

# Observations on Truck Lease-Purchase Agreements

CFPB Staff Report for the Department of Transportation's Truck  
Leasing Task Force\*

*\*The analysis, conclusions, and opinions set forth in this document are those of the authors alone and do not necessarily reflect the view of the CFPB.*

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# 1. Executive summary

This report was prepared for the Department of Transportation’s Truck Leasing Task Force (TLTF), which the Consumer Financial Protection Bureau (CFPB) serves as a technical advisor. The findings of this report are primarily based on contract text from truck lease-purchase agreements combined with experiences shared by truck drivers working under such agreements, which were received through a request for information (RFI) issued by the TLTF, supplemented with industry research where relevant.

The truck leases supplied through the RFI differ from conventional financing agreements for automobiles and other light vehicles in significant ways, including:

1. **Potentially confusing earnings and expenses projections:** The information provided to drivers about predicted earnings and expenses may be confusing or potentially misleading.
2. **Absence of comprehensible financial disclosures:** Drivers may sign leases without ever being informed of basic financial information about the cost of financing, such as annual percentage rate (APR) equivalents or finance charges.
3. **Broad default provisions:** Default provisions in truck leases may be triggered for reasons beyond missed payments, insurance lapses, or imperiling the collateral, at any time, and in some cases for no reason at all.
4. **Expansive remedy provisions:** Most auto finance remedy provisions allow for repossession and acceleration of payments due upon default, but truck leases may define “damages” as large sums of money unrelated to actual losses realized by the finance company.
5. **Use of escrow accounts and personal guarantees:** The use of sizable escrow accounts and personal guarantees may enable the truck financing company to ensure payout for damages assessed in default.
6. **Ease of inducing driver to relinquish truck:** If driving the truck fails to generate revenue that exceeds the costs of the lease and operation of the vehicle, drivers may opt to relinquish the trucks rather than wait for repossession.

RFI responses also suggest the threat of significant costs imposed under contracts signed by drivers may disincentivize the safe operation of vehicles in the following ways:

1. **Driver compliance with the hours of service regulations and laws governing speed and safety:** Drivers may be pressured to haul loads in violation of laws governing speed and safety by motor carriers affiliated with their finance company.
2. **Pressure to operate unsafe equipment:** Drivers may be pressured to haul loads even when they have deemed the equipment to be unsafe.
3. **Timely repair and maintenance:** Drivers may be pressured to choose between making expensive repairs needed to maintain a safe vehicle and the imperative to continue hauling loads.

## 2. Background

This section describes the legal authority and mandate of the Department of Transportation's TLTF, provides a brief overview of the TLTF's RFI on truck leases, and reviews terminology used in this report.<sup>1</sup>

### 2.1 The Department of Transportation's Truck Leasing Task Force

The Infrastructure Investment and Jobs Act (IIJA)<sup>2</sup> requires the Secretary of Transportation, in consultation with the Secretary of Labor, to establish the TLTF. Secretary Buttigieg chartered the TLTF on February 11, 2022, and selected Federal Motor Carrier Safety Administration (FMCSA) Associate Administrator for Policy Larry Minor as its Designated Federal Officer and Sponsor. FMCSA requested that CFPB staff serve as technical advisors to the TLTF.<sup>3</sup>

The IIJA tasks the TLTF with examining, at a minimum,<sup>4</sup>

- (1) common truck leasing arrangements available to commercial motor vehicle drivers, including lease-purchase agreements;
- (2) the terms of the leasing agreements described in paragraph (1);
- (3) (A) the existence of inequitable leasing agreements and terms in the motor carrier industry;  
(B) whether any such inequitable terms and agreements affect the frequency of maintenance performed on vehicles subject to those agreements; and  
(C) whether any such inequitable terms and agreements affect whether a vehicle is kept in a general state of good repair;
- (4) specific agreements available to drayage drivers at ports relating to the Clean Truck Program or any similar program to decrease emissions from port operations;

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<sup>1</sup> Ryan Kelly and Emma Oppenheim are the authors of this report.

<sup>2</sup> Section 23009 of the Infrastructure Investment and Jobs Act (IIJA), Pub. L. No. 117-58 (2021).

<sup>3</sup> For more information on the TLTF, see FMCSA, [Truck Leasing Task Force](#) (last visited December 12, 2024).

<sup>4</sup> Pub. L. No. 117-58, § 23009(c) (2021).

- (5) the impact of truck leasing agreements on the net compensation of commercial motor vehicle drivers, including port drayage drivers;
- (6) whether truck leasing agreements properly incentivize the safe operation of vehicles, including driver compliance with the hours of service regulations and laws governing speed and safety generally;
- (7) resources to assist commercial motor vehicle drivers in assessing the financial impacts of leasing agreements; and
- (8) (A) the opportunity that equitable leasing agreements provide for drivers to start or expand trucking companies; and  
(B) the history of motor carriers starting from single owner operators.<sup>5</sup>

## 2.2 The Truck Leasing Task Force Request for Information

In February 2024, FMCSA issued an RFI to “assist the Agency’s Truck Leasing Task Force (TLTF) in reviewing [commercial motor vehicle] leases to identify terms and conditions that may be unfair to drivers.”<sup>6</sup> Throughout the report, all references to the “RFI” refer to this. The RFI received 46 responses, many of which included copies of truck drivers’ lease-purchase agreements, other communication with motor carriers, and personal accounts of experiences as lessees. This report is based primarily on those RFI responses, supplemented with outside research where relevant.

FMCSA allowed respondents to indicate that their submission contained confidential business information. According to the RFI, “FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the RFI.”<sup>7</sup> CFPB staff were permitted to use redacted comments and contract text from these non-public submissions for the purpose of issuing this report, but references to them cannot include a link to the public docket. However, every use of public comments or contract text includes a footnote with a link to the docket.

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<sup>5</sup> A quick review of motor carrier industry history can be found in Appendix B.

<sup>6</sup> FMCSA, Request for Information: Drivers’ Leasing Agreements for Commercial Motor Vehicles (CMVs), 89 Fed. Reg 12411-12413. Docket available at <https://www.regulations.gov/docket/FMCSA-2023-0143>.

<sup>7</sup> *Id.*

All quotes and contract text in this report are taken from RFI responses. References to contract text or quotes contain a citation to an image in Appendix C, which provides supporting evidence. Throughout this report, we took drivers' accounts of their experiences as they understood them in response to the RFI at face value.

## 2.3 Report terminology

The word “lease” can be used for three contracts commonly signed by truck drivers.

1. A truck lease agreement, generally including a purchase option.<sup>8</sup> These are commonly called lease-purchase agreements (LPAs).
2. A trailer lease agreement.
3. An independent contractor operating agreement (ICOA), which is often framed as the contractor driver “leasing services” to a motor carrier. ICOAs describe the conditions under which a driver provides their labor to a motor carrier.

This report will focus on the first type of lease, lease-purchase agreements, but will discuss ICOAs occasionally. Any reference to a “lease” or “truck lease” refers to LPAs, as defined above. Independent contractor operating agreements will always be referred to as “ICOAs,” never “leases.” Trailer leases are not a focus of this report. Any reference to a “truck” in this report refers to a commercial motor vehicle (CMV) while any reference to a “driver” or “trucker” refers to a CMV operator. Any reference to an “auto loan” or “auto lease” refers to financing products associated with light vehicles.<sup>9</sup> “Auto financing” refers to both auto loans and auto leases, though at places in the report, we distinguish between the two where those distinctions are relevant. Appendix A contains definitions for financial terms used throughout this report.

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<sup>8</sup> Only one of the truck leases referenced in this report was ambiguous as to whether it had a purchase option based on available contract text. The associated RFI comment indicates it was marketed as if it did have a purchase option and will be treated as such.

<sup>9</sup> “Light vehicles” encompasses typical, consumer-use automobiles. These are sometimes referred to as “four wheel” vehicles by truckers. For more information, see CFPB, [Auto Loans](#) (last visited December 12, 2024); CFPB, [What should I know about leasing versus buying a car?](#) (last visited December 12, 2024).



# 3. Noted differences between auto financing and truck leases found in RFI responses

RFI submissions revealed noted differences between truck leases and auto financing.

1. **Potentially confusing earnings and expenses projections:** In auto financing markets, finance companies generally do not have the ability to control and dictate consumers' earnings and expenses. In contrast, truck lease-purchase agreements are often directly tied to ICOAs and other contracts through which the motor carrier can heavily influence, or sometimes even fully determine, the driver's earnings and expenses. This dynamic may make information provided by truck finance companies to drivers about predicted earnings and expenses confusing or, when provided in order to induce them to sign contracts, potentially misleading.
2. **Absence of comprehensible financial disclosures:** In auto financing transactions, the Truth in Lending Act (TILA),<sup>10</sup> including the implementing Regulation Z for auto loans,<sup>11</sup> and the Consumer Leasing Act,<sup>12</sup> including the implementing Regulation M for auto leases,<sup>13</sup> require that borrowers be provided standardized financial disclosures to illustrate the cost of financing, aimed at helping consumers make informed decisions. Truck leases do have required contract provisions,<sup>14</sup> but they focus more on protecting owner-operators from unfair practices at the hands of motor carriers than they do on communicating the cost of financing. Truck finance companies, in practice, can get drivers to sign leases without ever

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<sup>10</sup> 15 USC §§ 1601 – 1677f. Certain high-value transactions are exempt. For more information, see CFPB, [Agencies Announce Dollar Thresholds for Applicability of Truth in Lending and Consumer Leasing Rules for Consumer Credit and Lease Transactions](#) (last visited December 12, 2024).

<sup>11</sup> 12 CFR part 1026 (2024).

<sup>12</sup> 15 USC §§ 1667 – 1677f.

<sup>13</sup> 12 CFR part 1013 (2024).

<sup>14</sup> 49 CFR part 376 (2023).

disclosing basic financial information about the cost of financing, such as annual percentage rate (APR) equivalents or finance charges.<sup>15</sup>

3. **Broad default provisions:** Auto financing agreements generally list missed payments, lapses in insurance, or actions that may imperil the collateral as actions that can trigger a default of the agreement. Many of the truck leases provided in RFI submissions went further, containing catch-all default provisions in either the lease or ICOA that may be triggered for additional reasons, at any time, and in some cases for no reason at all.
4. **Expansive remedy provisions:** Auto financing agreements typically contain remedy provisions that allow for repossession and acceleration of payments due upon default and include actual damages. Truck leases provided in RFI submissions often went further by including a remedy for damages, defined as large sums of money unrelated to actual losses realized by the finance company. Some of the truck leases even allowed the financing company to charge interest on those damages, further increasing the already significant sums claimed.
5. **Use of escrow accounts and personal guarantees:** Truck leases finance comparatively larger sums of money than most auto loans or leases. Truck lease contracts offset this risk by requiring drivers to fund sizable escrow accounts, which the truck financing company may use to pay themselves for damages assessed in default. Truck financing companies may also require a personal guarantee when the lease is in the name of a trucker's small business or LLC, ensuring the financing companies have access to all the driver's assets, not just those in the driver's business.
6. **Ease of inducing driver to relinquish truck:** Truck leases all allow the finance company to repossess the vehicle upon default. Because drivers use their trucks to earn a living, if driving the truck fails to generate revenue that exceeds the costs of the lease and operation of the vehicle, drivers may opt to relinquish the trucks rather than wait for repossession. Truck finance companies, in turn, may quickly lease the trucks again.

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<sup>15</sup> Cf. 12 CFR § 1026.4(a) (2024) (defining the finance charge as “cost of consumer credit as a dollar amount. It includes any charge payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or a condition of the extension of credit.”); 12 CFR § 1026.14(a) (2024) (defining the annual percentage rate as “a measure of the cost of credit, expressed as a yearly rate”).

## 3.1 Potentially confusing earnings and expenses projections

RFI responses suggest drivers may feel unclear about how much money they will make and how much money they will have to spend to operate and maintain the truck. Truck finance companies have the ability to, and in some cases do, project earnings and expenses; the LPAs, which determine much of the driver's expenses, are often directly tied to the driver's ICOA, which largely determines revenues. This makes marketing of truck lease-purchase agreements more financially complex, as the combined set of contracts may require the driver to understand the potential costs of operation, know whether the forecast of potential revenue is plausible, and determine whether the projected revenue will cover the cost of the truck lease and allow the driver to earn a living.

Some drivers reported feeling misled by predicted earnings and expenses projections found in some motor carriers and finance companies' marketing materials. For example, in an RFI submission from REAL Women in Trucking<sup>16</sup> providing marketing materials,<sup>17</sup> the "Lease Purchase – Driver Information Packet" states the lease-purchase program is "highly profitable," that average drivers earn "six-figure pay," and there is "\$0 money down" with "no credit check."<sup>18</sup> That same submission of marketing materials provides an estimate of expenses and the projected amount for rental payments for equipment, which is likely to be the second largest expense for a driver in an LPA.<sup>19</sup> Yet projections for fuel and maintenance costs, which are likely to be the first and third largest expenses respectively,<sup>20</sup> are listed only as "variable."<sup>21</sup> The associated RFI comment states that this driver "was told she would make much more money tha[n] what she actually made" and that workers for the company are "conned into becoming lease purchase drivers."<sup>22</sup>

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<sup>16</sup> REAL Women in Trucking is an advocacy organization focused on the concerns of women in the trucking business. For more information, see REAL Women in Trucking, [About](#) (last visited December 12, 2024).

<sup>17</sup> REAL Women in Trucking, Inc. Comment, FMCSA, In re Drivers' Leasing Agreements for Commercial Motor Vehicles, [FMCSA-2023-0143-0010](#) (February 26, 2024).

<sup>18</sup> See Appendix C, REAL Women in Trucking Comment, Image 1.

<sup>19</sup> See American Transportation Research Institute (ATRI), [An Analysis of the Operational Costs of Trucking: 2023 Update](#) (last visited December 12, 2024).

<sup>20</sup> *Id.*

<sup>21</sup> See Appendix C, REAL Women in Trucking Comment, Image 2.

<sup>22</sup> See Appendix C, REAL Women in Trucking Comment, Quotation 1.

In the same RFI submission from REAL Women in Trucking,<sup>23</sup> the driver reported feeling misled about the cost of fuel, which is likely to be the largest single expense for a driver.<sup>24</sup> She provided documentation concerning a case in which the motor carrier initially offered a payment or rebate to offset the cost of fuel, only to have this payment reduced later. In this example, the driver reported having negotiated a fuel surcharge (*i.e.*, a rebate) of \$1,000. The marketing materials clearly state that drivers keep “100% of the fuel surcharge,” but her settlement shows she received only \$565.<sup>25</sup> She stated in her comment,

“The broker noted...that she was giving me a \$1000 fuel surcharge, which is ok, as long as it’s there. Instead the company upped the linehaul & decreased the fuel surcharge because us drivers get 100% of the fuel surcharge. They disregarded the rate con written agreement, paid me what they wanted, yet still look at what I net.”<sup>26</sup>

In a second incident, after she had picked up a \$2,000 load,<sup>27</sup> the motor carrier called and reduced the rate after the driver was already in transit. The motor carrier also sent a text message confirming they “zeroed out” the load.<sup>28</sup> The driver stated, “Imagine having to be courteous knowing you’re dealing with all snakes and hundreds of miles from home, not knowing what you’re gonna get paid for on a load [you] clearly agreed upon in black and white?”<sup>29</sup>

Multiple RFI submissions contained examples of pay periods with low or negative pay, suggesting drivers may not earn enough money to meet basic living expenses. For example, one driver who submitted a non-public RFI comment earned revenue of \$3,657 in a pay period, but after all deductions were considered, he owed the motor carrier \$22.61 as shown in his settlement.<sup>30</sup> Although this submission did not include marketing materials or revenue projections provided by the finance company, it seems unlikely that a driver would knowingly sign a contract that might produce negative pay.

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<sup>23</sup> See REAL Women in Trucking, Inc., *supra* note 17.

<sup>24</sup> See ATRI, *supra* note 19.

<sup>25</sup> See Appendix C, REAL Women in Trucking Comment, Image 3.

<sup>26</sup> See Appendix C, REAL Women in Trucking Comment, Quotation 2.

<sup>27</sup> See Appendix C, REAL Women in Trucking Comment, Image 4.

<sup>28</sup> See Appendix C, REAL Women in Trucking Comment, Image 5.

<sup>29</sup> See Appendix C, REAL Women in Trucking Comment, Quotation 3.

<sup>30</sup> See Appendix C, Non-Public Comment 1, Image 6.

## 3.2 Absence of comprehensible financial disclosures

RFI submissions suggest trucking LPAs may lack comprehensible disclosures of critical financial information, and as a result it may be difficult or impossible for drivers to fully ascertain the true cost of the financing. For consumers in the auto finance market, federal law requires that consumers be provided with key financial disclosures clearly and conspicuously in writing, and that such disclosures be given in a form that the consumer may keep.<sup>31</sup> Federal transportation regulations mandate that CMV leases contain certain information, such as the payment schedule, maintenance responsibilities, and other documentation requirements.<sup>32</sup> However, they do not contain a requirement for financial disclosures analogous to TILA. If truck leases had disclosures equivalent to those required for auto finance transactions, it could reduce drivers' difficulty determining whether they can afford the cost of credit or financing before signing the agreement (particularly given the additional complexities in the companion ICOAs).

RFI submissions suggest that some drivers are not provided the true cost of their lease because the information given throughout their documents may be inconsistent or missing. For example, in a lease agreement submitted by one driver<sup>33</sup> the “lease rate” or cost of financing is described as 0% in the “lease cost disclosure”<sup>34</sup> and in a walkthrough of the monthly payment calculation.<sup>35</sup> Multiplying the \$2,758.62 monthly payment by the 29-month term yields \$80,000, which is presented as both the “full retail value” of the truck and the “amount to be amortized.”<sup>36</sup> The disclosure confirms that the “total amount payable by the Renter upon signing this Lease is \$80,000.00” and then again by saying “if all payments are made, the total cost of the Lease will be \$80,000.00.”<sup>37</sup>

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<sup>31</sup> 15 USC §§ 1601-1667f. Also see 12 CFR § 1013.3 (2024) and 12 CFR § 1026.17 (2024).

<sup>32</sup> 49 CFR § 376.12 (2023).

<sup>33</sup> Comment ID FMCSA-2023-0143-0015, FMCSA, In re Drivers' Leasing Agreements for Commercial Motor Vehicles, [FMCSA-2023-0143-0015](#) (March 4, 2024).

<sup>34</sup> See Appendix C, Comment ID FMCSA-2023-0143-0015, Image 7. The disclosure uses the somewhat uncommon term “lease rate” when providing the cost of credit. Typically, “rate” refers to the interest rate on a loan. The cost of credit on a lease is often provided as a “money factor.”

<sup>35</sup> See Appendix C, Comment ID FMCSA-2023-0143-0015, Image 8. The cost of credit must be 0% since the “interest charge” is given as \$0. The term “interest” would properly apply to a loan, not a lease, in spite of the usage here.

<sup>36</sup> See Appendix C, Comment ID FMCSA-2023-0143-0015, Image 7. Since the amount to be amortized is equal to the full retail value of the truck, there must not be a finance charge. The nominal \$1 added to the full retail value is there only to produce a residual value of \$1 and does not impact the math. We will treat nominal residual values as \$0 throughout this report.

<sup>37</sup> *Id.*

Nonetheless, the driver stated he paid \$92,000 in total, but his truck was repossessed anyway.<sup>38</sup> There is no clear articulation of what additional charges may have been incurred that would have increased the driver's costs from \$80,000 to \$92,000. It also appears the driver's \$15,000 "down payment" was not "subtracted from the amount to be amortized over the Term" as stated in the Lease Cost Disclosure,<sup>39</sup> meaning that the cost of financing must be nonzero.<sup>40</sup> The monthly payment calculation additionally contains a blank space for the capitalized cost reduction, which is where the \$15,000 down payment would be if it were included,<sup>41</sup> and it was stamped by a notary public.<sup>42</sup>

In another example of internally inconsistent information, one driver who submitted a non-public comment provided his understanding of the term, monthly payment, and truck price, while stating that he made a down payment of \$20,000.<sup>43</sup> However, the contract itself includes a smaller down payment than what he reports.<sup>44</sup> The contract, like those found in many other RFI submissions, is also not clear on whether the driver is securing loan or lease financing. The contract refers to itself as a loan in places,<sup>45</sup> but was signed by a finance company employee with the title of "Lease Coordinator"<sup>46</sup> and provided to the driver electronically with a file name containing the words "Signed Leases." The true cost of this contract varies dramatically depending on whether the larger or smaller down payment is applied, and depending on whether the contract is a loan or a lease.<sup>47</sup> This driver defaulted and reports owing the finance company over \$20,000.<sup>48</sup>

Similarly, in another non-public comment, the provisions in the submitted documents are inconsistent or unclear in regard to whether the agreement is for a lease or a loan. The

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<sup>38</sup> See Appendix C, Comment ID FMCSA-2023-0143-0015, Quotation 4.

<sup>39</sup> See Comment ID FMCSA-2023-0143-0015, *supra* note 35.

<sup>40</sup> If the amount amortized was actually \$65,000, accounting for the \$15,000 down payment, then there must be a \$15,000 finance charge assuming a total lease cost of \$80,000. Since the finance charge is nonzero, this is not 0% financing.

<sup>41</sup> A "capitalized cost reduction" on a lease is the rough equivalent of a "down payment" on a loan. See Appendix A for an overview of lease and loan terminology.

<sup>42</sup> See Comment ID FMCSA-2023-0143-0015, *supra* note 35.

<sup>43</sup> See Appendix C, Non-Public Comment 2, Quotation 5.

<sup>44</sup> See Appendix C, Non-Public Comment 2, Image 9.

<sup>45</sup> See Appendix C, Non-Public Comment 2, Image 10.

<sup>46</sup> See Appendix C, Non-Public Comment 2, Image 11.

<sup>47</sup> Depending on whether the financing agreement was a lease or a loan and the actual amount of the down payment, the APR, or equivalent APR if it was indeed a lease, could range from the mid two digits to the low three digits.

<sup>48</sup> See Appendix C, Non-Public Comment 2, Image 12.

document titled “VEHICLE LEASE-PURCHASE AGREEMENT” uses language that indicates the provision of an installment loan: the parties are labeled as “Seller” and “Buyer,” (rather than “lessee” or “lessor”) a “purchase price” is provided for an “Acquired Vehicle,” and payments are described as “installments.”<sup>49</sup> The document continues with loan language when it says that the seller will convey title to the buyer when all payments are made.<sup>50</sup> However, the document also states that if the buyer does pay the full amount, they will not be entitled to a refund (*i.e.*, they have no equity to collect) because they were paying for a “Vehicle Rental term.”<sup>51</sup> Additionally, this document contains blank spaces where insurance and other costs should be.<sup>52</sup> The contract, which appears to be signed and finalized,<sup>53</sup> states these costs are specified in “Annex no. 1” but only “TBA” is written in that Annex.<sup>54</sup>

These RFI submissions suggest that important pieces of financial information may be inconsistent or missing altogether from lease agreements. Disclosures outlining the cost of the financing were not made available to drivers or were incomplete. This makes it difficult, if not impossible, for drivers to understand the true cost of credit in the transaction.

### 3.3 Broad default provisions

RFI submissions suggest that truck lease contracts may contain broad default provisions that can trigger repossession of the truck and additional damages. The wide range of circumstances in which a driver may be considered to be in breach of the lease or companion ICOA create significant risk that drivers will be unable to complete their contracts and face potential default.

In many of the LPAs submitted pursuant to the RFI, a driver may be in default of the lease agreement if the driver’s ICOA is terminated, and the motor carrier often has the power to cancel the ICOA at will. For example, in one non-public comment, the lease states, “LESSEE will be in default of this Agreement and this Agreement will automatically terminate if and when

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<sup>49</sup> See Appendix C, Non-Public Comment 3, Image 13.

<sup>50</sup> See Appendix C, Non-Public Comment 3, Image 14.

<sup>51</sup> *Id.*

<sup>52</sup> See Appendix C, Non-Public Comment 3, Image 15.

<sup>53</sup> See Appendix C, Non-Public Comment 3, Image 16.

<sup>54</sup> See Appendix C, Non-Public Comment 3, Image 17.

LESSEE stops operating the Vehicle under LESSEE’S Independent Contractor Equipment Lease Agreement.”<sup>55</sup> The ICOA itself can be cancelled by either party “for any reason.”<sup>56</sup>

In another non-public example, the contractual default provisions may also be triggered when the driver violates *any* portion of the lease or *any* other agreement with the finance company.<sup>57</sup> Section 15(b) of the lease agreement states that the driver would be in default if he “breaches any obligation under this Lease, including but not limited to the covenant to comply with Federal safety regulations, or any other agreement with Lessor.”<sup>58</sup> The driver was also required to sign an additional agreement that states, “Communication is THE KEY. (Msg dispatch before going to bunk or 7am).”<sup>59</sup> It is unclear if this clause indicates the driver would be in default if he does not message dispatch, or if the finance company would claim breach of contract for other potential unspecified lapses in communication.

In another RFI submission, the contract states that a default may be triggered if the driver’s situation changes such that the credit risk of the finance company increases.<sup>60</sup> Based on the ambiguous language, that could potentially include a fall in the driver’s credit score, meaning that a default could be triggered over events entirely unrelated to the lease or ICOA, such as closing unused credit cards,<sup>61</sup> making inquiries for new credit unrelated to trucking,<sup>62</sup> or paying off existing loans,<sup>63</sup> all of which could result in a decline in the driver’s credit score.

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<sup>55</sup> See Appendix C, Non-Public Comment 4, Image 18.

<sup>56</sup> See Appendix C, Non-Public Comment 4, Image 19.

<sup>57</sup> See Appendix C, Non-Public Comment 5, Image 21.

<sup>58</sup> *Id.*

<sup>59</sup> See Appendix C, Non-Public Comment 5, Image 22.

<sup>60</sup> See Appendix C, Non-Public Comment 6, Image 24.

<sup>61</sup> See CFPB, [Will closing credit cards I already have increase my credit score?](#) (last visited December 12, 2024).

<sup>62</sup> See CFPB, [What's a credit inquiry?](#) (last visited December 12, 2024).

<sup>63</sup> See generally Experian, [Why Did My Credit Score Drop When I Paid Off a Loan?](#) (last visited December 12, 2024).



## 3.4 Expansive remedy provisions

The remedy provisions in lease contracts detail what actions the lessor may take or damages the lessor may assess in the event of a default. These provisions may be more expansive than those commonly found in the auto finance market.<sup>64</sup>

It appears from RFI submissions that many leases require the driver pay the entire balance of the lease immediately upon default. While such “acceleration clauses” are also found in the auto finance market, there are often larger sums of money involved in truck leasing, which may make such payments more difficult. For example, in one non-public RFI submission, section 11(a) of the provided lease states that upon default the finance company may declare “the entire balance of the Lease and other charges and expenses due LESSOR under this agreement to be due and payable, at which time that Lease payments and those charges and expenses shall become immediately due and payable.”<sup>65</sup> The contract notes in 11(d) that the driver will not get a refund of any lease payments already made.<sup>66</sup>

Other RFI submissions demonstrate how truck leases may also impose significant additional costs beyond the full balance of the lease in default. For example, in clause 16(1) of a lease submitted through a non-public comment, the finance company grants itself the ability to charge 18% yearly interest on any balance owed.<sup>67</sup> In a different non-public RFI submission, the remedies in the truck lease also allow the finance company to continue collecting lease payments for the remainder of the term, whether or not the driver still has the truck; in clauses 13(b) and 13(c) the remedies include *both*, “THE ENTIRE AMOUNT OF UNPAID RENT THEN ACCRUED AND THEREAFTER PAYABLE” and “ALL OVERALL LEASE PAYMENTS [...] FOR THE REMAINDER OF THE INITIAL TERM [...] REGARDLESS OF WHETHER LESSEE IS CONTINUING TO POSSESS, USE, OR OPERATE THE EQUIPMENT.”<sup>68</sup>

These examples illustrate that remedy provisions in truck lease-purchase agreements may be significantly more expansive, and as a result more costly, than those imposed by typical auto loans or leases.

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<sup>64</sup> Because default and remedy provisions are designed to work together, the examples in Section 3.4 are from the same contracts discussed in Section 3.3.

<sup>65</sup> See Appendix C, Non-Public Comment 4, Image 20.

<sup>66</sup> *Id.*

<sup>67</sup> See Appendix C, Non-Public Comment 5, Image 23.

<sup>68</sup> See Appendix C, Non-Public Comment 6, Image 25.

## 3.5 Use of escrow accounts and personal guarantees

Based on RFI submissions, truck lease contracts may include provisions that mandate significant payments into escrow accounts from which the financing company can draw upon for purposes unrelated to their stated function. For example, in one non-public comment the lease creates an uncapped maintenance escrow account with \$420 weekly payments from the driver,<sup>69</sup> notes that the driver will be charged \$.20 per mile driven for “wear and tear”<sup>70</sup> upon termination,<sup>71</sup> and states that money from one escrow account can be used to pay for deductions in any other escrow account.<sup>72</sup> The “Payment Breakdown,” included as an appendix to the lease, provides upper bounds for the truck escrow account and security reserve/retainer but does not include an upper limit on the size of the maintenance escrow account.<sup>73</sup> Finally, the ICOA states that escrow money can be used for the “settlement of all accounts” between the driver and finance company.<sup>74</sup> Taken together, these contract provisions appear to provide a large pool of maintenance escrow money that may be used for virtually any purpose, including recovery after default.

In some cases, contracts indicate that the financing company may keep the balance of maintenance escrow account funds upon default. For example, one non-public lease states that the finance company may keep the total balance of the maintenance escrow account if the lessee “ever fails to perform or meet the obligations of this lease agreement” and additionally assesses a \$5,000 fee for early termination.<sup>75</sup>

Furthermore, it appears from RFI comments that truck finance companies may use personal guarantees to obtain payout in default when a driver has signed a contract in the name of their business. In the comment submitted by one driver,<sup>76</sup> the bill of sale shows the price of the truck

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<sup>69</sup> See Appendix C, Non-Public Comment 7, Image 26.

<sup>70</sup> “Wear and tear” is effectively the definition of “depreciation.” This is either a depreciation charge or a finance charge on such depreciation. It should be disclosed up front, not buried in contract text on escrow accounts.

<sup>71</sup> See Appendix C, Non-Public Comment 7, Image 26.

<sup>72</sup> *Id.*

<sup>73</sup> See Appendix C, Non-Public Comment 7, Image 27.

<sup>74</sup> See Appendix C, Non-Public Comment 7, Image 28.

<sup>75</sup> See Appendix C, Non-Public Comment 8, Image 29.

<sup>76</sup> Comment ID FMCSA-2023-0143-0012, FMCSA, In re Drivers’ Leasing Agreements for Commercial Motor Vehicles, [FMCSA-2023-0143-0012](#) (March 4, 2024).

was \$64,995,<sup>77</sup> significantly more than the driver’s estimated net worth of \$47,500.<sup>78</sup> He also signed a personal guarantee<sup>79</sup> and reported investing significantly in repairs before returning it after six months.<sup>80</sup> The remedies in the lease state that, upon default, the driver is responsible for paying the sum of unpaid rent before the default, unpaid rent for the rest of the term, and the purchase option.<sup>81</sup> In addition, section 14(b) of the lease states the lender may sue for damages,<sup>82</sup> section 14(c) requires the driver to “confess a judgement in favor of the lessor” if sued (which generally allows the leasing company to receive a judgment from a court without hearing and generally bars the driver from raising any defenses to the collection of the debt),<sup>83</sup> section 14(e) allows the finance company to charge 12% interest per year on the unpaid balance,<sup>84</sup> and section 14(f) adds the loss of the residual interest in the truck to the amount owed.<sup>85</sup> A dunning letter received by this driver in January 2024 reminded him that he signed a personal guarantee, demands payment of \$54,512.66, and threatens a lawsuit if he does not pay.<sup>86</sup>

These RFI submissions suggest that the use of sizable escrow accounts may enable truck finance companies to seize damages assessed in default, potentially even for purposes unrelated to the stated function of the escrow account, broadening the risk of losses for drivers. Personal guarantees may exacerbate this risk further, allowing financing companies to recoup claimed damages from drivers’ personal assets, unrelated to their commercial activities.

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<sup>77</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 30.

<sup>78</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 31.

<sup>79</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 32.

<sup>80</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Quotation 6 and Quotation 7.

<sup>81</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 33.

<sup>82</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 34.

<sup>83</sup> *Id.* Confessions of judgement are banned in consumer credit transactions. See Federal Trade Commission, [Complying with the Credit Practices Rule](#) (last visited December 12, 2024).

<sup>84</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 35.

<sup>85</sup> *Id.*

<sup>86</sup> See Appendix C, Comment ID FMCSA-2023-0143-0012, Image 36.

## 3.6 Ease of inducing driver to relinquish truck

RFI responses appear to indicate that truck drivers may simply return their truck to the finance company when it becomes clear they cannot make enough money driving. In a few cases, the finance company had other ways to pressure drivers to return the truck.

For example, one driver<sup>87</sup> reports that his escrow deductions were higher than originally agreed to in his contract.<sup>88</sup> He also states that he complained to the finance company about maintenance costs and double billing, and that he believed the Truth in Leasing<sup>89</sup> requirements were violated on his lease.<sup>90</sup> After the owner of the finance company abruptly walked out of a meeting set up to discuss these concerns, ostensibly to help his son work on a snowmobile, the driver stated he returned the truck after realizing he could not make enough money with it.<sup>91</sup> In another example, one driver<sup>92</sup> reported that he reluctantly returned his truck after spending over \$20,000 on it.<sup>93</sup> According to his RFI submission, the motor carrier pressured him to do so by refusing to renew his license plate.<sup>94</sup> Similarly, in a non-public comment, one driver reported being put out of service on home time by the motor carrier in order to “get the truck back and deceive another driver.”<sup>95</sup>

In each of these examples from the RFI, once the motor carrier was in possession of the truck again, it could then re-lease the truck to another driver. RFI responses suggest that truck finance companies’ unique ability to induce drivers to return their trucks, whether because of drivers’ low earnings or through other methods, may enable the companies to quickly recover and ultimately re-lease the truck to the next driver.

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<sup>87</sup> Comment ID FMCSA-2023-0143-0030, FMCSA, In re Drivers’ Leasing Agreements for Commercial Motor Vehicles, [FMCSA-2023-0143-0030](#) (April 4, 2024).

<sup>88</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Quotation 8.

<sup>89</sup> The Truth-in-Leasing regulations are a set of rules that govern the leasing of vehicles and services between truck owners and commercial trucking companies. The regulations are administered by FMCSA and are found at 49 CFR § 376.12.

<sup>90</sup> See Comment ID FMCSA-2023-0143-0030, *supra* note 88.

<sup>91</sup> *Id.*

<sup>92</sup> Comment ID FMCSA-2023-0143-0025, FMCSA, In re Drivers’ Leasing Agreements for Commercial Motor Vehicles, [FMCSA-2023-0143-0025](#) (March 23, 2024).

<sup>93</sup> See Appendix C, FMCSA-2023-0143-0025, Quotation 9.

<sup>94</sup> *Id.*

<sup>95</sup> See Appendix C, Non-Public Comment 9, Quotation 10. “Home time” refers to earned days off that are granted after spending a certain amount of time driving.

## 4. Safety risks

RFI responses suggest that the contracts signed by drivers may require them to choose between safe behavior and finance company-imposed default. As a result, truck leasing agreements may disincentivize the safe operation of vehicles, including driver compliance with the hours of service regulations and laws governing speed and safety.

### 4.1 Compliance with laws governing speed and safety

RFI submissions suggest drivers may be asked to haul loads in violation of laws governing speed and safety by motor carriers affiliated with their finance company, at times under threat of significant costs if loads are refused. For example, in a non-public comment, one driver reports that the motor carrier asked him to work beyond his legally allowable hours of service, stating that when he would normally shut down for a 34-hour reset, the motor carrier would reset his clock and ask him to haul another load.<sup>96</sup> Under his contract, the “educated dispatch” provision in the additional terms and conditions required him to “accept the loads booked by the dispatcher,”<sup>97</sup> and refusing loads would lead to a default under Section 15(b), which requires compliance with *any* agreement with the lessor.<sup>98</sup> This contract’s remedies provision allows the lessor to charge the full balance of the lease and 18% yearly interest under Section 16(1), which would result in the driver owing over \$175,000 at 18% yearly interest in default.<sup>99</sup>

### 4.2 Pressure to operate unsafe equipment

RFI submissions suggest drivers may be pressured to haul loads even when they have deemed the equipment to be unsafe. In the statement submitted by one driver,<sup>100</sup> he notes that the motor carrier had flown him in on a “very early flight” after which he went straight from the

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<sup>96</sup> See Appendix C, Non-Public Comment 5, Quotation 11.

<sup>97</sup> See Appendix C, Non-Public Comment 5, Image 22.

<sup>98</sup> See Appendix C, Non-Public Comment 5, Image 21.

<sup>99</sup> See Appendix C, Non-Public Comment 5, Image 23.

<sup>100</sup> Comment ID FMCSA-2023-0143-0007, FMCSA, In re Drivers’ Leasing Agreements for Commercial Motor Vehicles, [FMCSA-2023-0143-0007](#) (February 26, 2024).

airport to the test drive, and as he was not provided with a hotel he might not have a place to sleep if he did not sign the LPA.<sup>101</sup> He reports that upon receipt of the truck he discovered mechanical problems and equipment missing from the trailer, and as a result deemed the trailer unsafe to be loaded legally.<sup>102</sup> According to the driver's comment, the motor carrier directed him to illegally load it and drive back to their yard for a fix, but he instead directed the motor carrier to tow the truck away.<sup>103</sup> The motor carrier appears to have done so, but according to the driver that triggered a default. It is not clear from his submission what default provision was relied on to claim default, but we note that the driver's ICOA allows the company to "terminate any agreement at any time for NO GIVEN REASON."<sup>104</sup> It also allows for "immediate discharge" for "failure to carry out the instructions or a direct order of a supervisor," or "any activities that interfere with Company operations."<sup>105</sup> These broad provisions could thus lead to a scenario in which the driver's decision to prioritize safety could trigger a default. While the driver notes not being sued "as of yet," the remedies acceleration clause could lead to a bill of over \$100,000 and a lawsuit.<sup>106</sup>

## 4.3 Timely repair and maintenance

RFI submissions suggest drivers may be forced to choose between making expensive repairs needed to maintain a safe vehicle and the imperative to continue hauling loads. For example, one driver reports having frequent trouble with maintenance on his truck and believes he has obtained shoddy repairs from a motor carrier-affiliated facility that he was pressured to utilize.<sup>107</sup> His ICOA expressly states that he does not have to use motor carrier-affiliated facilities,<sup>108</sup> but the same ICOA can be cancelled by at any time,<sup>109</sup> which gives the motor carrier an ability to pressure him to accept substandard repairs under threat of default. The driver stated he did not sign the ICOA,<sup>110</sup> and based on submitted documents it appears the

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<sup>101</sup> See Appendix C, Comment ID FMCSA-2023-0143-0007, Quotation 12.

<sup>102</sup> *Id.*

<sup>103</sup> *Id.*

<sup>104</sup> See Appendix C, Comment ID FMCSA-2023-0143-0007, Image 37.

<sup>105</sup> See Appendix C, Comment ID FMCSA-2023-0143-0007, Image 38.

<sup>106</sup> See Appendix C, Comment ID FMCSA-2023-0143-0007, Image 39.

<sup>107</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Quotation 8.

<sup>108</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Image 40.

<sup>109</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Image 41.

<sup>110</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Quotation 8.

representative for the carrier signed on behalf of both the driver and the carrier.<sup>111</sup> He reported having to increase the amount going into the maintenance escrow account in order to cover his significant maintenance expenses and fighting with the finance company over double billing for maintenance.<sup>112</sup> The driver reports that as a result of his decision to return the truck rather than continue to invest in maintenance, “they [kept] my maintenance escrow and my other escrow” and “[sent] me a bill for \$11,000.”<sup>113</sup>

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<sup>111</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Image 42.

<sup>112</sup> See Appendix C, Comment ID FMCSA-2023-0143-0030, Quotation 8.

<sup>113</sup> *Id.*

## 5. RFI responses suggest a potential cycle

The RFI responses suggest that truck leases may be structured to be profitable even when the driver goes into default (see Diagram 1). While not every lease from the RFI submissions includes contract language that would contribute to each step of the exact cycle outlined below, most included elements that would seem to facilitate some version of this cycle.

A similar cycle can be seen with buy-here-pay-here (BHPH) auto dealers, where it is known as “loan churning.”<sup>114</sup> Analogous to some truck finance companies, BHPH dealers may offer older, higher-mileage vehicles and lend without a credit check.<sup>115</sup> Whereas the average auto loan default rate was 4.6% in Q3 2024,<sup>116</sup> BHPH dealers can have annual default rates above 30%,<sup>117</sup> and default rates on some truck lease portfolios may be well over twice as high at 90%-95%.<sup>118</sup> It is worth considering that BHPH dealers are required to provide TILA disclosures, often utilize contracts with more traditional default and remedy provisions, do not have escrow accounts to tap in default, and may put significant effort into recovering vehicles.

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<sup>114</sup> See, for instance Los Angeles Times, [Wheels of fortune: A vicious cycle in the used car business](#) (November 2011, and last visited December 12, 2024).

<sup>115</sup> See, for instance Credit Karma, [Buy-here, pay-here financing: What you need to know](#) (last visited December 12, 2024).

<sup>116</sup> See Federal Reserve Bank of New York, [Household Debt and Credit Report](#) (last visited December 12, 2024).

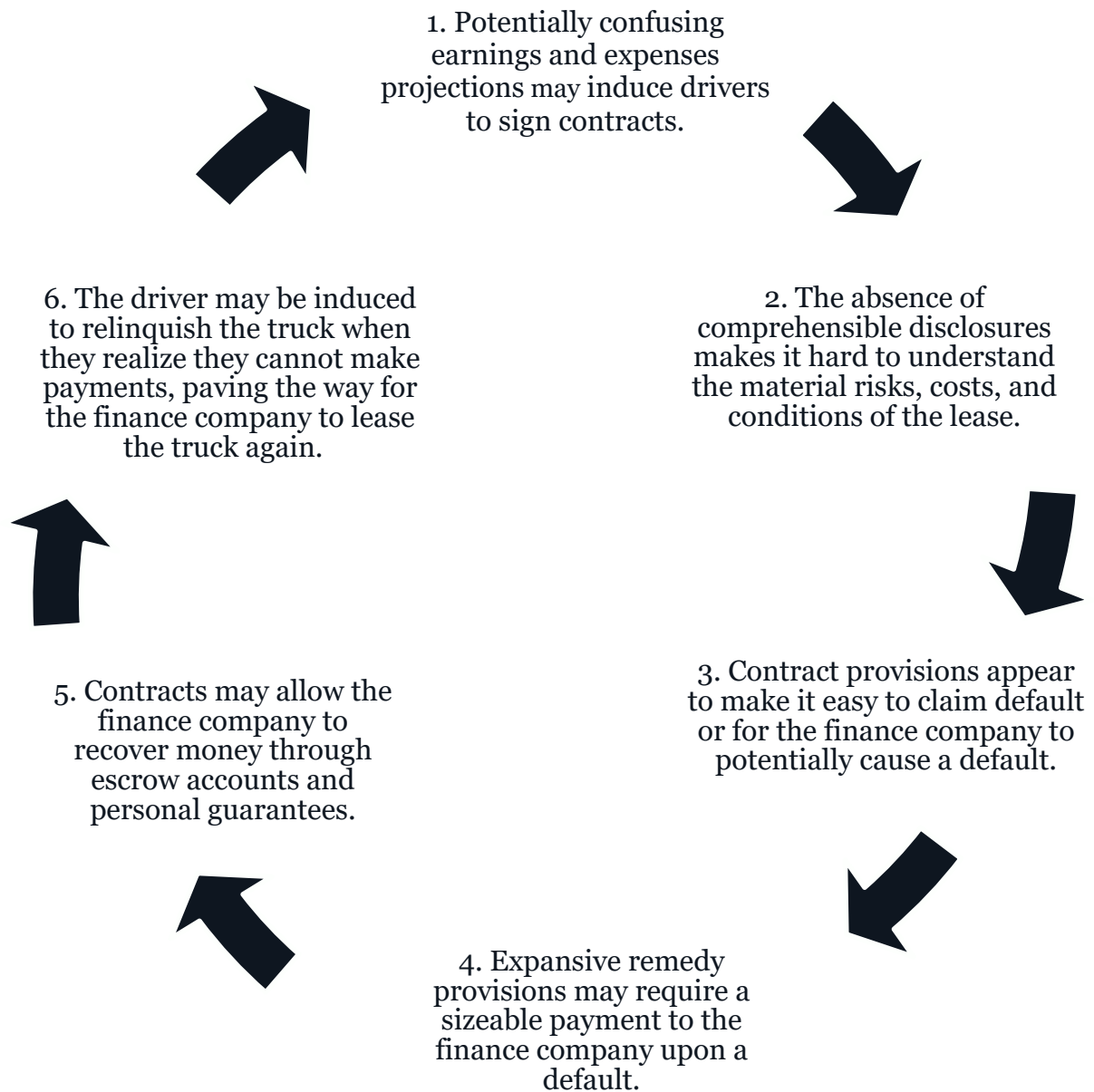
<sup>117</sup> The exact rate of BHPH defaults shifts each year. See, for instance The National Alliance of Buy Here, Pay Here Dealers and Subprime Analytics, [Buy Here Pay Here Trends: Market Perspectives 2019](#) (last visited December 12, 2024).

<sup>118</sup> Plaintiffs' Statement of Material Facts, 17, *Blakely v. Celadon Group*, Civil Action NO. 1:16-cv-00351-LJM-TAB (S.D. Ind); also available at <https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2024-10/Blakely%20Statement%20of%20Material%20Facts%20for%20Class%20Cert.pdf>.



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Diagram 1: The potential cycle created by truck leases



## 6. Conclusion

This report was prepared for the Department of Transportation’s TLTF, which the CFPB serves as a technical advisor. This report is intended to provide the TLTF analysis for its consideration in the drafting of its final report to the FMCSA Administrator, pursuant to the statutory mandate in the 2021 Infrastructure Investment and Jobs Act. Based on the CFPB’s analysis of submissions to the FMCSA’s RFI, there does appear to be use of “inequitable leasing agreements and terms in the motor carrier industry,”<sup>119</sup> with noted differences between truck leases and auto financing that may create significant financial risks for drivers. Those financial risks may in turn lead to potential safety risks by not “properly incentiviz[ing] the safe operation of vehicles.”<sup>120</sup> The CFPB will continue to make itself available to the FMCSA, as needed, for technical assistance on this analysis or related issues.

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<sup>119</sup> Pub. L. No. 117-58, § 23009(c)(3)(A) (2021).

<sup>120</sup> Pub. L. No. 117-58, § 23009(c)(4) (2021).

# APPENDIX A: DEFINITIONS AND A NOTE ON LEASING MATH

## Lease definitions

This section contains definitions of leasing terms as they apply to truck financing. Certain lease terms also include the roughly equivalent loan term in **bold**.<sup>121</sup>

1. **Adjusted Capitalized Cost:** The actual amount of money to be capitalized (see below) over the lease term. It is always equal to the (gross capitalized cost) – (capitalized cost reduction). This is the rough lease equivalent of the “**amount financed**” on a loan.
2. **Capitalization:** The costs meant to be spread out over the term of the lease. If the full \$80,000 price of a truck was spread out over the term of a lease, and no other costs were included, we would say that the lease capitalized \$80,000.

Some truck leasing firms appear to use “amortization” to describe spreading costs over time. In the truck leasing context, “capitalization” would usually be the better term since it is the one typically applied to tangible items like trucks.<sup>122</sup> We will use “capitalization” throughout this report, but drivers should know that if truck leasing companies refer to “amortization” in marketing materials it likely refers to capitalization.

3. **Capitalized cost reduction:** The total value of any cash payments, trade-ins, rebates, or promotional vouchers applied at origination to reduce the gross capitalized cost (see below). If a driver has a gross capitalized cost of \$100,000, the driver might choose to make a cash payment of \$5,000 at origination to reduce the adjusted capitalized cost to \$100,000 - \$5,000 = \$95,000. This is the rough lease equivalent of a “**down payment**” on a loan.
4. **Depreciation:** This is the amount of value lost by a leased item over time. This is always equal to the beginning value of the item minus the residual value (see below). If a truck is worth \$90,000 when a lease is signed but only \$50,000 two years later when the lease ends, the total depreciation over the lease term is \$90,000 - \$50,000 = \$40,000.

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<sup>121</sup> These definitions are slightly simplified to aid intuition, but formal definitions for many of these terms in the context of consumer leasing are found in Regulation M. For more information, see CFPB, [Regulation M \(12 CFR § 1013.2\)](#) (last visited December 12, 2024).

<sup>122</sup> Both terms relate to spreading a cost over time, but “amortization” usually refers to the cost of an intangible asset which impacts a company’s income statement while “capitalization” refers to the cost of a tangible asset which impacts a company’s balance sheet. For more information, see Thomson Reuters, [Amortization vs. Depreciation: What are the Differences](#) (last visited December 12, 2024).

5. **Gross capitalized cost:** The total amount of money to be capitalized over the lease term before any capitalized cost reduction is applied. This will typically be the price of the truck plus any other capitalized costs, including but not limited to taxes, insurance, service agreements, and fees.
6. **Lease payment:** The amount of money due from the lessee to the lessor on regular intervals, often weekly or monthly. This is the lease equivalent of a “**loan payment.**”
7. **Lease term:** The length of time covered by the lease, typically quoted in weeks or months. This is the lease equivalent of a “**loan term.**”
8. **Lessee and lessor:** The lessee is the entity leasing the item while the lessor is the entity originating the lease. In the trucking context, the lessee is the driver while the lessor is the truck finance company.
9. **Money factor:** This is the most common way to describe the financing costs on an auto lease. The money factor describes the financing cost of using the leased item for one month. It is usually presented as a small decimal, such as .002. The money factor may be multiplied by the sum of the adjusted capitalized cost and residual value to get the average monthly rent charge in dollars.<sup>123</sup> As an example, if the adjusted capitalized cost is \$50,000, the residual value (see below) is \$10,000, and the money factor is .004, the average rent charge of using the truck each month is  $(\$50,000 + \$10,000) * .004 = \$240$ .  
  
The money factor can easily be converted to an APR (see below) via multiplying by 2,400.<sup>124</sup> However, it is not possible to “move the decimal” on the money factor to get a “lease rate.”<sup>125</sup> Leases typically don’t use the term “interest rate” because they are not loans and charges are applied differently than on a loan. Finance companies need a way to discuss lease costs without using loan terminology like “interest rate.” In spite of this, the money factor is the rough lease equivalent of an “**interest rate**” on a loan in that it describes financing costs.
10. **Purchase option:** A lease contract provision that gives the lessee an option to purchase the leased item from the lessor for a given price at a certain point in the future. It is not found on every lease, and when present it does not require the lessee to purchase the leased item. The purchase option on a lease is very often, but not always, offered at lease-end and based on the residual value (see below).<sup>126</sup>

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<sup>123</sup> See Federal Reserve, [More Information about the Rent Charge](#) (last visited December 12, 2024).

<sup>124</sup> In the example above, the APR would be  $.004 * 2400 = 9.6\%$ .

<sup>125</sup> Federal Reserve, *supra* note 123.

<sup>126</sup> See Federal Reserve, [More Information about Purchasing the Vehicle](#) (last visited December 12, 2024).

11. **Residual value:** The expected value of a leased item at the end of the term.

### **Other definitions**

These definitions are listed separately because they are not specific to leases.

1. **Annual Percentage Rate (APR):** The APR is a measure of the cost of credit, determined as an interest rate including all finance company fees and charges.<sup>127</sup> It is “annualized,” which means that it converts prices on financial products with different terms to an equivalent rate with a yearly term.<sup>128</sup> Because of these features, using APR puts different types of financing on an equal footing and allows for “apples-to-apples” comparisons. In spite of the countless differences between financial products, when comparing among them it is standard to say the one with the higher APR is more expensive.
2. **Equity:** The difference between the market value of an item and the amount of debt securing it.<sup>129</sup> Intuitively, “equity” can be thought of as the amount of money that the owner of an item would have left over if they were forced to sell it and pay off any debt associated with it.<sup>130</sup> This makes sense because only the owner of an item would have the right to sell it and capture the market value.
3. **Finance charge:** The total cost of credit on any financial product, including fees and charges required by a finance company, expressed as a dollar amount.
4. **Simple interest loan:** A simple interest loan is one that calculates the interest owed on a daily or monthly basis, as opposed to using a “precomputed” rate which calculates all of the interest immediately at origination.<sup>131</sup> The technical meaning is less important than the fact that most auto loans for light vehicles are simple interest loans. Whenever this report provides the APR of an auto loan, it is calculated as a simple interest loan.

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<sup>127</sup> For more information, see CFPB, [What is the difference between a loan interest rate and the APR?](#) (last visited December 12, 2024).

<sup>128</sup> For an example of annualization, compare the cost of a consumer installment loan offered at 15% per year to a payday loan offered at 15% biweekly. Some might think these two products cost the same, but that can't be true since the payday loan leads to the same outflows in two weeks that the installment loan does in a year. However, annualizing the biweekly rate of 15% yields 390%, which shows the cost disparity.

<sup>129</sup> See, for instance CFPB, [What is a home equity loan?](#) (last visited December 12, 2024).

<sup>130</sup> As an example, if the market value of a home was \$500,000 and the owner had a mortgage of \$300,000, the equity would be \$500,000 - \$300,000 = \$200,000.

<sup>131</sup> For more information, see CFPB, [What's the difference between a simple interest rate and precomputed interest on an auto loan?](#) (last visited December 12, 2024).

### **Note on leasing math**

The following example illustrates the importance of using the right language when describing a loan and a lease. Say the price of a truck is \$60,000, the driver has \$10,000 to put toward it, wishes to pay about \$3,000 each month, and hopes to be done with the financing after 36 months. The driver is given two choices.

**Option #1 - Loan:** The finance company will take \$10,000 as a down payment and finance the other \$50,000 as a simple interest loan. The loan will be structured so that the monthly payment is \$3,000 and the term is 36 months.

**Option #2 - Lease:** The finance company will take \$10,000 as a capitalized cost reduction and capitalize the remaining \$50,000 in a lease. The lease will be structured so that the monthly payment is \$3,000 and the term is 36 months. A purchase option of \$0 is offered at the lease-end.

The standard way to compare financial contracts is using their APR. By that measure, Option #1 is clearly better. In fact, with an APR of 59.33%, Option #1 is notably less expensive than Option #2, which has an APR equivalent of 77.33%. The difference stems from how loans and leases apply finance charges. The loan in Option #1 reduces the principal over time which means the driver owns more of the truck each month. Interest is then calculated on the remaining principal, meaning that the finance charge gets smaller over time. The lease in Option #2 has a constant amount of money going to depreciation and the finance charge each month. The APR calculation is sensitive to the shrinking finance charge in loans. From an APR perspective, the \$0 purchase option is a red herring since the transfer happens after the last payment is made.

Additionally, the loan in Option #1 makes a driver the owner of the vehicle with potential equity in the truck. As the truck owner, even if the finance company repossesses the truck for non-payment, the driver would be entitled to compensation for any value above the outstanding debt. The lease in Option #2, on the other hand, does not make the lessee an owner unless they exercise the purchase option.<sup>132</sup> If the finance company repossesses the truck before that, the driver will not necessarily even be able to recover their capitalized cost reduction.

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<sup>132</sup> Some leases allow for a purchase option before lease-end and decrease the price over time, but it does not change the intuition from this section. No matter the time or price, until the purchase option is exercised the driver does not own the truck. Until the driver owns the truck, they have no equity in the truck whatsoever.

## APPENDIX B: BRIEF OVERVIEW OF MOTOR CARRIER INDUSTRY HISTORY

The Motor Carrier Act of 1935, which authorized the federal government to regulate the freight trucking industry through the Interstate Commerce Commission, ushered in an era in which most segments of the industry were unionized and highly regulated. From 1935 to 1980, truck driving was among the best-paid blue-collar jobs in the country, typically paying 20 percent higher than the wages of unionized steelworkers and autoworkers.<sup>133</sup>

In 1980, Congress passed the Motor Carrier Act of 1980 to begin the process of deregulating interstate trucking. It was followed by additional rounds of deregulation in subsequent years. Rapid changes to the industry that followed included new firms entering the market, freight rates falling dramatically, the entrance of owner-operators into new segments of the industry, and widespread wage concessions from unions. By the 1990s, the vast majority of the firms that had dominated prior to 1980 had gone out of business, while remaining firms were experiencing high turnover as drivers left due to low pay and poor working conditions.<sup>134</sup>

Beginning in the mid-1990s, many motor carriers adopted widespread use of putative “independent contractors” to move loads but retained much of the control of an employee-employer relationship. Today, truck drivers typically receive their loads from just one carrier, work for a fixed rate, and sign contracts that range from a year to four years. As “independent contractors,” they are generally responsible for paying their own health and retirement benefits and most fuel, maintenance, and insurance costs. While many new drivers who begin as company employees leave the industry due to low pay and poor working conditions, some pursue owning their own truck, becoming self-employed, and leasing their services to a company as a pathway to higher earnings and control over their schedule and workload.

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<sup>133</sup> Steve Viscelli, *The Big Rig: Trucking and the Decline of the American Dream* (2016).

<sup>134</sup> Steve Viscelli, *Trouble with Trucking: How Low Road Strategies Work in the Transportation Industry*, in *Creating Good Jobs: An Industry Based Strategy* (Paul Osterman ed., 2020).

## APPENDIX C: CONTRACT TEXT AND QUOTE IMAGES

RFI quotes and contract text are provided largely as they were received, although minor alterations are sometimes made to quotes for clarity. All personal identifiers and confidential commercial information have been redacted, even for public submissions without such redaction in the original. Alterations and redactions will appear in brackets for quotes. Redactions will appear as a black box for contract text. When we need to skip over portions of the same quote or contract in a single figure, we will denote it with [...]. We highlight important points in contract text, but any other stylistic variations are from the original. We occasionally added or removed page breaks to keep sections of contract text together for readability.



# REAL Women in Trucking Comment

Image 1

**Lease Purchase - Driver Information Packet**

*Independence and support you need to grow your business.  
Solo and Team opportunities available.*

**FLATBED**

Flatbed Solutions has been an industry leader since 1955, implementing the most profitable program in the business! We are load board driven so that you can oversee your own business! Opportunities are available for experienced professional drivers with or without previous flatbed experience. Over the road drivers with a good work history and safety record may qualify for this well compensated position. We need six months driving experience in the last three years and a minimum of three months flatbed experience at some point in your career. We also offer Flatbed Securement Training Class for those who are new to Flatbed freight.

  
FLATBED

**ONBOARDING**

Flatbed Solutions conducts onboarding for the lease purchase program every Monday and Wednesday (two-day classes). Onboarding is held in Flatbed Solutions will arrange your transportation via Greyhound or rental car and reimburse your fuel cost with receipts and validation that the rental car has been returned. We will also provide you with lodging (\$0 expense) paid for by Flatbed Solutions. Meals- Breakfast served at hotel and Lunch is catered in daily. Flatbed Training School: 40 hour class to train professional drivers on Freight Securement Techniques. This option is available for those who do not have previous flatbed experience in their driving career. Fee for Flatbed101 is \$550.00 (fee waived with a honorable DD214)

**Program Highlights**

**Compensation**

- Contractors earn 70%-75% of the revenue plus 100% of the fuel surcharge and accessories
  - Utilize a fleet manager and earn 70% linehaul + FSC and accessories (mandatory for 90 days for those contractors in our Flatbed 101 program.
  - Manage the load board on your own and earn 75% linehaul + FSC and accessories
- FSC is based on national fuel price, when fuel is high you will be able to hold your profit margins
- Independent contractors receive a fuel discount of .18 by using Flatbed Solutions' fuel stop network. Fuel discounts are available at Each contractor is issued a fuel card for convenience.
- Currently our contractors are averaging approximately ~\$3.10/mi + FSC
- Settlements direct deposit once/wk on Friday or (pays within 48 hours)

**Operation**

- Load board available. Fleet Manager is available to assist.
- No forced dispatch, a fleet manager is optional:
  - Autonomous Operations – You will have the opportunity to run your business with limited operations support. Access to the load boards, maintenance, safety, load planning, etc. will be your responsibility. This option provides a commission of 75% of the AGR.
  - Fleet Management Operations – If you select this option a Fleet Manager will be assigned to your assist and support your business growth. Fleet Managers provide a behind the scenes support level to assist with load planning, back hauls, safety, and maintenance support. In addition to those services, your Fleet Manager is your advocate to support your business growth providing vital operating statistics, recommending operational changes to running behaviors, and assisting with load planning to maximize earnings balanced with appropriate home time. This option provides a commission of 70% of the AGR

**Perks**

- Optional health insurance offered thru Questions about what they have to offer? Please call
- Pet Allowance: Pets are allowed with no restrictions, within reason.

**LEASE PURCHASE**

Experienced, over-the-road Class-A CDL drivers have the opportunity to join our highly profitable Contractors Lease Purchase Program and work towards ownership of your own pre-owned truck. Average Lease Purchase drivers earn six-figure pay. When you partner with you will be supported by all of including our terminals and shops, tools, and optional benefit programs. If you like the idea of owning your own business, we support and want to partner with you.

**WHY LEASE PURCHASE?**

- \$0 money down
- No credit check
- Low truck payments
- Walk away Lease


**TRUCK SPECIFICATIONS**

2018 -2021  
10 speed Manual and Automatic transmissions

- 400 HP
- 14.8L Detroit DD15 Gen 5
- 72IN RR Double Bunk Sleeper Cab
- Rear Axle ratio of 2.16
- Tire size 275/80R22.5

**LEASE INFORMATION**

Late model tractors for lease with the majority being 2018 - 2022. No truck payment deducted for the first 2 weeks of the lease! lease purchase units come with a guaranteed bumper-to-bumper maintenance program. Lease lengths vary depending on the year of the tractor, typically running between 3-4 years. Buyout option after the term of the lease is completed. An affordable \$5000 balloon/buyout payment is all that stands between you and owning the tractor outright. You have the option to pay the balloon payment in full or set up a weekly payment plan.



## Lease Purchase - Driver Information Packet

Independence and support you need to grow your business.  
Solo and Team opportunities available.

### Average Weekly Fixed Costs

DEDUCTION	AMOUNT	DETAILS
Weekly fixed lease	(\$465.00)	Deducted for the term of the lease (2-3 years).
Average monthly truck & bobtail insurance	(\$74.04)	
Occupational Accident Insurance	(\$54.25)	** Some States Require, Other Optional based plates
and permits	(\$60.00)	
Federal Hwy Use Tax 2290	(\$10.58)	** max at \$550/yr ( July-June)
Satellite Communication Fee	(\$15.24)	Provides for unlimited use of the unit
Bobtail Insurance	(\$10.25)	Deducted until account has reached \$2000
Escrow/reserve fund/performance bond	(\$25.00)	
Trailer rental	(\$185.00)	**optional If needed, until paid off
Tarp, chain, binders insurance	(\$4.62)	
Scanning	(\$3.75)	
Securement equipment	(\$75.00)	
<b>(\$982.73) TOTAL ESTIMATED WEEKLY FIXED COST FOR SOLO DRIVER</b>		

### Average Weekly Variable Costs

DEDUCTION	AMOUNT	DETAILS
Fuel	variable	IC's receive FSC and able to use our Fuel Discount of \$.18 per gal Each lease purchase unit is backed by our reputable maintenance program. On a standard lease, will provide guaranteed bumper-to- bumper maintenance for \$.0.15/mile until you reach the balloon portion of your tractor lease.
Maintenance Fee	variable	

IC's will also be responsible for the cost of tolls and scales.

**Example SOLO Net Income Sample:**

Revenue	
Miles/wk	1000
Average rate/mi	\$3.10
FSC	\$0.7000
fuel discount	\$25.10
	\$3,825.10
<b>Expenses</b>	
Fixed	-\$982.73
Fuel (7.0 mpg)	-\$560.67
DEF (3.5%)	-\$16.75
Maintenance .15 cpm	-\$150.00
	-\$1,710.15
<b>NET INCOME</b>	<b>\$2,114.96</b>

Revenue	
Miles/wk	1800
Average rate/mi	\$3.10
FSC	\$0.7000
fuel discount	\$45.19
	\$6,885.19
<b>Expenses</b>	
Fixed	-\$982.73
Fuel (7.0 mpg)	-\$1,009.21
DEF (3.5%)	-\$30.15
Maintenance .15 cpm	-\$270.00
	-\$2,292.09
<b>NET INCOME</b>	<b>\$4,593.10</b>

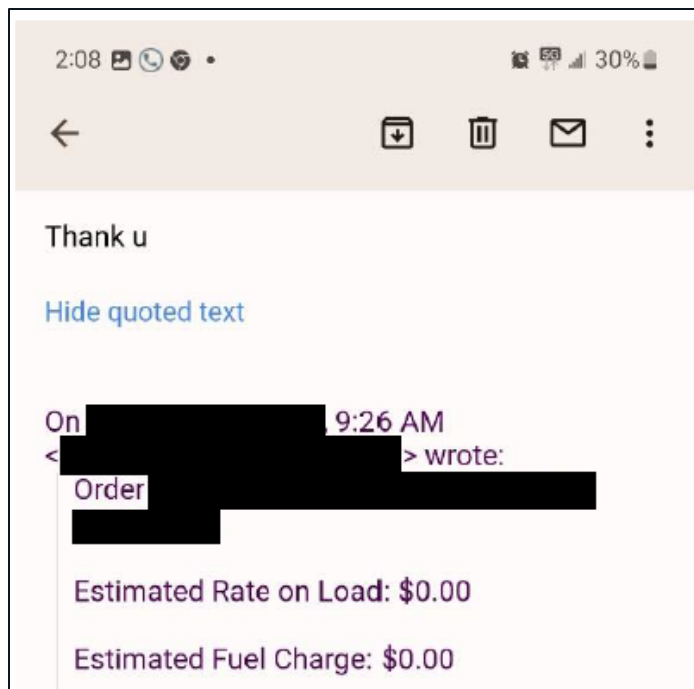
Image 3

Load # [REDACTED]			Tractor # [REDACTED]				
Movement Miles		Empty 111		Loaded 843		Weight	91,392 lbs.
[REDACTED]/2023 - [REDACTED]/2023		[REDACTED]		→ [REDACTED]			
Earning	UoM	Units	Unit Rate	Billed	Rate	Amount	
LINEHAUL	F	1	\$ 1,735.00	\$ 1,735.00	70%	\$ 1,214.50	
FUEL SURCHARGE - FLAT	F	1	\$ 565.00	\$ 565.00	100%	\$ 565.00	
Total						\$ 1,779.50	

Image 4

Carrier Rate Agreement					
Item #	Charge Description	Unit Type	Unit Quantity	Unit Price	Rate
1	LINEHAUL	Flat Rate	1	\$1,200.00	\$1,200.00
2	Fuel Surcharge	Flat Rate	1	\$800.00	\$800.00
Total:					\$2,000.00

Image 5



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Quotation 1

*[This driver] did not intend to be in a lease purchase agreement. She was just applying for a company job and [the motor carrier] put her in a lease purchase truck doing flatbed. She was told she would make much more than what she actually made. She is one of two drivers who contacted me about [the motor carrier] in Fall 2023 they said there are many more who were misled into a truck lease purchase agreement and that the company has been violating the terms of their own agreement with them.*

*The company is [motor carrier name].*

*These drivers are basically Misclassified workers who are conned into becoming lease purchase drivers, a sharecropper trucking agreement where they are working all the time and their settlement checks have pages of charges so they end up with negative paychecks.*

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Quotation 2

**First incident:** *On this particular load, this is the first one where myself and the broker of [company] agreed to a rate confirmation for me to take the load but the fleet manager changed it and sent it in to settlements. This load was going from [location 1] to [location 2]. The broker notated in the comments (because her program did not let her separate fuel surcharge) that she was giving me a \$1000 fuel surcharge, which is ok, as long as it's there. Instead the company upped the linehaul & decreased the fuel surcharge because us drivers get 100% of the fuel surcharge. They disregarded the rate con written agreement, paid me what they wanted, yet still look at what I net :(*

*But I'm an independent contractor? SMH*

*Also I have attached the text between myself and the broker on this run. As u can see, she stated her reasoning for providing me with the fuel surcharge she did, had every right to and I accepted! They reduced my pay for their own benefit & broke the contract.*

**Second incident:** This is the rate con between myself and the broker on the load I took yesterday, the [person from the motor carrier] called and told me they were decreasing this one too. She told me [the motor carrier] was gonna create some document to send to drivers about this. I told her that wasn't right and asked why are we allowed to negotiate with brokers but are now having our rate cons reduced that are official agreement documents between ourselves and the approved brokers they provided. She had no other explanation. I hung up upset because I was on this load already. Then I emailed her back asking when [this] was going to be sent and it's now [two days later] & [she] hadn't responded. That's what they do. Then she sends these \$0 rate con emails when she's not my fleet manager at all? Why is she even on this? SMH again. Imagine having to be courteous knowing you're dealing with all snakes and hundreds of miles away from home, not knowing what you're gonna get paid for on a load u clearly agreed upon in black and white? This one I should get paid on tomorrow. I'll be sending [you] the settlement.

## Non-Public Comment 1

Image 6

Trips :								
Trip No.	Description	Mileage	Freight Amount	Date	Amount			
████	████████████████████	1088	\$2600.00	████/2024	\$1,950.00			
████	████████████████████	1266	\$2276.00	████/2024	\$1,707.00			
				Total:	\$3,657.00			
Advances and Deductions :								
Description				Date	Amount			
Payment - 7				████/2024	(\$700.00)			
Trailer payment and Insurance - 7				████/2024	(\$335.00)			
Cargo Insurance				████/2024	(\$295.00)			
				Total:	(\$1,330.00)			
Fuel Card :								
Description	City	St.	Gallons	Fuel (\$)	Advance (\$)	Misc. (\$)	Date	Amount
Cash advance	████	██	0.00	\$0.00	\$50.00	\$0.00	████/2024	(\$51.00)
Fuel - █████	████	██	166.95	\$717.71	\$0.00	\$30.89	████/2024	(\$748.60)
Fuel - █████	████	██	136.40	\$580.94	\$0.00	\$0.00	████/2024	(\$580.94)
Cash advance	████	██	0.00	\$0.00	\$50.00	\$0.00	████/2024	(\$51.00)
Fuel - █████	████	██	71.39	\$306.17	\$0.00	\$0.00	████/2024	(\$306.17)
Fuel - █████	████	██	133.56	\$568.82	\$0.00	\$43.08	████/2024	(\$611.90)
							Total:	(\$2,349.61)
							Check Amount:	(\$22.61)



Image 7

**Lease Cost Disclosure**

3. The full retail value of the Vehicle as of this date is \$80,001.00.
4. The amount to be amortized over the term of the Lease is \$80,000.00.
5. The residual value (the "Residual Value") of the Vehicle is \$1.00.
6. The Lease rate is 0 % per annum.
7. The term of the Lease is 29 months (the "Term").
8. This Lease includes unlimited miles. The Renter will not be required to pay any fees for miles used.
9. The Renter will provide a down payment of \$15,000.00. This amount will be subtracted from the amount to be amortized over the Term.
10. The total amount payable by the Renter upon signing this Lease is \$80,000.00.
11. The monthly payment (the "Monthly Payment") under this Lease is \$2,758.62. Any sales and use tax would be allocated over the term of the Lease and added to that monthly payment. The monthly payments are to be made on the 29.00th day of each month of the Lease, with the first payment made one month after the lease signing date.
12. Monthly payments may be made by check, post-dated checks, money order or bank draft.
13. A late fee of \$500.00 will be charged on all monthly payments paid after the due date, which will be payable at the end of the lease term.
14. At the conclusion of the Lease, if all payments are made, the total cost of the Lease will be \$80,000.00, excluding any cost for repairing excess wear and tear to the Vehicle.

<b>Monthly Payment Calculation</b>	
<b>Gross capitalized cost.</b> The agreed upon value of the vehicle (\$80,001.00) and any items the Renter pays over the Term (such as service contracts, insurance, any outstanding prior credit or lease balance)	\$80,001.00
.....	
<b>Capitalized cost reduction.</b> The amount of the down payment made by the Renter to reduce the gross capitalized cost .....	-
<b>Adjusted capitalized cost.</b> The amount used in calculating the periodic payments .....	= \$80,001.00
This amount along with the additional early termination charges will be used in determining your early termination liability.	
<b>Residual Value.</b> The value of the vehicle at the end of the Lease used in calculating the base monthly payments	- \$1.00
.....	
<b>Depreciation and any amortized amounts.</b> The amount charged for the vehicles decline in value through normal use and other items paid over the Term .....	= \$80,000.00
<b>Interest charge.</b> The interest charged in addition to the depreciation and any amortized amounts .....	+ \$0.00
<b>Total of base monthly payments.</b> The depreciation and any amortized amounts plus the rent charge .....	= \$80,000.00
<b>Lease Payments.</b> The number of payments in your Lease	/ 29.00
.....	
<b>Base monthly Payment</b> .....	= \$2,758.62
<b>Monthly sales/use tax</b> .....	=
<b>Total monthly payment</b> .....	= \$2,758.62

Initials: [REDACTED]

Copyright 200

*Subscribed and sworn to before me*  
*this* [REDACTED] *day of* [REDACTED]  
*at* [REDACTED]

*Notary Public* [REDACTED]

OFFICIAL SEAL

Notary Public, [REDACTED]

My Commission Expires [REDACTED]

Quotation 4

*Here is my contract, the truck was taken from a parking yard with all my belongings inside, after paying over 92,000.00.*



## Non-Public Comment 2

Image 9

B. You must pay a \$750 processing fee and a \$15,620.75 Down Payment. Please send a cashier's check for the total of \$16,370.75 to [REDACTED].

Image 10

25. GENERAL. This Agreement constitutes the entire agreement of the parties as to the subject matter hereof and the loan made by Creditor to Debtor secured by the Collateral and shall not be amended, altered or changed except by a written agreement signed by the parties. Any waiver by Creditor must be in writing, and

Image 11

Very truly yours,  
[REDACTED]  
[REDACTED] as Creditor  
Lease Coordinator

Image 12

Last Payment Received: [REDACTED] on [REDACTED]  
PAST DUE CHARGES: \$19,571.75

TOTAL AMOUNT DUE [REDACTED]	\$22,537.01
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*I purchased a truck from west Michigan [truck brand] dealership [in early 2022]! False advertising listing a truck that was [misrepresented]! Then found out that it was a lease purchase deal from [finance company] in California! Gave 20k down payment, ran credit for both my wife and I. 36 months 2686 a month for a truck that had 532,000 miles on it! By November 2023 spent 35k [in] repairs and finally head gasket blew! Told finance company to come pick up truck! To this day they are still charging me late fees of 266 dollars a month and I am past due 22,000! Just received an invoice [after the repossession] for payment and attempted a withdrawal on my [checking] account! They already repo the truck [in early 2024]!*

*The purchase price of truck was 57,000! Essentially paying 3 times the price of truck! This deal was made by [a truck brand] dealership and 3rd party finance company! 20k down and credit scores of 665! Attached is lease agreement and current invoice!*

## Non-Public Comment 3

Image 13

VEHICLE LEASE-PURCHASE AGREEMENT	
THIS VEHICLE LEASE-PURCHASE AGREEMENT is made and entered into force on _____ by _____ (hereinafter known as "Seller") represented by _____, and _____ (hereinafter known as "Buyer"), represented by _____, as _____.	
Buyer and Seller shall collectively be known hereinafter as "the Parties"	
I. GENERAL PROVISIONS	
WHEREAS, Seller desires to sell the vehicle described below, known hereinafter as the "Acquired Vehicle", under the terms and conditions set forth below;	
WHEREAS, Buyer desires to purchase the Acquired Vehicle offered for sale by Seller under the terms and conditions set forth below; and	
THEREFORE,	
II. TERMS AND CONDITIONS	
IN CONSIDERATION of the mutual promises and other valuable consideration exchanged by the Parties as set forth herein, the Parties, intending to be legally bound, hereby agree as follows:	
Description of Acquired Vehicle	
Model: _____	
Body type: TRACTOR	
Body color: WHITE	
Year: 2023	
Miles: _____	
Vehicle Identification Number ("VIN") _____	
III. PAYMENT TERMS AND PURCHASE PRICE	
1. Purchase Price. The total purchase price to be paid by Buyer to Seller for the Acquired Vehicle is _____ dollars U.S.) (hereinafter "Purchase Price"). consisting of the following components:	
Payment Due of _____, which will be deducted from Buyer's paychecks in equal weekly installments of \$ _____ each during _____ weeks / _____ years.	

Image 14

**2. Payment terms**

a. This VEHICLE LEASE-PURCHASE AGREEMENT is concluded for a period of [REDACTED] weeks, from the day of [REDACTED] to the day of [REDACTED].

**b. Non-fulfillment of payment obligations**

In case the Buyer fails to pay the full amount indicated above for the Acquired Vehicle, the amounts paid under this Agreement will not be reimbursed to the Buyer, the period for which it was paid being considered as a Vehicle Rental term.

**IV. DELIVERY OF ACQUIRED VEHICLE and CONVEYANCE OF TITLE**

a. **Delivery of Acquired Vehicle.** Seller shall deliver the Acquired Vehicle and Buyer shall take possession of same at the following address:

[REDACTED]

on the day of [REDACTED]. It is Buyer's duty, either in person or through a third party, to appear at the address provided by the Seller during standard business hours to take the Acquired Vehicle.

b. **Conveyance of Title.** Seller shall convey the Title to Buyer upon receipt from the Buyer of full payment for the Acquired Vehicle. The Seller agrees to execute all documents which are necessary to finalize the transfer of Title and registration upon the Acquired Vehicle to the Buyer.

Image 15

**VI. INSURANCE and LICENSE PLATES**

The Seller undertakes to get the license plates and physical damage insurance for the Acquired Vehicle. The amount paid for the license plates will be deducted from one of Buyer's weekly paychecks.

The monthly rate for the physical damage for the truck is established at \_\_\_\_\_. The rate for the physical damage insurance will be deducted from Buyer's weekly paychecks once per month.

The down payment of \_\_\_\_\_ paid for the physical damage insurance will be deducted from one of Buyer's weekly paychecks in a single installment.

The above-mentioned amounts are specified in Annex no. 1 to the present Lease-Purchase Agreement.

Image 16

**IN WITNESS WHEREOF** and acknowledging acceptance and agreement of the foregoing, the **Seller and Buyer** affix their signatures hereto.

<p><b>SELLER</b></p> <div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> <p>Print name</p> <div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> <p>Signature</p> <p>Dated: <div style="background-color: black; width: 50px; height: 15px; display: inline-block;"></div></p>	<p><b>BUYER</b></p> <div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> <p>Print name</p> <div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> <p>Signature</p> <p>Dated: <div style="background-color: black; width: 50px; height: 15px; display: inline-block;"></div></p>
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Image 17

**Annex no. 1**  
to the  
**VEHICLE LEASE-PURCHASE AGREEMENT**  
dated as of

Item no.	Item description	Amount/US\$	Payment terms
1.	Down payment physical damage insurance	TBA	1 single installment
2.	Monthly rate for physical damage	TBA	monthly
3.	<div style="background-color: black; width: 40px; height: 15px; display: inline-block;"></div> rate for truck purchase	\$ <div style="background-color: black; width: 40px; height: 15px; display: inline-block;"></div>	<div style="background-color: black; width: 20px; height: 15px; display: inline-block;"></div> installments during <div style="background-color: black; width: 50px; height: 15px; display: inline-block;"></div>
4.	License plates for the truck	TBA	1 single installment

## Non-Public Comment 4

Image 18

d. LESSEE must operate the Vehicle under its Independent Contractor Equipment Lease Agreement with [REDACTED]. LESSEE agrees that he may not operate the Vehicle under the federal motor carrier authority of any motor carrier other than [REDACTED], without prior written permission from LESSOR. LESSEE will be in default of this Agreement and this Agreement will automatically terminate if and when LESSEE stops operating the Vehicle under LESSEE's Independent Contractor Equipment Lease Agreement with [REDACTED].

Image 19

15. **TERM.** The initial term of this Agreement shall begin on the date stated above and shall continue for a period of 1 year from that date. This Agreement shall be renewed automatically for successive additional terms of one 1 year each, unless either party cancels this Agreement by giving written notice of its intent to terminate this Agreement at least 30 days prior to the expiration of the then-current term. However, notwithstanding the term stated above, either party may terminate this Agreement for any reason upon 30 days written notice to the other party.

Image 20

11. **FAILURE TO PERFORM; INSOLVENCY.** If LESSEE fails to perform any of the terms, conditions or promises in the manner and at the time or times required by this Agreement, or if the Vehicle be encumbered in any way, or if at any time in LESSOR's reasonable judgment its rights in the Vehicle shall be threatened or rendered insecure, the LESSEE shall be deemed to be in default under this Agreement, and LESSOR shall have the right to exercise any of the following remedies, in addition to any other remedies permitted by law or by this Agreement:

- a. To declare the entire balance of the Lease and other charges and expenses due LESSOR under this Agreement to be due and payable, at which time that Lease payments and those charges and expenses shall become immediately due and payable; and
- b. To retake and retain the Vehicle without demand or legal process, free of all rights of LESSEE, in which case LESSEE authorizes LESSOR or its agents to enter upon any premises where the Vehicle may be found for the purpose of repossessing the Vehicle and LESSEE specifically waives any right of action it might otherwise have arising out of such entry and repossession, at which time all rights of LESSEE in the Vehicle shall terminate immediately. If LESSOR retakes possession of the Vehicle and at the time of that retaking there shall be in, upon or attached to the Vehicle any property, goods or things of value belonging to LESSEE or in the custody of LESSEE or under control of LESSEE, LESSOR is hereby authorized to take possession of that property, those goods or those things of value and hold the same for LESSEE, or place that property, those goods or those things of value in public storage for the account of, and at the expense of, LESSEE; and
- c. To terminate this Agreement, in which event LESSEE shall immediately be liable to LESSOR for all unpaid Lease payments and other obligations under this Agreement.
- d. LESSEE and LESSOR agree that in the event of default by LESSEE, LESSEE will not be entitled to a refund of any Lease payments, advances or down-payments made by LESSEE to LESSOR or by third party on behalf of LESSEE during the term of this Agreement.



## Non-Public Comment 5

Image 21

**15. DEFAULT.** Lessee shall be in default of this Lease in the event any of the following occurs; (a) Lessee fails to make any Weekly Payment or other payment when due; (b) Lessee breaches any obligation under this Lease including, but not limited to the covenant to comply with Federal safety regulations, or any other agreement with Lessor; (c) Lessee or any guarantor dies; (d) Lessee or guarantor become insolvent or unable to pay Lessee's debts when due; (e) Lessee stops doing business as a going concern; (f) Lessee transfers all or substantially all of Lessee's assets; (g) Lessee or guarantor makes an assignment for the benefit of creditors; (h) Lessee or a guarantor voluntarily files for bankruptcy or has bankruptcy involuntarily filed against Lessee; (i) a trustee, receiver, or liquidator is appointed for Lessee or guarantor; or (j) Lessee, in Lessor's sole discretion, has neglected, abused, or misused the Tractor in any way.

Image 22

I, [REDACTED], AGREE WITH FOLLOWING TERMS AND CONDITIONS:

- 1. Communication is THE KEY.** (Msg dispatch before going to bunk or 7am)
- 2. EDUCATED DISPATCH,** you have to accept the loads booked by the dispatcher.

Image 23

**16. REMEDIES.** In the event of a Default, Lessor may take any or all of the following actions, in addition to any other action available under the law: (1) Lessor may declare the entire balance of the unpaid Weekly Payments for the full term and all other amounts immediately due and payable. Lessor may sue for and receive all Weekly Payments and other payments then accrued or accelerated under this Lease, including but not limited to late fees, expenses and other charges. Following Default, all accelerated Weekly Payments shall accrue interest at a rate of eighteen percent (18%) per year; (2) Lessor may terminate the Lease; (3) Lessor may require Lessee to return the Tractor to Lessor and, in the event Lessee fails to return the Tractor, Lessor may enter upon Lessee's premises peaceably with or without legal process where the Tractor is located and repossess the Tractor. Such return or repossession of the Tractor will not constitute a termination of this Lease unless Lessor expressly notifies Lessee of such in writing. In the event the Tractor is returned to Lessor or repossessed by Lessor and, unless Lessor has terminated this Lease, Lessor may sell or re-lease the Tractor to any persons upon any terms Lessor may choose in its sole discretion, with or without notice to Lessee, and apply the net proceeds after deducting the costs and expenses of such sale or re-lease, to Lessee's obligations under this Lease with Lessee remaining liable for any deficiency and with any excess being retained by Lessor. Lessee agrees that Lessor is not required to repossess and remarket the Tractor; (4) Lessor may replevin the Tractor without the necessity of posting a bond; or (5) Lessor may setoff the funds due to Lessor under this Lease against any amounts owed by Lessor to Lessee or held by Lessor for the benefit of Lessee.

Lessee agrees to pay all expenses, including attorneys' fees, incurred by Lessor in connection with the enforcement of any remedies under this Lease, including but not limited to, expenses of repossessing, storing, shipping, repairing and selling the Tractor.

## Non-Public Comment 6

Image 24

**12 EVENTS OF DEFAULT.** Lessee shall be in default under this Lease upon the happening of any one or more of the following events or conditions (herein called "Events of Default"): (a) Lessee shall fail to make any Overall Lease Payment hereunder within five (5) days after the same is due and payable electronically by Carrier; or (b) Lessee or any guarantor of Lessee's obligations hereunder ("Guarantor") shall be in default in payment or performance of any other indebtedness or obligations now or hereafter owed by Lessee or by any Guarantor to Lessor, or to any parent, affiliate or subsidiary of Lessor, under any other agreement or instrument; or (c) Lessee shall fail to perform or observe any other covenant or agreement to be performed or observed by it under this Lease, and such failure shall continue for ten (10) days after written notice thereof by Lessor to Lessee; or (d) any representation, warranty, certification or statement made or furnished to Lessor herein or in any other document by or on behalf of Lessee or by any Guarantor proves to have been false in any material respect when made or furnished; or (e) the merger, transfer, acquisition or consolidation by Lessee with any other entity without Lessor's prior written consent; or (f) Lessee or any Guarantor shall make an assignment for the benefit of creditors, or bankruptcy, arrangement, reorganization, liquidation, insolvency, receivership or dissolution proceedings shall be instituted by or against Lessee or any Guarantor, and if instituted against Lessee or any Guarantor, shall be consented to or be pending and not dismissed for a period of 30 days from the date of institution of such proceeding; or (g) the condition of Lessee's or any Guarantor's affairs shall change so, as in the reasonable opinion of Lessor (determined in its sole discretion), to impair Lessor's (or Lessor's designee, as applicable) title to the Equipment or increase Lessor's (or Lessor's designee, as applicable) credit risk; or (g) Lessee's ICOA with Carrier is terminated by Carrier or Lessee for any reason (or no reason); or (i) any of Lessee's insurance coverages required under Schedule C ceases to be in effect.

Image 25

**13 REMEDIES OF LESSOR.** Upon the occurrence of an Event of Default, Lessor, at its option, may exercise any one or more of the following remedies:

**13(a)** Terminate this Lease as to all of the Equipment or any Item thereof upon written notice to Lessee, without prejudice to any other remedies hereunder;

**13(b)** DECLARE THE ENTIRE AMOUNT OF UNPAID RENT THEN ACCRUED AND THEREAFTER PAYABLE FOR THE REMAINDER OF THE INITIAL TERM (OR EXTENSION TERM, AS APPLICABLE) FOR ALL EQUIPMENT THEN LEASED HEREUNDER TO BE IMMEDIATELY DUE AND PAYABLE AS LIQUIDATED DAMAGES FOR THE LOSS OF THE BARGAIN AND NOT AS A PENALTY;

**13(c)** CONTINUE TO COLLECT ALL OVERALL LEASE PAYMENTS (INCLUDING, WITHOUT LIMITATION, RENT) FOR THE REMAINDER OF THE INITIAL TERM (OR EXTENSION TERM, AS APPLICABLE), OR SUCH LESSER AMOUNT OF TIME AS LESSOR SHALL DETERMINE IN ITS SOLE DISCRETION, REGARDLESS OF WHETHER LESSEE IS CONTINUING TO POSSESS, USE OR OPERATE THE EQUIPMENT LEASED HEREUNDER;



## Non-Public Comment 7

Image 26

**Maintenance Escrow.** You will establish a maintenance escrow in the amount of a flat fee of \$ 420 to be used for required maintenance and repairs, including but not limited to tires, batteries, accessories, preventive maintenance, oil and grease. This escrow will be maintained by the Company under the terms and conditions of the owner-operator lease and agreement between You and the Company. You authorize weekly deductions from your owner-operator settlements to fund this escrow and agree to deductions from this escrow for maintenance and repair bills you authorized or which may be reasonably necessary in the opinion of the Company to comply with U.S. DOT requirements. You authorize the Company to make other deductions from a maintenance escrow that You maintain for other chargeback items as specified in the owner-operator lease and agreement in paragraphs 20 and 21. The Company will provide statements of accounts and return escrowed amounts at the termination of the owner-operator lease in accordance with the requirements of paragraph 22 and the Truth-in-Leasing Regulations.

Upon the termination and returning of the equipment, Company will deduct 20 cents per mile for every mile driven by the contractor pursuing this agreement for wear and tear to mitigate expenses involving decreased life span of tires, breaks other maintenance parts of the truck and the cost of truck detailed wash.

In the event that there is deficiency of any Escrow accounts contractor authorizes any applicable deductions from other escrows in companies' possession.

Image 27

Weekly charges below any additional expenses are also at drivers expense (fuel, tolls, supplies, etc.)

*-- Payment Breakdown --*

<b>Driver Deductions</b>	<b>Amount</b>
Tractor Payment	\$1225
Maintenance Escrow	\$420
Tractor Escrow*	\$100
Security Reserve/Retainer**	\$50
Workers Comp Insurance	\$45
Base Plates	\$40
IFTA Fuel Tax	\$15
IRS 2290	\$11
Physical Damage Insurance	\$93
<b>Total</b>	<b>\$1999</b>

\* Total Escrow balance required \$4000

\*\* Total Security Reserve/Retainer balance required \$2000

Image 28

**S. Escrow of Funds.** The Contractor shall deposit with the Carrier a performance bond issued by a Surety Company approved by Carrier in the amount of \$2,500.00 per vehicle. These obligations include, but are not limited to, the settlement of all accounts between Contractor, its employees or agents, and Carrier, and the return of all regulatory agency permits, tags and identifications issued in the name of the Carrier and the Contractor upon expiration or termination of the Contract or upon the execution of a receipt for the equipment.

## Non-Public Comment 8

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Image 29

Funds for a Maintenance Escrow Account (Account) for the leased item(s) will be collected from each of the LESSEE's settlement payments per the following schedule: 21 cents for the 1<sup>st</sup> year, 23 cents for the 2<sup>nd</sup> year, and 23 cents for the 3<sup>rd</sup> year. The Account funds will be used ONLY for repairs and maintenance of the leased item(s). ANY upgrades to the leased item(s) will have to be worked out between LESSEE and LEASING COMPANY. Account collections may be suspended by LESSEE if the Account has a balance of at least \$11,000. Collections will automatically recommence if the Account balance drops below \$11,000. IF THE LESSEE ever fails to perform or meet the obligations of this lease agreement, any & all funds in the maintenance will retained by LEASING COMPANY. If this Agreement is terminated for any reason, any & all funds in the Account will retained by LEASING COMPANY, in addition to a \$5,000 fee assessed to LESSEE for early termination of this Lease.

Image 30

STOCK #	YEAR	MAKE	MODEL	VIN	PRICE
	2016				\$ 64,995.00

Image 31

Personal Net Worth			
Assets	Value	NOTES	Balance Owning
Residence			
Commercial Property			
Cash at Bank			
Personal Vehicle i.e. Car, Truck etc.			
Other Investments (stocks, 401k.)	\$ 0.00		
		Total (B)	\$ 0.00
Total (A)	\$ 47,500.00	Net Worth (A-B)	

Image 32

Lease Number [REDACTED]

**Continuing Guaranty**

[REDACTED] | [REDACTED] | [REDACTED]

**1. GUARANTY; DEFINITIONS.** In consideration of any credit or other financial accommodation now or hereafter extended or made to [REDACTED] (Lessee), or any of them, by [REDACTED] and affiliates ("Lessor"), and for other valuable consideration, the undersigned () ("Guarantor"), unconditionally guarantees to Lessor the full and prompt payment and performance when due of any and all Indebtedness of the Lessee to Lessor. The term "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Lessee, or any of them there to fore, now or hereafter made, incurred or created, whether direct or indirect, voluntary or involuntary and however arising, whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including under any loan agreement, note, lease, security agreement, swap, derivative, foreign exchange, hedge, deposit, treasury management or other similar transaction or arrangement, and all modifications, extensions and renewals thereof, and whether Lessee may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter become unenforceable. This Guaranty is a guaranty of payment and not collection.

[...]

Lease Number [REDACTED]

[REDACTED] By: → [REDACTED]

**Guarantor**



Image 33

**14. REMEDIES.** Lessor and Lessee agree that Lessor's damages suffered by reason of an Event of Default are uncertain and not capable of exact measurement at the time this Lease is executed because the value of the Motor Vehicle at the expiration of this Lease is uncertain, and therefore they agree that for purposes of this paragraph 14 "Lessor's Loss" as of any date shall be the sum of the following: (1) the amount of all rent and other amounts payable by Lessee hereunder due but unpaid as of such date; plus, (2) the amount of all unpaid rent for the balance of the term of this Lease not yet due as of such date; plus, (3) the amount of the Purchase Option as specified on the first page of this Lease. Upon the occurrence of an Event of Default and at any time thereafter, Lessor may exercise any one or more of the remedies listed below as Lessor in its sole discretion may lawfully elect; provided, however, that upon the occurrence of an Event of Default specified in paragraph 13(e), an amount equal to Lessor's Loss as of the date of such occurrence shall automatically become and be immediately due and payable without notice or demand of any kind. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy, and such remedies may be exercised concurrently or separately but only to the extent necessary to permit Lessor to recover amounts for which Lessee is liable hereunder.

Image 34

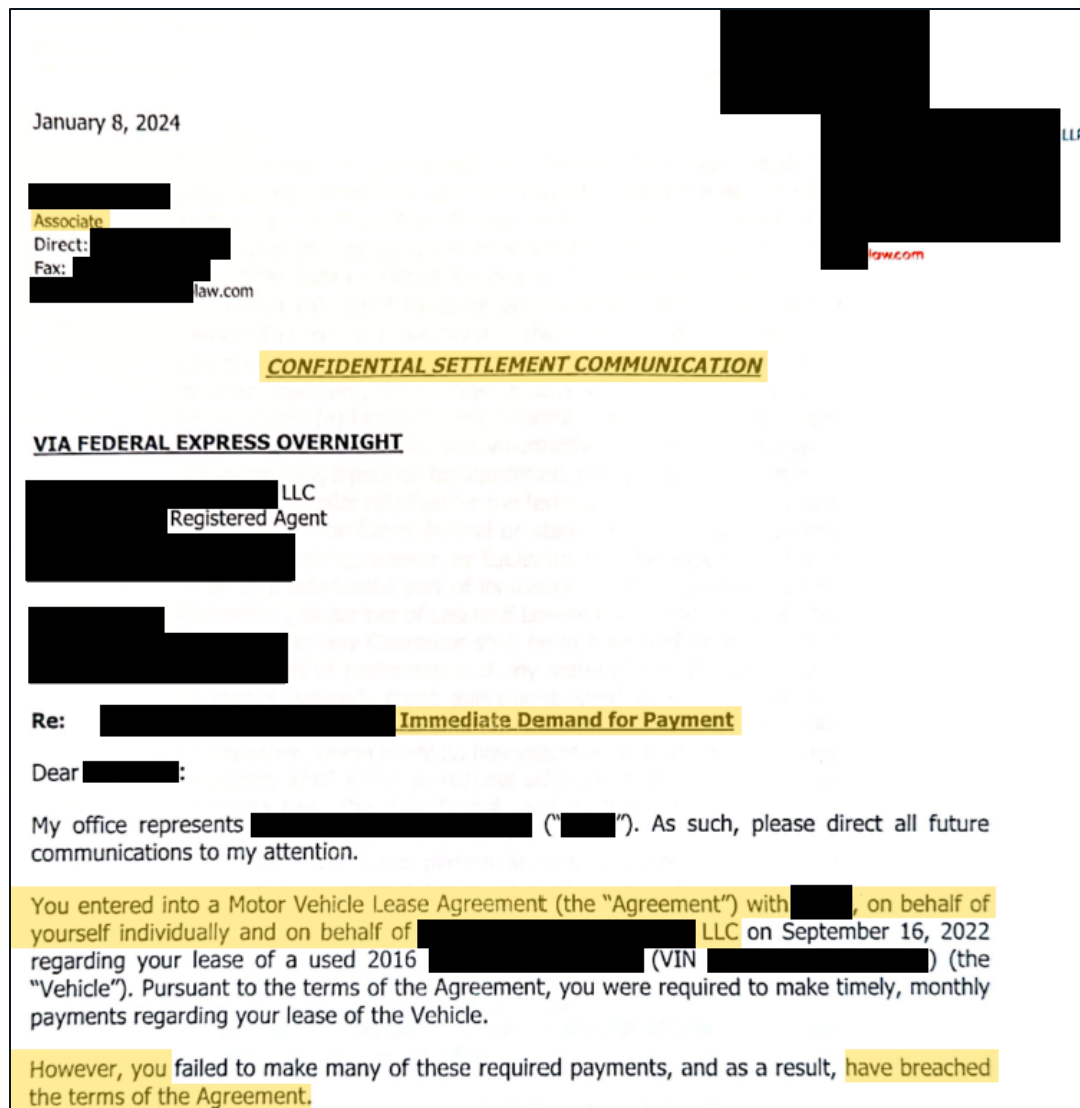
(b) Lessor may proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this Lease or to recover, for breach of this Lease, Lessor's Loss as of the date Lessor's Loss is declared due and payable hereunder; provided, however, that upon recovery of Lessor's Loss from Lessee in any such action without having to repossess and dispose of the Motor Vehicle, Lessor shall transfer the Motor Vehicle to Lessee at its then location upon payment of any additional amount due under clauses (d), (e) and (f) below.

(c) Lessee hereby authorizes any attorney at law to appear in any court of record of the State of [REDACTED] or any other State in the United States at any time after this Lease becomes due, whether by acceleration or otherwise, and to waive the issuing and service of process and confess a judgment in favor of the lessor, or lessor's assignee, against lessee and any co-signor, or either or any one or them, for the amount of the unpaid balance of Lessor's Loss plus any amounts recoverable under clauses (e) and (f) of this paragraph 14 then appearing due upon this Lease Agreement, together with costs of suit and to release all errors and waive all right to appeal.

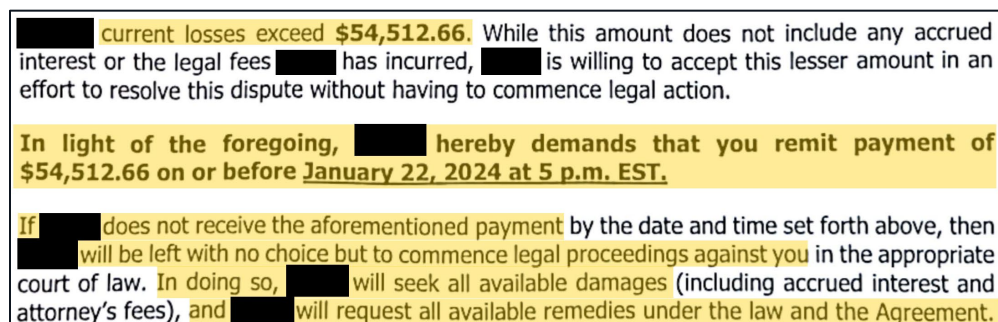
Image 35

(e) Lessor may recover interest on the unpaid balance of Lessor's Loss plus any amounts recoverable under clauses (e) and (f) of this paragraph 14 from the date it becomes payable until fully paid at the rate of the lesser of 12% per annum or the highest rate permitted by law.

(f) In addition to any other recovery permitted here under or under applicable law, Lessor may recover from Lessee an amount that will fully compensate Lessor for any loss of or damage to Lessor's residual interest in the Motor Vehicle.



[...]



*I entered a lease purchase program with [truck dealership]/[affiliated finance company] on 09/23/2022. The lessor advertises all vehicles on their website as DOT certified and inspected. However they [sic; lied] regarding the condition of their vehicle and the work they have done to the vehicle. The truck ended up being a lemon. Their actions have caused me extreme financial hardship. I've spent \$6,040.40 in vehicle repairs shortly after departing the lessor with the vehicle before even being able to use the vehicle to start generating income. Their fraudulent advertising has caused me to waste a total of \$29,136.06 in start-up costs (financial [loss] due to downtime was not included in this calculation) I can provide documentation of all aforementioned claims. I shortly ended up going out due to the truck being given to me in an extremely poor condition. Upon discovering the vehicle was not DOT legal or road ready, I and the Better Business Bureau made several attempts to contact the lessor. The lessor has repeatedly lied to me about promising to make things right and ultimately ended up ignoring emails from me and the Better Business Bureau. I have saved all the emails to use as evidence for this case. While waiting to hear back from the lessor after they promise they will call me back with a solution. On 03/22/2023 I finally reached my wit's end. The truck broke down once again and I could no longer afford the repairs any longer. I decided to end the nightmare by returning the truck back to the lessor. Even though the lessor scammed me I continued to make all my monthly payments on the vehicle while it was in my possession. I only missed one payment at the very end which was due to financial hardship caused by the lessor's actions. When the truck broke down I could not afford to have the truck towed all the way back to the lessor unfortunately. However, the tow driver gave me a suggestion. He suggested that I have them impound the truck at their shop that was 25 miles from the lessor's dealership. That way I wouldn't have to pay to have the vehicle towed.*



*I took his suggestion because I didn't want to simply abandon the [lessor's] vehicle. On 03/24/23 I sent the lessor an email stating that I'm returning the truck due to financial hardship. I could not afford to have it towed directly to them. In the email I stated where the truck was being held and by whom it was being held by. I didn't get a response back. I called the towing company at a later date to see if the lessor got their vehicle back. They informed me the lessor received their equipment back on 03/28/2023. Although the lessor got their vehicle back they continued to make several cash withdrawals each month from my bank accounts in the amount of \$3054.85 long after 03/28/2023 as if they never retrieved the vehicle. These cash withdrawals would put my account balance in the negative. The lessor was not able to successfully steal any money from my accounts due to me moving my funds to a different account. On 05/15/2023 I kindly asked the lessor to stop the lease withdrawals. This email was sent to the same email addresses that ignored me throughout this entire ordeal. I received a reply from the lessor stating they will not stop the withdrawals until they send me a penalty letter. I asked the lessor to explain what a penalty letter was and how long would take to send it. Those questions were completely ignored by the lessor. I truly feel if I never would have confronted the lessor regarding the withdrawal they would have continued. On 01/08/2024 the lessor sends me a legal demand letter stating that I have until 01/22/24 to pay them \$54,512. My main objective is to prevent the lessor from getting \$54,512 from me by proving to the court that the lessor's dishonesty and deceptive practices forced me to breach the contract due to the extreme financial hardship (require debt lawsuit defense above all else). And if possible I would like to have the lessor reimburse me for \$29,136 and \$6,040 I spent. Thank you for reading.*



I was doing a lease to purchase agreement of a 2015 [truck brand] with [finance company]. The only agreement I [signed] was an equipment lease agreement with [finance company] and [I never signed] the agreement with [motor carrier]. I only received 14% of fuel surcharge, detention time, breakdown paid, and all the fuel purchases came out of my paychecks. At the beginning of the lease I had 8% going into a maintenance escrow and had to up it to 10%, because of always [being] in the negative. Later I requested another escrow account to cover truck expenses, when I took time off. More [than] once I had to fight with them about double maintenance payments I [found] in paystubs. After [a while] I started being charged interest on the negative maintenance escrow. There were times I was told I could only get repairs [at motor carrier affiliated repair shop], and after repairs were done[] I was back in repair facility 1 or 2 weeks [later for] the same repairs on the road. While the truck was at [motor carrier affiliated repair shop] never once did I receive [an] email or call of a repair quote. Just a bill of work completed. 3 month before I turned in the keys to the truck, I talked to the owner of [the finance company], btw who is also the owner of [the motor carrier], about de-leasing from [the motor carrier] to [re-lease] the truck on with another company to increase the revenue to the truck. I was [informed by the owner of both the finance company and the motor carrier that this] would not benefit him. I am foreign team that there was nothing in the contract to keep me from going to another company. And he informed me that that was the cost of doing business. Once I learned of the Truth and Leasing [requirements,] I confronted the owner [and] told him about everything on it. He got up [and] walked out of the meeting and went and helped his son work on a snowmobile. [He] never returned. I sat in his office for thirty minutes waiting for him to return. After I [returned] the truck and [in] good condition. They [kept] my maintenance escrow and my other escrow. I had them take out of my check to cover truck expenses when I took time off and [sent] me a bill for eleven thousand dollars. I never once received a paycheck from [finance company], only [motor carrier]. Below I have tax both agreements. The lease the equipment agreement and the [ICOA] that I never signed.

I would like to share my experience with Lease Purchase through a trucking company. I was with a company for approximately nine years. At first you signed a lease. It made it appear as though you were actually leasing onto their company. In reality you were a company driver. They did not tell you this until your first day there. I did eventually buy my first truck through them. The truck stayed titled in their name until it was paid for. Any repairs that I didn't cover myself could [be] charged to them then taken out of my paycheck. The first lease purchase worked out fine. My second truck they loaned me a small amount like a loan. The third truck was a lease purchase. I located the truck. They wrote a check to the owner. I signed what looks like a regular loan agreement with interest. I also [received] a new lease. Once again the truck was to remain titled in their name until paid for. The same assistance applied with repairs. Approximately nine months after I got the truck the transmission was replaced. That bill was approximately \$11,000.00. One week later the engine went down. The tow bill was \$2,500.00. The shop bill was \$4,500.00 to [tear] down and diagnose the issue. We ended up towing it to my personal garage and done an in frame [overhaul]. The parts bill was approximately \$3,000.00. The owner decided to write up a refinance agreement on the truck so that all of my maintenance expenses to that point would be included in the lease purchase. Therefore I was being charged interest on the repairs. Later charged repairs were just taken as \$300.00 per week deductions as well as the \$400.00 per week lease payment. There was also a 10% fee/office fee on each load plus 8% trailer fee, bobtail insurance, plate fee and ifta. Also the annual road tax fee. June of 2023: freight slowed down. I located other freight that could be hauled. It would be hauling road oil instead of our normal cattle feed/ wheat, soybeans etc. They refused to contact the company offering the loads. All they would offer was hauling soybeans which was barely paying enough for me to cover the payments and fuel. I sat home for almost two weeks trying to get them to find better freight. By that point the only actual owner operator had left. With just myself left they would not consider other freight. They told me that they were choosing not to renew the license plate on my truck. It came to me having a choice of paying off the truck upfront convincing them to renew insurance and plate while being stuck with whatever cheap loads they had or turning in the truck. They paid me \$3,000.00 for turning in the truck. I had well over [\$20,000.00 invested] in the truck. I owed approximately \$26,000.00 including repairs and the remainder of the purchase price. They sold the truck for what was owed. I feel like I was forced into the situation by them choosing not to seek other options for freight. The co owner for several months prior kept saying that he didn't care if we quit or the trucking company was shutdown by the DOT. To me this is one example how the lease purchase program is a bad idea. If the [lease] purchase way continues there should be some protection to the driver as far as what they payout to maintain a truck that they end up losing due to a companies choice to no longer do business or basically [starve] them out to get a truck back.

## Non-Public Comment 9

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Quotation 10

*[Motor carrier] puts me out of service multiple times starting on hometime [...] to get the truck back and deceive another driver ...*

## Quotation from Non-Public Comment 5

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Quotation 11

*I was finally “terminated “ because I refused to operate in the way they required drivers to run. Basically, when we would run out of hours at the end of our week and normally shut down for a 34 hour reset, this company would reset our clocks and give us a new load without every doing a reset. When I informed them that I wasn’t interested, I was fired.*

## Comment ID FMCSA-2023-0143-0007

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Image 37

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

Image 38

8). Cause for immediate discharge include 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 fatality, 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.



f) accelerate rents for the lease term as provided in paragraph 2 and 3 hereof and recover the same and all other damages as herein or by law provided by legal proceedings.

*This is the contract I had with [motor carrier]. [Motor carrier] is a [location] based company, that is associated with the [motor carrier affiliated repair shop], a very large shop for semi trucks in the [location] area. [Motor carrier] is a smaller carrier, who has primarily old run down equipment, that they are charging new prices for. The terms set for the in this contract as I remember them were \$650 weekly for the truck and an additional cost for the trailer, I believe was \$300 weekly. I was led to believe that they had many models available, including models of truck that interest me. I was told they would make sure I made at least \$2,500 weekly after costs, and they have steady freight and good equipment. Their advertisement said "Pick your make, model and start date" which was far from true. I found their information on Facebook, like many other companies that offer Lease Purchase use, in their photo they show nice newer equipment in good condition.*

I was rushed through the paperwork process, and rushed out to a test drive in the truck. Interesting enough, they violated FMCSRs on my very first day, and thought nothing of it even when I pointed out the problem. They flew me in, in the morning, a very early flight, that landed me around 10am central time, and by 11:30 had me do a test drive for them in a [truck brand] which had a check engine light on, and appeared to have an issue with its computer. They did not provide me a log book to use for the test drive, nor had me set up to utilize any elog at that time. Upon returning they explained they had essentially 3 trucks available, not the make or model I would have preferred, but they did have one that would have been acceptable to me, if it wasn't in such a rough condition. Of the trucks available I chose the one that appeared to be in the best mechanical condition at the time which turned out to be a 2020 [truck brand] with an [trailer brand] trailer.

I was then brought back inside to sign the lease documents for the truck, which again they rushed me through saying we needed to get moving as they were already searching for a load for me. I was not allowed to discuss the terms of the lease with them, nor was I allowed to even test drive the truck. After completing all the paperwork they brought me back to the truck, around 4pm at this time, to show they had their own shop update the DOT inspection sticker on the truck stating everything was in good order. We did not get a load to move on until the following day, so I spent the night in the truck, with no food, beverages, bedding or any personal possessions as they refused me a rental car to bring anything with me, instead stating they will route me home to get my belongings immediately.

The following morning on my way to the pick up location I was told to stop and purchase equipment using my own money, though I had not even made a single run for them yet, that was required to haul the load. I spent almost \$100 on the one time use item required for the load, and was never reimbursed by either the carrier or the broker for the purchase. On the drive to the pick up location I noticed the truck was shaking which led me to believe it was out of balance, or had suspension issues. I informed dispatch, maintenance and the manager of this, and they said its possibly because the truck had been sitting for a while, to put a load on it and see if it improves. I loaded the trailer, and drove toward the delivery, which was about an hour away from my home.

During the next couple hours of driving the trucks check engine light came on, and began having some power issues that felt to me like a bad injector, a problem I have experienced in the past. I informed them of this, they did not believe me. After delivering the load I discovered missing equipment for the trailer to safely load any type of load on the trailer and told management. They wanted me to get a load back to the yard to fix the issue, illegally loading the trailer. I called FMCSA, DOT and no one would help me. NYS DOT refused to inspect the truck and trailer. I discovered that no maintenance had been done to this truck including that the air tanks were full of water.

In the end I forced the carrier to tow the truck away, as it was unsafe to drive. They refused to pay me for any work I performed for them and stated I owe them thousands of dollars. They even made claim that I used their fuel card after the truck had been returned and attempted to collect for that as well.

They have not filed a suit against me as of yet, but I would not be surprised if they did, they are one of the carriers who is harming drivers by using lease purchase as a way to take money from drivers.

Image 40

<p><b>IV. CONTRACTOR'S DUTIES</b></p> <p>4.1 As a condition to its receiving any payments pursuant to Section 2.1 above, Contractor shall provide and continuously maintain the contracted motor vehicle equipment in good, safe, serviceable and efficient operating condition in all respects and shall bear and pay all expenses of operation of the motor vehicle equipment, including, but not limited to, the cost of fuels, lubricants, oils, parts, repairs, accessories, tires, tubes, and safety equipment so as to comply with all aforementioned governmental regulatory bodies' regulations and requirements. Carrier will make available it's maintenance department for mechanical services to the Contractor. Contractor shall bear and pay to Carrier all expenses for services rendered by Carriers maintenance department. At no time will the Contractor be forced or coerced to use the Carriers maintenance department and may seek out services of independent mechanics at Contractors expense.</p>
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Image 41

<p><b>VIII. TERM AND TERMINATION</b></p> <p>8.1 Either party may terminate this Agreement at any time with or without cause upon written notice to the other party. Contract shall be in effect until canceled by either party.</p>
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IN WITNESS WHEREOF, the parties have signed and sealed this Agreement, in duplicate copies, each of which shall be deemed an original, on the dates set forth below their signatures hereto.

CONTRACTOR: [REDACTED] CARRIER: [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] MANAGER [REDACTED] PRESIDENT

Date 9-10-2012 Date 9-10-2012

ADDRESS: [REDACTED] WITNESS: [REDACTED]

[REDACTED] [REDACTED]

TERMINATION RECEIPT OF LESSOR

Date \_\_\_\_\_

By \_\_\_\_\_  
( Owner Representative

Unit # \_\_\_\_\_

Serial # \_\_\_\_\_