

Commercial Vehicle Master Lease Agreement

Agreement made on the _____ (*date*), between _____ (*Name of Lessor*), a corporation organized and existing under the laws of the state of _____, with its principal office located at _____ (*street address, city, county, state, zip code*), referred to herein as *Lessor*, and _____ (*Name of Lessee*), a corporation organized and existing under the laws of the state of _____, with its principal office located at _____ (*street address, city, county, state, zip code*), referred to herein as *Lessee*.

1. Lease of Vehicles

Lessor agrees to Lease to *Lessee*, and *Lessee* agrees to hire from *Lessor*, the motor vehicles specified, and the models described, in **Schedule A** attached hereto and made a part hereof. The standard and extra equipment, if any, are also describe in said **Schedule A**. The rent due in each month on each vehicle is set for in **Schedule B** attached hereto and made a part hereof. When used in this Agreement, the term *vehicle* shall mean a motor vehicle Leased under this Agreement with all such equipment, any accessories, and any substitutions from **Schedules A** or **B** when agreed to by both parties, and any substitution of models or types of vehicles, shall be evidenced by a written amendment to this Agreement. Substitutions of a vehicle or related equipment for any other vehicle, or equipment, or an addition of equipment will be evidenced by a new or additional receipt, and shall be deemed to comprise as many individual Leases as there are vehicles. Vehicles may be delivered by *Lessor* to *Lessee* under original individual delivery receipts, or amendments to the same.

2. Security Deposit

In addition to the rental, *Lessee* has this day deposited with *Lessor* a security deposit for each vehicle in the amount specified in **Schedule C** (*letter or number of schedule*). The deposit shall be held by *Lessor* as security for the full and faithful performance by *Lessee* of all the terms, conditions, and provisions of this Agreement. The existence of this deposit does not in any way limit or waive any other rights or remedies of *Lessor*.

3. Ownership of Vehicles

This is an Agreement of Lease only and may not be construed as a contract for the sale of vehicles. *Lessee* acknowledges that *Lessor* is the owner of all vehicles Leased under this Agreement. *Lessee* further agrees that it does not acquire any legal or equitable interest in the Leased vehicles but shall merely have the possessory right to use and operate the vehicles, which possessory right shall be forfeited upon the termination or expiration of this Lease Agreement as provided below, the terms and conditions of any sub-rental or subleasing Agreement (whether or not authorized by this Agreement) to the contrary notwithstanding.

4. Payment of Rent

Lessor will invoice *Lessee* monthly for the amount of fixed rental payments, which shall be payable monthly in advance. All rent payments shall be made at such place or places as *Lessor* may designate and are due and payable on or before the _____ (*number*) day of the month without deduction, setoff or counterclaim. The rent period for each vehicle shall commence upon the day of delivery of such vehicle and shall terminate on the day when such vehicle is returned to *Lessor*. *Lessor* reserves the right to revise rental rates to reflect any price or specification changes made by the manufacturer for vehicles, accessories, and optional equipment that are placed in service after such charge.

5. Late Payment Charge

If Lessee shall be in arrears in its rental payments under this Agreement, Lessor may charge, and Lessee agrees to pay, in addition to the rental payments then due, a late payment charge of _____% per month of the amount in arrears. This late payment charge is in addition to and not in limitation of any other rights and remedies of Lessor. However, if Lessee shall remain in default for _____ (number) days after notice of default, Lessor shall have the option to cancel this Agreement and retake the vehicle(s) wherever the vehicle(s) may be found and Lessor shall not be liable to Lessee for any acts or omissions incident to a repossession after a default.

6. Term

The term of this Agreement shall be _____ (date), from the day delivery of the vehicles commences and will end on _____ (date). Lessee may, with Lessor's approval, extend the Lease term of any or all vehicles on a month to month basis at the quoted rates by giving Lessor written notice of such extension, at least _____ (number) days in advance of the expiration of the basic term, which notice shall include the serial numbers, and location of the vehicle to be extended. Lessor may, at its option, extend the term of the vehicles up to the maximum of _____ (number) months without Lessee's approval shall not be required. After notice of Lessee's intention to extend the term of the Lease, Lessor shall have the immediate right to conduct an inspection of the vehicle(s) at a mutually agreed location that Lessor selects. Lessee's failure to surrender the vehicle for inspection at this location, prior to extending the original Lease, shall give Lessor the right to cancel this Agreement and retake the Leased vehicle(s) immediately. If a vehicle is stolen or disappears, Lessee shall immediately notify the appropriate local authorities and Lessor at Lessor's home office. If a vehicle is stolen or disappears, or is destroyed or so damaged that it cannot economically be placed in good working order, the Lease shall terminate with respect to such vehicle, and the resulting expense, shall be borne as elsewhere provided in this Agreement. Lessor shall have the right to verify such damage at its option.

7. Substitution of Vehicles

Lessor shall have the right to substitute for any vehicle under Lease a vehicle of comparable type and condition. In the event of any substitution of vehicles, the term shall be computed from the date of delivery of the original vehicle and not from the date of delivery of any substitute vehicles. Lessor may substitute optional equipment and body styles with comparable options if the requested equipment or options is unavailable, for which Lessor shall not be liable.

8. State, County, and City Registration and Licenses

Lessee shall accomplish the titling, registration, and licensing in the continental United States of vehicles in Lessor's name, provided that the title or certificate of registration to all vehicles shall clearly indicate that Lessor is both the legal and registered owner of the vehicles and Lessee shall promptly forward such title or certificate of registration to Lessor. Lessor shall reimburse Lessee for the costs of registration and licensing of the vehicles. Lessee shall also accomplish and pay for any inspections of Leased vehicles required during the terms of this Agreement by any governmental authority. Lessee agrees to notify Lessor at least _____ (number) days before removing the vehicle(s) from the state of original registration. Lessee's failure to give proper notice under this section shall give Lessor the immediate right to cancel this Agreement and retake the vehicle(s) wherever found at Lessee's expense.

9. Taxes

Lessee shall pay and bear all federal, state, and local sales, use, excise, personal property, and other taxes and all governmental assessments, fees, and charges imposed on or in connection with any vehicle, or on the Lease, use, ownership, or possession of the vehicle pursuant to this Agreement. *Lessee* shall file any necessary tax returns and shall furnish adequate proof of payment to *Lessor*. If it is necessary for *Lessor* to pay any such taxes, assessments, fees, or charges, *Lessee* shall reimburse *Lessor* for the same plus any charges for delinquency.

10. Repair and Maintenance

A. Lessor's Obligations.

1. *Lessor* shall keep and maintain each Leased vehicle in good operating condition and working order, and shall make all necessary repairs and replacements to such vehicles to the extent of \$ _____ (**dollar amount of limit of repairs and replacements**) per year. Repairs shall include, but not be limited to, tires, oil, lubricants, and antifreeze required for the proper operation and protection of each vehicle. The cost of repairs and replacements in excess of \$ _____ (**dollar amount of limit of repairs and replacements**) per year will be borne by *Lessee*.

2. All repairs and service on each vehicle shall be performed at *Lessor's* garage. *Lessee* shall not, through its negligence, cause nor permit its employees to make any repairs or adjustments, except for repairs of flat tires and other minor emergency work.

3. *Lessee* agrees to provide all gasoline required by each vehicle and to maintain all lubricants at the proper level. *Lessee* further agrees to keep each vehicle properly garaged, stored, and washed. *Lessor*, its agents, servants, and employees, shall have the right to inspect the vehicles at any reasonable time and place.

4. *Lessor* shall not be liable to provide transportation for *Lessee* during the time a vehicle Leased under this Agreement is undergoing maintenance or repairs unless an appointment has been made for a substitute vehicle and the substitute vehicle is available. If a substitute vehicle is unavailable, *Lessor* shall not be held liable in any way or manner.

5. The manufacturer's standard warranty on new motor vehicles shall apply to each vehicle, and a copy of the warranty shall be furnished with each vehicle. *Lessor* and *Lessee* both agree to cooperate fully to insure that the maximum permissible amount of repairs and adjustments to each vehicle are covered by the warranty.

B. Lessee's Obligations.

1. *Lessee* shall keep and maintain each vehicle in good operating condition and working order, and shall make all necessary repairs and replacements to such vehicle. All replacement parts and accessories, including batteries but excluding minor parts such as spark plugs and oil filters regularly scheduled for replacement, must be genuine manufacturer's parts. Title to all replacement parts

shall vest in *Lessor*. Lessee shall provide all gasoline, oil, and antifreeze required for the proper operation and protection of each vehicle.

2. Lessee shall carry out the servicing and maintenance of the vehicle in accordance with the manufacturer's suggested maintenance program, and shall comply with *Lessor's* and manufacturer's requirements respecting the nature and location of service garages at which warranty work and service are to be done. Authorized direct dealers of the manufacturer of the car line involved shall be automatically deemed to be within these requirements. *Lessor* shall not be obligated to pay for any washing, parking, garage, highway, or other fees, tolls or liens of any nature that may be incurred in connection with the operation of each vehicle.

3. Lessee shall be liable for all fines, parking violations, and any fines imposed by any governmental authority upon the automobile or driver during the Lease term which shall be paid by Lessee. Lessee shall hold Lessor harmless from any and all fines, penalties, and civil liabilities imposed on account of the operation of the automobile in violation of any law, ordinance, or regulation, together with expenses incurred by Lessor in connection with the same. Upon failure by Lessee to pay any fine or penalty assessed on a Leased vehicle during the term of the lease, Lessor shall have the right to deduct such amount to satisfy such fine or penalty from Lessee's security deposit.

11. Insurance

A. Insurance shall be procured and maintained for the term of the Lease for each vehicle in insurance policies satisfactory to *Lessor* and *Lessee*. Policies are to be in the interest of both *Lessor* and *Lessee* and will provide limits of:

1. \$ _____ per person for bodily injury;
2. \$ _____ per accident for bodily injury;
3. \$ _____ property damage;
4. \$ _____ deductible collision; and
5. \$ _____ deductible fire and theft (comprehensive).

B. Lessee shall pay any deductible and any amounts not covered by insurance payments.

C. *Lessor*, *Lessee*, their employees, and their agents shall comply with all terms and conditions of the insurance policies. All claims (including claims for bodily injury, property damage, or vehicle damages) are to be reported immediately to both *Lessor* and the insurance company under this Section and Section Fifteen, Paragraph C of this Agreement.

D. If *Lessor* provides insurance, *Lessee's* monthly rental payment is subject to escalation annually to reflect changes in the cost of the insurance to *Lessor*. If such

charges increase, Lessee has the option to provide the insurance. If Lessor's insurance policy is cancelled or insurer deems the Leased vehicle to be exposed to extraordinary risk, Lessee may be required to provide insurance and appropriate adjustment will be made in the monthly rental charge.

E. If Lessee provides insurance, a certificate of insurance with a _____ (number)-day cancellation notice will be required prior to delivery of the vehicle.

12. Return of Leased Vehicles

Upon the expiration or termination of the Lease for any cause with respect to any vehicle or upon substitution of any vehicle, that vehicle shall be returned immediately and without delay to Lessor at Lessee's expense at a place designated by Lessor. Except as specified below in this Agreement with regard to the appearance of the vehicle, Lessee shall return the vehicle in as good condition and order as when received by Lessee, ordinary wear, tear and damage or defects, which are specifically covered by manufacturer's warranty, and natural depreciation, excepted. If upon expiration or termination of this Lease for any cause or for any reason, the Leased vehicle or substitution vehicle is returned in satisfactory condition after inspection by Lessor, excepting ordinary wear and tear and natural depreciation, Lessee shall pay, as additional rent, Lessor's cost of cleaning, repairing, or replacing damage to vehicle(s) occasioned by:

A. Improper, negligent use, reckless treatment in the care and operation of the vehicle(s);

B. Traffic citations;

C. Operation and maintenance without proper oil, water, or other necessary items for

D. Towing, pushing, plowing, or illegal uses, none of which shall be considered ordinary wear and tear or natural depreciation.

Lessor reserves the right to apply any or all of the security deposit to reimburse Lessor's cost for cleaning, repairing, or reconditioning under this provision. Lessee shall give Lessor _____ (number) days advance written notice by certified mail of serial numbers and location of vehicles to be taken off Lease. Each vehicle shall be in good operating condition and will have all original equipment and five safe tires each with at least _____ (fraction of an inch) remaining measurable tread of the original supplied type.

13. Indemnification

Lessee shall defend, indemnify, and hold harmless Lessor, its parent, subsidiary and affiliated companies and its and their officers and employees, from and against any and all damages, loss, theft, or destruction of any vehicle and against all losses, liabilities, damages, injuries, claims, demands, costs, and expenses of every kind and nature, including legal fees and disbursements arising out of and in connection with the use, condition, or operation of vehicles during the Lease term. Lessee agrees to pay any and all costs of repossession together with reasonable attorney's fees and costs that grow out of any suit or suits commenced by Lessor under this provision.

14. Lessee's Damages

Lessor shall not be responsible to *Lessee*, or its agents, servants, or employees, for loss of business or other damage caused by any interruption of the service to be furnished under this Agreement by *Lessor*, or by time lost in the repairing or replacing of any vehicles, nor for any loss, injury, or damage arising out of or relating to *Lessor's* failure to deliver vehicles pursuant to this Agreement by reason of strikes or other causes beyond control of *Lessor* nor for any other losses or damages sustained by *Lessee* under this Agreement except as specifically provided in *Lessor's* undertakings in this Agreement. *Lessor* assumes no liability or responsibility for any acts or omissions of *Lessee* or of *Lessee's* agents, servants, or employees, or for any property of *Lessee*, its agents, servants, or employees or any other persons, including property that is damaged, lost, or stolen in or from the vehicles.

15. Operation of Vehicles

A. *Lessee* shall permit only licensed drivers to operate the vehicles and shall require them to operate the vehicles with reasonable care and to comply with standard written instructions furnished by *Lessor* covering the operation and maintenance of the vehicles. *Lessee* shall also obtain license numbers, date of issuance, and residence shown from each licensed driver, and such information shall be maintained as a part of *Lessee's* regular business records.

B. *Lessee* shall not permit vehicles to be used in violation of any federal, state, or municipal statutes, laws, ordinances, rules, or regulations, or contrary to the provision of any applicable insurance policies. *Lessee* shall indemnify and hold *Lessor* harmless from any and all claims, damages, or penalties resulting from violation of such laws, ordinances, rules, regulations, or any of them. *Lessor* shall forward to *Lessee* any notices received by *Lessor* of fines or other penalties levied in connection with the use of Leased vehicles, and may pay such fines if *Lessee* does not do so within _____ (number) days of the date of *Lessor's* notice and may bill *Lessee* immediately, including an appropriate handling fee, or add such amount to the next bill being or apply to the payment of such fine any money of *Lessee* which may come into its possession or reduce the amount of the security deposit by the amount of the fine.

C. *Lessee* shall notify *Lessor* immediately of any and all accidents involving a vehicle Leased under this Agreement. Such notice shall be by telephone and in writing and shall include full details of the accident and the names and addresses of all parties and witnesses. *Lessee* shall keep *Lessor* and the insurer fully informed of all claims, suits, or proceedings arising out of any accident involving a Leased vehicle. *Lessee* shall forward to insurer and *Lessor* a copy of every demand, notice, summons, or other process received in connection with any and all claims, suits, or other legal proceedings resulting from an accident involving a vehicle Leased under this Agreement.

D. Upon written notice from *Lessor*, *Lessee* shall immediately remove, prevent, and not allow any driver designated in such notice to operate or drive any Leased vehicle.

E. Except with the written consent of *Lessor*, the use of all vehicles shall be limited to the continental limits of the United States and Canada.

F. *Lessee* agrees to hold the driver of the Leased vehicle liable for any damage caused by the driver in breach of the condition of this Agreement or liable for any willful damage to the vehicle, or for any damage due to carelessness or negligence of the driver, the payment of which damages *Lessee* guarantees to *Lessor*.

G. Lessee agrees not to overload the vehicle.

H. Lessor may inspect, adjust, or repair any vehicle, upon Lessee's premises or elsewhere at any and all reasonable times, and Lessee shall cooperate fully to facilitate such inspections, adjustments, and repairs.

I. Lessee agrees not to assign this Agreement or sublease any Leased vehicle. Lessee shall not permit any automobile Leased under this Agreement to be used for hire or as a common carrier.

J. In no event shall any vehicle Leased under this Agreement be operated by any person under the influence of alcohol or narcotics. Lessor shall have the right to cancel this Agreement with reference to any vehicle so operated and that the person so operating the vehicle be forbidden to drive any vehicle Leased under this Agreement.

16. Default and Termination by Lessee

A. If Lessee fails to pay in full on any due amount under this Agreement, or defaults in the performance of any of the terms, conditions, or covenants contained in this Agreement, or in the event of Lessee's bankruptcy or insolvency, upon _____ (number) days written notice to Lessor, Lessor shall have the right to take immediate possession of the vehicle hereinafter provided with or without process of law, and to terminate the lease with respect to such vehicle. Lessee authorizes Lessor and its agents to enter any premises where the vehicle may be found for the purpose of repossessing the vehicle, and waives any further interest in the vehicle and any right of action arising out of repossession. Lessor shall not be liable in damages for any termination pursuant to this paragraph and no termination of this Agreement by repossession of any vehicle shall in any way relieve Lessee of liability for any amount due or to become due Lessor under this Agreement, or for any damages which Lessor shall have sustained as a result of any default by Lessee, including but not limited to the cost of repossession. If suit is instituted by Lessor to enforce any of the terms or provisions of this Agreement, Lessee agrees to pay Lessor reasonable attorney's fees incurred in such suit or suits. If Lessee has defaulted or breached the terms or conditions of this Agreement, Lessee shall pay to Lessor in addition to any accrued unpaid rent, as liquidated damages for breach of this Agreement, the amount of the rental required to have been paid by Lessee for the unexpired balance of the term of this Agreement. The mention in this Agreement of any particular remedy shall not preclude Lessor from any other remedy at law or equity, nor shall the exercise of one remedy preclude the exercise of another.

B. Any termination of this Lease Agreement is made subject to the provisions of Sections 12 and 16 of this Agreement. Upon termination by Lessee, Lessee shall pay to Lessor a termination charge determined by re-computation of the Lease rate considering the reduced term of the Agreement and based on the wholesale market value of the vehicle at the date of termination, surrender, or return.

C. If any vehicle is lost, stolen, or disappears, or is destroyed or so damaged that, in Lessor's judgment, it cannot be economically placed in good working order, then the Lease shall terminate with respect to that vehicle. Such a termination shall be effective _____ (number) days from the date of notice by Lessee of loss, theft, or damage. If a vehicle is lost, stolen, or so damaged or disappears or is destroyed, under this section,

Lessee is not relieved of the obligation to pay under this Agreement and the termination shall be treated as a termination by *Lessee* and is subject to Paragraphs A and B of this Section 16, as to termination charges. In addition, *Lessee* agrees to pay the present monthly installment, then due, if the loss or damage occurs on or after the installment due date and any and all monies then due *Lessor*. *Lessor* reserves the option to offer a replacement or substitute vehicle, which vehicle(s) shall be subject to the terms of this Agreement, or *Lessor* and *Lessee* may execute a new Lease Agreement. If *Lessor* exercises its option to provide a replacement or substitute vehicle, *Lessee* agrees to pay *Lessor* any additional rental costs that exceed the original Lease rental costs, if there are any, for the substituted or replacement vehicle.

D. Notwithstanding anything in this Agreement to the contrary, this Lease Agreement terminates automatically and without notice, with respect to all vehicles, upon: (1) an attempted assignment by *Lessee* of this Lease Agreement; (2) an assignment by *Lessee* for the benefit of creditors; (3) the institution of voluntary or involuntary proceedings by *Lessee* in bankruptcy or under insolvency laws or for corporate reorganization, arrangement, receivership, dissolution, upon any such event, *Lessor* shall then be entitled to immediately take possession of all vehicles and may have such further relief to which it is entitled under the provisions of this Agreement in addition to any and all rights at law or in equity.

E. If upon the term, expiration, or breach of this Agreement, *Lessee* fails or refuses to return the Leased vehicle(s) to *Lessor*, upon demand by *Lessor*, the failure or refusal to return the Leased vehicle(s) may be considered as a conversion and treated as a theft of the vehicle(s) and *Lessor* shall have the right to notify and request the police authorities to remove the stolen vehicle.

17. Termination by Lessee

Lessee shall have the election to terminate this Agreement by notifying *Lessor*, at any time after making _____ (number) monthly rental payments under this Agreement, of _____ (his/her) intention to terminate upon _____ (number) days prior written notice (certified mail, return receipt requested) to *Lessor*, provided that at least _____ (number) days before the proposed termination date, *Lessee* delivers the vehicle to *Lessor* for its inspection (subject to the provisions of Sections 12 and 16 on surrender and termination charges). *Lessee* agrees to be liable for termination charges under Section 16, Paragraph B in addition to all of the following:

A. All rent due *Lessor* to the proposed termination date or to the date *Lessee* delivers or returns the Leased vehicle(s) to *Lessor*, whichever is later.

B. Mileage on the Leased vehicle as pro-rated in accordance with the mileage allowance specified in the attached Schedule C. All payments due *Lessor* under this paragraph shall be paid by *Lessee* at such time as the vehicle is returned, delivered, or surrendered to *Lessor*. *Lessee* shall not be deemed to have exercised early termination until all requirements of this paragraph have been fully satisfied.

C. Any and all costs of cleaning, repairing, and reconditioning, due to causes other than ordinary wear and tear or natural depreciation, or due to abusive use or operation of the vehicle(s) (also subject to provisions of Sections 12 and 16 concerning surrender.

18. Severability

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. If any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

19. No Waiver

The failure of either party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement, shall not be construed as subsequently waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

20. Governing Law

This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of _____.

21. Notices

Any notice provided for or concerning this Agreement shall be in writing and shall be deemed sufficiently given when sent by certified mail, registered mail or sent to the respective address of each party as set forth at the beginning of this Agreement.

22. Attorney's Fees

In the event that any law suit is brought in connection to this Agreement, the unsuccessful party in the action shall pay the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum of the successful party's attorney fees.

23. Mandatory Arbitration

All disputes arising out of this Agreement shall be required to be resolved by binding arbitration of the parties. If the parties cannot agree on an arbitrator, each party shall select one arbitrator and both arbitrators shall then select a third. The third arbitrator so selected shall arbitrate said dispute. The arbitration shall be governed by the rules of the American Arbitration Association then in force and effect.

24. Entire Agreement

This Agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

25. Modification of Agreement

Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if placed in writing and signed by each party or an authorized representative of each party.

26. Assignment of Rights

The rights of each party under this Agreement are personal to that party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party.

27. In this Agreement, any reference to a party includes that party's heirs, executors, administrators, successors and assigns, singular includes plural and masculine includes feminine.

WITNESS our signatures as of the day and date first above stated.

(Name of Lessor)

(Name of Lessee)

By: _____

By: _____

(Printed name & Office in Corporation)

(Printed name & Office in Corporation)

(Signature of Officer)

(Signature of Officer)

SAMPLE