

FMSCA 49 CFR 376.12 Lease Requirements

The following lease requirements shall be adhered to and performed by the authorized carrier.

- a. **Parties.** The lease shall be made between, and signed by, the authorized carrier and the owner of the equipment.
- b. **Duration to be specific.** The lease shall specify the time and date which lease begins and ends.
- c. **Exclusive possession and responsibilities.**
 - a. Lease shall provide that the authorized carrier lessee shall have exclusive possession, control, and use of the equipment for duration of lease and also shall assume complete responsibility for the operation of the equipment for the duration of the lease.
- d. **Compensation to be specified.** The amount to be paid by the authorized carrier for equipment and driver's services shall be clearly stated on the lease or in an addendum.
- e. **Items specified in lease.** The lease shall clearly specify which party is responsible for removing identification devices from the equipment upon termination of the lease. Shall clearly specify responsibility of each party with respect to the cost of fuel, fuel taxes, empty mileage, permits of all types, tolls, ferries, detention and accessorial services, base plates and licenses, and any unused portions of such items. Shall clearly specify who is responsible for loading/unloading the property onto and from the motor vehicle and compensation, if any, for this service.
- f. **Payment period.** Shall specify that payment to the lessor shall be made within 15 days after submission of the necessary delivery documents.
- g. **Copies of freight bill or other form of freight documentation.** When a lessor's revenue is based on a percentage of the gross revenue for a shipment, the lease must specify that the authorized carrier will give the lessor, before or at the time of settlement, a copy of the rated freight bill or a computer-generated document containing the same information.
- h. **Charge-back items.** Shall clearly specify all items that may be initially paid for by the authorized carrier, but ultimately deducted from the lessor's compensation.
- i. **Products, equipment, or services from authorized carrier.** Shall specify that the lessor is not required to purchase or rent any products, equipment, or services from the authorized carrier as a condition of entering into the lease arrangement.
- j. **Insurance.**
 - a. Lease shall clearly specify the legal obligation of the authorized carrier to maintain insurance coverage for the protection of the public pursuant to FMCSA regulations under 49 U.S.C. 13906. Shall further specify who is responsible for providing any other insurance coverage for the operation of the leased equipment.
 - b. Shall clearly specify the conditions under which deductions for cargo or property damage may be made from the lessor's settlements.
- k. **Escrow funds.** If escrow funds are required, the lease shall specify:
 - a. The amount of escrow fund
 - b. Specific items to which escrow fund can be applied.
 - c. That while escrow fund is under the control of the authorized carrier, the authorized carrier shall provide an accounting to the lessor of any transactions involving such fund.
 - d. The right of the lessor to demand an accounting of the fund.
 - e. While escrow fund is under the control of the authorized carrier the carrier shall pay interest of the escrow fund on at least a quarterly basis.
 - f. The conditions the lessor must fulfill in order to have the escrow fund returned.
- l. **Copies of the lease.** An original and two copies of each lease shall be signed by the parties.

The requirements listed above are not all inclusive. They are explained in further detail in the regulation. They are provided information that the FMCSA has determined must be included in leases between carriers and owners.