


# Lease Agreement

SP TRUCKING Hereinafter called INDEPENDENT CONTRACTOR agrees to contract to National Express Transport, Inc., hereinafter called CARRIER, the equipment described in section XIV. Together with qualified drivers, and CARRIER agrees to contract loading and transporting freight. In witness whereof CARRIER and INDEPENDENT CONTRACTOR hereby enter into this Agreement this day of 26, Jul 2010 which shall be effective date hereof and agree to be bound by all terms thereof as set forth in the attached schedule, which is made part hereof the same as if it was fully set forth herein. The terms of this Agreement shall be automatically renewed for ONE year, unless party shall, least thirty (30) days prior to the expiration of any term, give written notice of the intention not to renew the Agreement.

  
Signature of Carrier Agent

## 1

### III. SCHEDULE OF COMPENSATION

Carrier agrees to pay 88% of gross receipts of each load, minus applicable escrow deductions, cargo liability insurance, trailer leases, or other advances agreed upon damage and payments.

1) CARRIER agrees to pay, and INDEPENDENT CONTRACTOR agrees to accept as full and complete payment for use of said equipment and for performance of obligations accepted by INDEPENDENT CONTRACTOR under this Agreement, compensation as set forth in section above. CARRIER shall settle with INDEPENDENT CONTRACTOR of the Bill of Landing, signed delivery receipts, driver log books for the complete trip, original fuel invoices are also due at this time if the INDEPENDENT CONTRACTOR chooses the IFTA preparation service. All applicable paperwork must be submitted to CARRIER no later than close of business (5:00 pm CST) the preceding Monday in order to be paid next week on Friday. If paperwork is not complete, INDEPENDENT CONTRACTOR will be paid the following week on Friday. All Bills of Lading are required to be faxed in to the CARRIER after completion of delivery the same business day, otherwise payment to INDEPENDENT CONTRACTOR will be delayed.

2) Fuel Tax preparation will be available to INDEPENDENT CONTRACTOR, if he so chooses. If not, all quarterly fuel tax preparation remains the full responsibility of INDEPENDENT CONTRACTOR.

       I choose to file my own quarterly Fuel Tax Returns

  X   I choose to use the Fuel Tax preparation service chosen by CARRIER

3) It is agreed that an 'escrow' fund is set up at the time of the execution of the agreement. INDEPENDENT CONTRACTOR authorizes CARRIER to withhold dollars (\$50) per week from any settlements and to retain it in the escrow funds to the maximum of \$1,000.00. If for any reason CARRIER does not withhold (\$50) in given week, INDEPENDENT CONTRACTOR authorizes CARRIER to withhold (in subsequent weeks) any additional funds necessary to make up for such deficiency. If INDEPENDENT CONTRACTOR does not keep his Equipment operating for the full term of the Agreement, the minimum fee paid to any regulating agency to certify such Equipment, or drivers may be deducted from sums held in escrow. All escrow funds must be held for period of 45 days after termination of this Agreement, to insure payment of INDEPENDENT CONTRACTOR'S obligations, including but not limited to fuel taxes, cargo claims, liability claims advances, or any other cost, which are the sole responsibility of the INDEPENDENT CONTRACTOR. Should any claim not be resolved at the end of said 45 days, the CARRIER may retain the escrow funds until claim is closed. If CARRIER retains any escrow funds beyond 45 days, the CARRIER shall release any remaining funds within forty-five (45) days of the closing of the remaining claims. The CARRIER shall provide INDEPENDENT CONTRACTOR with an accounting of any transaction involving the escrow account upon request of the INDEPENDENT CONTRACTOR.

4) In any case where the INDEPENDENT CONTRACTOR has secures an advance of any kind from CARRIER, including but not limited to fuel, lubricants, safety equipment, tires, tractor and trailer parts, fines and penalties, operating authorities, licenses, permits, transfer charges, tolls, or any insurance deduction authorized by INDEPENDENT CONTRACTOR. CARRIER shall be authorized to deduct the amount of such advance from any trip settlement, escrow settlement or other moneys due. If such moneys are insufficient to cover the sum due to CARRIER from INDEPENDENT CONTRACTOR then INDEPENDENT CONTRACTOR will on demand pay to CARRIER all sums remaining due. CARRIER shall furnish a written explanation and itemization of all such deductions due upon demand.

Initials:   G.F.

5) If INDEPENDENT CONTRACTOR does not notify company within 14 days prior terminating agreement, company reserves right to hold all money owed to contractor.

6) Company reserves right to terminate any agreement at any time for NO GIVEN REASON.

Insurance costs are to be determined at which point this lease agreement will be amended therefore above deductions have been noted as "TBD".

#### **IV. RELATIONSHIP OF PARTIES**

1) The parties intend to create by the Lease a relationship of CARRIER and INDEPENDENT CONTRACTOR, and not that of employer and employee. Neither the INDEPENDENT CONTRACTOR nor its agent is to be considered employees of the Lease at any time for any purpose.

INDEPENDENT CONTRACTOR shall operate equipment covered by the Agreement or furnish sufficient employees to operate said equipment. Any employees furnished by INDEPENDENT CONTRACTOR shall be his employees, shall be hired, directed, paid, and controlled solely by INDEPENDENT CONTRACTOR. INDEPENDENT CONTRACTOR represent that any employees furnished by him are competent, reliable, physically fit and are familiar with State and Federal motor carrier safety rules, laws and regulations. To the extent required by applicable law, INDEPENDENT CONTRACTOR shall be responsible for withholding and remitting to proper authorities all payroll taxes for his employees.

2) CARRIER will provide a Statement of Earnings to INDEPENDENT CONTRACTOR showing annual compensation and report same to Internal Revenue Service on IRS Form 1099.

3) INDEPENDENT CONTRACTOR may temporarily remove leased equipment from operation of the CARRIER under this Lease for periods of less than 30 days, subject to notification of and approval by CARRIER.

During such periods, INDEPENDENT CONTRACTOR shall remove the CARRIER identification placards, cards and fuel permits and shall not operate under the authority of the CARRIER.

4) The parties further intend that the relationship created by this Lease comply in all respects with the regulations of the I.C.C. governing the Lease and interchange of vehicles by authorized carriers.

5) This CONTRACT made between INDEPENDENT CONTRACTOR and National Express Transport, Inc. will perform trucking services of any kind and that the services will be done without supervision. Also INDEPENDENT CONTRACTOR agrees to be paid on trip basis and after each job is completed. In addition to the above INDEPENDENT CONTRACTOR agrees that compensation received will not be subject to withholding of Federal and State Income Tax and Social Security Tax. All drivers who get out of service will be charged with \$150.00. For speeding over 10 mph over limit, driver will be charged \$100.00. Contractor whose truck gets out of service will be charged \$150.00.

#### **V. INDEPENDENT CONTRACTOR'S WARRANTY AND REPRESENTATION**

1) INDEPENDENT CONTRACTOR warrants that every such unit of leased equipment shall be in safe mechanical and operating condition, free of defects, properly licensed and in full compliance with the Motor Carrier Safety Regulations of the U.S. Department of Transportation (D.O.T.) and all other applicable laws, regulations and ordinances of Federal, State or Municipal authorities having jurisdiction as of the date it is delivered to CARRIER, and shall be maintained as such throughout the term of this Lease.

2) INDEPENDENT CONTRACTOR further warrants and represents that the driver(s) he shall supply to perform services for CARRIER shall be properly licensed and qualified under all applicable laws and regulations throughout the period of this Lease.

#### **VI. OPERATION AND MAINTENANCE EXPENSES**

Initials: S.P.

INDEPENDENT CONTRACTOR agrees to pay the entire cost of operating and maintaining the leased equipment throughout the term of this Lease. INDEPENDENT CONTRACTOR'S obligation shall include but shall not be limited to the following expense items:

- 1) All wages, payroll taxes, Workmen's Compensation Insurance, and other payments of INDEPENDENT CONTRACTOR'S employment of authorized drivers or other labor.
- 2) All costs of Bobtail Liability and Physical Damage Insurance. Proof of Insurance must be provided to CARRIER prior to completion of this Lease Agreement.
- 3) All expenses of fuel and lubrication and all expenses of maintenance and repair of the leased equipment.
- 4) All Fuel and Highway Use Taxes, all highways, bridge ferry and other tools, and all expenses of acquiring and maintaining current vehicle base plates and licenses on leased equipment.
- 5) All fines for traffic violations and any other fees, penalties, fines or taxes that may be assessed against the equipment or services provided by the INDEPENDENT CONTRACTOR shall be solely responsible for all expenses incurred in the procurement of background checks, physical examinations and drug tests in accordance with DOT Federal Motor Carrier Safety Regulations 391.41.
- 7) Drug tests are required annually and/or at random as required by CARRIER.
- 8) Background check of CDL license records must be completed before any driver will be allowed to work under the terms of this Lease.
- 9) CARRIER shall obtain and pay for Road Use and Fuel Tax permit for each unit of leased equipment from each of the States in which it operates. INDEPENDENT CONTRACTOR agrees to provide CARRIER with quarterly vehicle maintenance reports on each unit of leased equipment provided to CARRIER hereunder. The reports shall specify all maintenance and repairs performed on the vehicle and shall be paid receipts (copies).

## **VII. MAINTENANCE REPORTS**

- 1) To enable CARRIER to fulfill its obligation under D.O.T. regulation to monitor the inspection, maintenance and repair of equipment operated under its authority, INDEPENDENT CONTRACTOR agrees to provide CARRIER with quarterly vehicle maintenance reports on each unit of leased equipment provided to CARRIER hereunder.

The reports shall specify all maintenance and repairs performed on the vehicle and shall be supported by paid receipts.

- 2) INDEPENDENT CONTRACTOR must submit a Vehicle Inspection Report prior to completion of this

Lease Agreement Subsequent inspection must be submitted to CARRIER by the 7<sup>th</sup> each month for the preceding calendar quarter. CARRIER shall have the right to remove any unit of leased equipment from service when unsafe conditions are found by D.O.T. Inspection or otherwise.

- 3) INDEPENDENT CONTRACTOR not submitting the monthly Vehicle Inspection Report will be put a no load list and fined \$100 for non-compliance.

## **VIII. MINIMUM TRIPS**

CARRIER does not guarantee, warranty or represent to INDEPENDENT CONTRACTOR that any minimum number trips will be available to INDEPENDENT CONTRACTOR during the term of this Agreement. However, all good faith effort of the CARRIER will be made to ensure as many trips as possible.

## **IX. VEHICLE IDENTIFICATION**

Initials: S. P.

CARRIER will provide INDEPENDENT CONTRACTOR with all identification required by all applicable governmental authority; to be affixed to each vehicle listed in Section XIV while such equipment is performing services for CARRIER pursuant to this Agreement. When the leased equipment is not being used to perform services for CARRIER, INDEPENDENT CONTRACTOR shall remove or completely cover all items of identification referring to CARRIER. Upon the termination of this lease, or in the event INDEPENDENT CONTRACTOR subleased the equipment to another certified carrier, INDEPENDENT CONTRACTOR shall return all items of identification to CARRIER. No final payment will be made until INDEPENDENT CONTRACTOR has removed all identification belonging to National Express Transport, Inc. and return them to National Express Transport, Inc.

#### **X. INSURANCE**

The respective obligations of the parties concerning the purchase and maintenance of insurance are as follows:

1) CARRIER agrees to procure and maintain in full force Public Liability Insurance for bodily injury and property damage for the vehicle(s) leased hereunder, with a limit of \$1,000,000 combined single limit for bodily injury and property damage in each accident. Cost of said insurance is to be reimbursed from the INDEPENDENT CONTRACTOR to National Express Transport, Inc. for amount of \$\_\_\_\_\_ per vehicle, per week.

It is further agreed that this Public Liability Insurance shall not cover the operation of any unit of leased equipment while:

- a) The unit is used to carry property in any business other than the business of the CARRIER;
- b) The unit is being used in the business of any person or organization other than the CARRIER;
- c) The unit is being used for personal purposes.

2) CARRIER further agrees to provide cargo insurance covering operation of the leased equipment when being used to transport cargo under provisions of this Lease, and covering cargo walls or damage resulting from collision or upset of the equipment. The limits of coverage and the placement of the liability and cargo insurance shall be left to the sound discretion of the CARRIER, and the CARRIER shall be named as the sole insured. If the INDEPENDENT CONTRACTOR desires any such insurance for his own protection or is dissatisfied with the type or amount of coverage provided by the CARRIER, he is free to provide other, further or additional insurance at his own expense. INDEPENDENT CONTRACTOR will be responsible for any deductible amount for claims under the Public liability and/or Cargo Insurance, when it is found to be the fault of the INDEPENEDNT CONTRACTOR or his employees.

3) INDEPENDENT CONTRACTOR agrees to procure and pay full expense of Bobtail Insurance for \$1,000,000 and workers Compensation Insurance related to contractor and any of the contractors employees, servants and agents as well as Physical Damage Insurance on each unit of the leased equipment.

4) Evidence of both Bobtail and Physical Damage Insurance on each unit bound by this Lease Agreement is required to be on file with the CARRIER.

5) CARRIER assumes no liability for Workman's Compensation claims under this Lease Agreement.

#### **XI. CHARGEBACK ITEMS**

Initials: S. P.

In addition of the chargeback or withholding authority granted by INDEPENDENT CONTRACTOR to CARRIER elsewhere in this lease, INDEPENDENT CONTRACTOR agrees that CARRIER shall have the right to change against any settlement owed under this Lease amounts sufficient to reimburse CARRIER for the following expenses which CARRIER may incur on behalf or in the name of INDEPENDENT CONTRACTOR:

1) Any fines or penalties imposed upon CARRIER as a result of violations by INDEPENDENT CONTRACTOR.

Any losses or expenses incurred by CARRIER as a result of its inability to collect freight charges earned due to INDEPENDENT CONTRACTOR'S failure to properly complete and to submit paperwork and documentation in a timely manner. Any loss or damage to property or cargo, or any other losses or expenses which CARRIER may incur or for which it may be held liable as a result of the INDEPENDENT CONTRACTOR'S conduct.

2) All fines and penalties on overweight trailers, found to be the fault of driver negligence. Prior to withholding any settlement upon request, CARRIER shall provide INDEPENDENT CONTRACTOR with written explanation and itemization of the withholding to be made. Deductible amounts on claims against liability and cargo insurance policies when it is found to be the fault of the INDEPENDENT CONTRACTOR or his employees. Deductible amount is \$2,500 for each occurrence.

## **XII. ACCIDENT REPORTS AND LITIGATION**

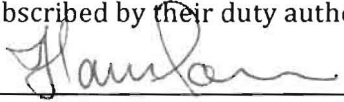
INDEPENDENT CONTRACTOR agrees that he will report to CARRIER by telephone immediately after the occurrence, any accidents, injuries, property damage, and cargo losses of any nature. A police Report must be submitted to CARRIER **along with a full, written Accident Report Form covering each occurrence** as required by I.C.C. and D.O.T. regulations.

INDEPENDENT CONTRACTOR agrees to place himself agents and attorneys at the service and disposal of the CARRIER during the length of this Lease and termination to assist the CARRIER in the defense of claims or suit arising out of any operations or conduct in which it engaged under the provisions of this Lease. INDEPENDENT CONTRACTOR also agrees that in all cases where a controversy arises with shipper or consignee concerning the responsibility for, or amount of freight loss or damage. INDEPENDENT CONTRACTOR accepts any and all decisions and settlements made by the CARRIER. The CARRIER agrees to exercise due diligence in making such decisions and settlements.

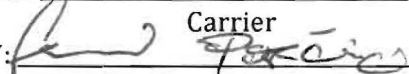
## **XIII. TERMINATION OF AGREEMENT**

Upon termination of this Agreement, INDEPENDENT CONTRACTOR shall remove all CARRIER identification from the outside of unit; return all fuel cards, permits, decals. Upon return of these items CARRIER will execute a written receipt for the return of said leased equipment to INDEPENDENT CONTRACTOR.

IN WITNESS HEREOF the INDEPENDENT CONTRACTOR and the CARRIER have caused this Lease to be subscribed by their duly authorized representatives:

BY: 

Title: President

BY:  Carrier

Title: OWNER  
Independent contractor

Initials: S - P.



This Lease shall be executed in duplicate. INDEPENDENT CONTRACTOR shall keep one copy of the Lease on each unit of leased equipment during the period of the lease. CARRIER shall keep the original lease.

DATE OF AGREEMENT: 7/26/2010

#### XIV. IDENTIFICATION OF EQUIPMENT

##### TRACTOR (BOBTAIL)

Volvo 07 630 4V4NC9GH 17N 450237  
Make Year Body Type V.I.N.

State/License#: P673359-IL

##### TRAILER

N/A

\_\_\_\_\_  
Make Year Body Type V.I.N.

State/License#: \_\_\_\_\_

#### XV. RECEIPT OF EQUIPMENT

CARRIER hereby acknowledges receipt of the equipment described above:

[Signature]  
Signature of Carrier's Agent Date

#### XVI. RELEASE OF EQUIPMENT

##### TO BE COMPLETED UPON TERMINATION OF AGREEMENT

INDEPENDENT CONTRACTOR hereby acknowledges receipt of the equipment described in this Agreement:

\_\_\_\_\_  
Independent Contractor Signature

\_\_\_\_\_  
Independent contractor Date and Time

#### RULES OF CONDUCT FOR ALL DRIVERS UNDER THIS LEASE AGREEMENT

- f) Check-In: All drivers must check in at 9:00 AM, Noon and 6:00 pm each day to report their location, expected delivery times and any problems encountered since the last check-in. A voice message must be left if no one is in the office, and no problems have occurred.

Office: **630-447-8381.**

**Failure to call in twice a day will lead to a fine of \$50 for each truck, or \$25 per each driver per day.**

Initials: S. P.

2) Driver Vehicle Inspection: All drivers must complete a Pre-Trip Inspection and make a Post-Trip Vehicle Inspection on the tractor and the trailer, according to D.O.T. regulations. National Express Transport, Inc. must be informed of any problems noticed during the Pre-Trip inspection and/or Post-Trip Inspection. In case of any truck or trailer equipment failures, the Company must be informed immediately 24 hours a day. The Company will not acknowledge any actions taken by the driver prior to informing the Company and any equipment damage due to neglect of the driver will be considered the responsibility of the driver, and will not be paid by the Company.

**No vehicle/equipment is to be operated without full driver satisfactory inspection.**

3) Cargo: If a load requires refrigeration, the driver must check the condition of the trailer every eight (8) hours, including temperatures required by the shipper, and fuel level in the trailer. The Company will not be held responsible for damaged cargo, due to negligence or improper inspection of driver. Any deducted charges against cargo liability will be withheld from INDEPENDENT CONTRACTOR'S settlement. It is driver's responsibility to overview and inspect cargo loading and unloading as well as securing of the cargo.

4) Logbooks: All drivers are required to keep a logbook up-to-date for each portion of a trip. Driver is to send to the office original copies of logbooks every week, not longer than 13 days. Logbooks are to be kept on file according to D.O.T. regulations. The driver, not the Company, will pay any logbook violations. If a truck is ordered Out of Service due to a logbook violation, each driver will be fined \$50 by the Company. If a load is not picked up or delivered late due to Police Order or any other reason, unless approved by the shipper and receiver, all late charges incurred by Company will be withheld from INDEPENDENT CONTRACTOR'S settlement.

5) Loading: All drivers must inspect the loading of a trailer, where allowed, and check weight at the nearest scale. If the load appears to be overweight, the driver must inform Company immediately by phone, and return to original loading area for proper weights. The Company will not pay Citations due to overweight violations.

6) Load inspection: During loading, the driver must pay attention to the condition of the load, and number of pallets placed on the trailer. All drivers are required to provide complete protection and safety of the load properly using load locks.

If the driver observes any damage such as bad condition of the product, broken boxes, spilling etc., the driver should stop the loading process and immediately inform National Express Transport, Inc. If National Express Transport, Inc. approves damaged load, the driver must note the damage on the Bill of Lading, and request the signature of the shipper's representative, as proof and acknowledgement of previous damage to the load.

7) Be professional: At all times, drivers must be courteous and respect all rules and regulations of our customers, other drivers, and offices of all regulatory agencies.

8) Cause for immediate discharge includes the following:

- Dishonesty
- Immoral conduct while on duty
- Fighting
- Possession of narcotics, or being under the influence of alcohol while on duty
- Failure to immediately report an accident which results in injury or property damage
- Failure to carry out instructions or a direct order of a supervisor
- Theft
- Participating in any activities that interfere with Company operation

Initials: S.P.



9) Paperwork: Upon completion of delivery or deliveries, all drivers must send to the office the following:

- a) Bill of Lading must be faxed the same day delivery is completed and then mailed
- b) Completed Driver Daily Logs,
- c) Trip Report with Fuel Receipts,
- d) Vehicle Maintenance Reports (if any),
- e) D.O.T., Federal and State Inspection Reports (if any),
- f) Accidents Report (if any).

I HAVE READ AND UNDERSTAND THE COMPANY RULES AND DO HEREBY AGREE TO FOLLOW THEM:

Senad Porcic

Contractor Signature

7-26-10

Signature Date

#### ACKNOWLEDGEMENT OF INDEPENDENT CONTRACTOR

I, SENAD PORCIC, agree to be considered by National Express Transport, Inc. an independent, remaining sole responsibility for all withholding and employment taxed due to the Federal State, or Local government. I agree to hold non-responsible National Express Transport, Inc. from any claim by the Federal, State or Local government agency, an account of wages, withholding and employment taxes.

Senad Porcic

Contractor Signature

7-26-10

Date

#### INDEPENDENT CONTRACTOR'S INFORMATION LIST

Name: SENAD PORCIC

Company Name: SP TRUCKING

Federal ID #: 31-1720193

Drivers License #: P622-7206-2133

Social Security #:

Initials: S.P.

Initials: S.P.

Lease Agreement consists of 10 pages.

City

State

Zip

Villa Park IL 60181

Address:

935 N Harvard Ave