**Section 1360.40 Lease Terms and Conditions**

a) Required terms and information. A lease subject to this Part must specify the information set forth in this subsection.

1) Identifying information

A) Parties. The lease must show the full legal name of the carrier-lessee, as it appears on the carrier's Commission license; the full legal name of the equipment owner-lessor; and the mailing address of each, including street address, city, state, and zip code.

B) Vehicle. The lease must show the type, make, year, and vehicle identification number of the motor vehicle which is subject to the lease.

2) Term of the lease. The lease must specify the dates or the circumstances which begin and end the term of the lease. The term of the lease shall coincide with the times for giving receipts for the equipment as required in subsection (b). The term of the lease shall not exceed 3 years.

3) Compensation to owner and drivers. The lease must specify both the amount and the method of computing the compensation to be paid by the carrier-lessee to the equipment owner. Compensation may be stated either jointly or separately for equipment and drivers. The lease must also specify any documents which must be presented by the lessor before he can receive payment.

4) Responsibility for expenses. The lease must specify the responsibility of the lessee and the lessor for payment of expenses incurred in providing transportation service, either directly or through deductions (chargebacks) from compensation specified in subsection (b)(3). Expenses not expressly made the responsibility of the lessor shall be the responsibility of the lessee. The lease must also specify any documents to be submitted by either party in relation to payment or reimbursement of expenses. Expenses covered under this subsection include:

A) Fuel costs;

B) Fuel and other taxes;

C) Empty mileage;

D) Licenses, permits, plates, and decals of all types except permits issued by the Commission;

E) Tolls and other fees, except those fees paid to the Commission;

F) Insurance and surety coverage (including responsibility for primary insurance);

G) Rentals or other payments to the carrier; and

H) Any other expenses related to the transportation.

5) Supplemental insurance coverage. The lease must specify which party is responsible for securing and paying for, either directly or indirectly, any other insurance or surety coverage in addition to amounts required by Articles IV through IX of Sub-Chapter 4 of the Law (Ill. Rev. Stat. 1985, ch. 95½, pars. 18c-4401 to 18c-4905) or 92 Ill. Adm. Code 1425. If the lessor purchases any such insurance from or through the lessee, the lessee shall provide the lessor, on request, a copy of the policy (policies) and a certificate of insurance showing the name of the insurance company, the policy number, amounts and types of coverage, effective dates of coverage, deductible amounts, and the cost of the coverage.

6) Loss or damages. The lease must specify the conditions under which the lessor may be required to indemnify the lessee for personal injury, property damage, or loss of or damage to cargo. If indemnification is made through deductions from compensation otherwise owed to the lessor, a written itemization and explanation of deductions must be provided to the lessor before any deductions are made.

b) Implied terms. The following terms, if not stated in a lease, shall be implied. Any contrary provisions in the lease shall be void.

1) Exclusive possession and control. The lessee shall have exclusive possession and control of leased equipment during all periods when the equipment is operated under the lease. Such exclusive possession and control shall extend also to the drivers of leased equipment.

2) Insurance coverage. The lessee shall have the responsibility for securing insurance or surety coverage in compliance with Sub-chapter 4 of the Law and 92 Ill. Adm. Code 1425.

3) Payment deadline. Payment of compensation due under a lease must be made within 15 days after submission of any documents specified under subsection (a)(3).

4) Pre-conditions to lease. The lessor is not required to purchase, rent, or lease any goods (including equipment) or services from the lessee as a condition of the lease or of entering into or not cancelling the lease.

5) Other obligations of lessee.

A) Copy of lease. Prior to commencement of operations under a lease, the lessee shall provide the lessor a completed copy of the lease and proof of its transmittal to the Commission.

B) Copy of rated freight bill. If compensation is based on information shown on the bill, the lessee shall provide the lessor with a copy of the rated freight bill at the time compensation for the movement is paid to the lessor. The lessee may delete the names of shippers, consignors, and consignees from the bill.

C) Examination of tariff. If the lessor requests it, the lessee shall allow an examination of its tariffs.

6) Any term of a lease which conflicts with the Illinois Commercial Transportation Law, Commission rules, or Commission orders is void.

(Source: Amended at 17 Ill. Reg. 18466, effective October 12, 1993)