of time specified in the Lease Agreement, exceeds the amount of such rental loss for the same period that the LESSEE proves could be reasonably avoided.

Date: _____

Transfer Trucks Corp. (LESSOR)

Signature: Carlos Lara

Date: _____

_____ (LESSEE)

Signature: _____

SCHEDULE A

LESSEE NAME

LESSEE Vehicle Domicile:

Service Location Number & Name:

1. Vehicle(s):
Vehicle Information

UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN
UNIT #	Make & Year	VIN

2. Lease Terms: The following terms shall apply to each Vehicle listed on this Schedule A.

Fixed Charge per Week _____ Payable Each Friday.

Each leased vehicle is limited to 1,000 miles per week. If the Lessee exceeds this mileage allowance in any given weekly billing cycle, Lessee agrees to pay an overage charge of \$0.18 per mile for each mile over 1,000.

3. Term: The lease shall continue for consecutive thirty (30) day terms thereafter, unless terminated in writing by either party at the end of such thirty (30) day term or sooner pursuant to the terms of the Truck Lease and Service Agreement.

Periodic review of maintenance and lease rates will be performed and may be subject to annual increases.

Date: _____

Transfer Trucks Corporation

By: Carlos Lara

Title: Owner

Date: _____

Signature: _____

CERTIFICATE OF ACCEPTANCE OF LEASED EQUIPMENT

Lessee hereby certifies that the Equipment identified in Schedule A of the Lease, between Transfer Trucks Corp., and Lessee, has been received by Lessee; that all necessary installation has been completed; that Lessee has inspected the Equipment before signing the Lease and found the Equipment to be fit for its intended use and is in good, safe serviceable, and roadworthy condition that, in all respect, the Equipment is satisfactory to Lessee; and that the Equipment IS ACCEPTED "AS IS" BY Lessee for all purposes under the Lease. The Equipment is correctly described in this lease, and lessor is authorized to insert serial numbers on the lease.