

## CONTRACTOR AGREEMENT

**ROYAL3**

("CARRIER"), a motor carrier operating in interstate commerce pursuant to the authority issued to it by state and Federal agencies, and:

FULL NAME:	<b>Celio Alberto Lugo</b>
COMPANY NAME:	<b>YRP SMART TRUCKING SOLUTIONS LLC</b>
SSN / FEIN:	<b>SSN630969352 FEIN 86-2278344</b>
ADDRESS:	<b>101 N Butch Arther Rd, Coldspring, TX 77331</b>
PHONE:	<b>+13213472210</b>

("INDEPENDENT CONTRACTOR"), in consideration of the covenants and agreements contained herein, and pursuant to the Truth in Leasing Regulations contained in 49 C.F.R. § 376.1 et. seq., where applicable, enter into this INDEPENDENT CONTRACTOR Agreement ("Agreement") this **02 / 11 / 2025**.

### 1. PROVISION OF SERVICES AND EQUIPMENT

During the time period set forth in Paragraph 2, THE INDEPENDENT CONTRACTOR shall provide CARRIER transportation related services and lease to Carrier the equipment set forth below, which may be amended by mutual agreement. INDEPENDENT CONTRACTOR represents and warrants that INDEPENDENT CONTRACTOR has title to or is otherwise authorized to contract the Equipment and services to CARRIER. By signing this agreement, CONTACTOR agrees to operate under CARRIER authority only, so as any driver employed by the CONTRACTOR.

For purposes of this Agreement, "Equipment" shall mean the tractors identified herein:

TRACTOR NO.:	<b>773</b>
MAKE AND YEAR:	<b>Freightliner, 2023</b>
VIN:	<b>3AKJHHDR7PSUA1616</b>
PLATES / STATE:	<b>P1178348</b>
PAY PLAN:	<b>WEEKLY</b>

INDEPENDENT CONTRACTOR agrees that it shall use only the Equipment listed herein when providing transportation-related services under this Agreement. In providing service under this Agreement, INDEPENDENT CONTRACTOR AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS CARRIER FROM ANY DIRECT, INDIRECT AND CONSEQUENTIAL LOSS, DAMAGE, FINE, EXPENSE (INCLUDING REASONABLE ATTORNEYS' FEES), ACTION, CLAIM FOR INJURY TO PERSONS (INCLUDING DEATH AND DAMAGE TO PROPERTY) WHICH CARRIER MAY INCUR WHILE INDEPENDENT CONTRACTOR IS ENGAGED IN THE USE OF EQUIPMENT NOT LISTED HEREIN OR USED WITHOUT PERMISSION WHILE DRIVING FOR ANOTHER CARRIER.

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## **2.DURATION OF AGREEMENT**

This Agreement shall begin on the date this Agreement is executed, as indicated above and on the signature page, and shall remain in effect for a period of not less than thirty (30) days from such date. This Agreement shall automatically renew for successive thirty (30) day terms, unless either party provides written notice to terminate the Agreement in accordance with the provisions of Paragraph 4 herein. Notwithstanding the foregoing, this Agreement may be terminated at any time in accordance with the provisions of Paragraphs 4 and 20 herein.

## **3.COMPENSATION**

It is expressly understood and agreed that INDEPENDENT CONTRACTOR'S compensation shall be set forth in Appendix A and such compensation shall constitute the total compensation for everything furnished, provided, or done by INDEPENDENT CONTRACTOR in connection with this Agreement, including driver's services. All mileage computations shall be based on the mileage recorded by the PC Miler® (or similar device) associated with the Equipment. INDEPENDENT CONTRACTOR hereby authorizes the deduction(s) set forth in Appendix B as well as any deductions and/or chargebacks otherwise identified and referenced elsewhere in this Agreement.

## **4.TERMINATION**

Subject to the provisions of Paragraphs 2 and 20 herein, this Agreement may be terminated for any reason by any party provided such party gives thirty (30) day written notice to that effect to the other party either personally, by mail, or via fax (at the address and/or fax number shown at the end of this Agreement). INDEPENDENT CONTRACTOR shall, upon the termination of this Agreement, remove all CARRIER identification, including but not limited to, decals, identification numbers, permits or other documentation, from the Equipment and return all the CARRIER'S property including, but not limited to, trailers, load blocks, chains, binders, paperwork and freight, to CARRIER'S nearest terminal. If INDEPENDENT CONTRACTOR fails to return property or freight to CARRIER or to remove all CARRIER identification from the Equipment within three (3) days after termination of this Agreement, INDEPENDENT CONTRACTOR agrees to defend, indemnify and hold harmless CARRIER from any direct, indirect and consequential loss, damage, fine, expense, including reasonable attorney's fees, action, claim for injury to persons, including death and damage to property which CARRIER may incur in connection with INDEPENDENT CONTRACTOR'S failure. CARRIER retains the right to withhold any amount(s) due INDEPENDENT CONTRACTOR, and INDEPENDENT CONTRACTOR authorizes CARRIER to deduct and set off all amounts owed to CARRIER under this paragraph from any funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER.

## **5.COMPLIANCE WITH PERTINENT LAWS AND REGULATIONS**

(I) INDEPENDENT CONTRACTOR agrees to provide safe and competent drivers that meet all the requirements of the U.S. Department of Transportation and local and state authorities. INDEPENDENT CONTRACTOR understands and agrees that the minimum required age is 21 years old and a maximum 65 years old. This policy includes the INDEPENDENT CONTRACTOR and Drivers that are employed by THE OWNER OPERATOR. INDEPENDENT CONTRACTOR further warrants that INDEPENDENT CONTRACTOR and its drivers shall comply with rules and regulations related to safety, and INDEPENDENT CONTRACTOR

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certifies that its drivers have familiarity with and will comply with state and Federal motor carrier safety laws and regulations. INDEPENDENT CONTRACTOR agrees that it shall be responsible for ensuring that its drivers comply with the terms of this Agreement while operating the Equipment under the motor carrier authority of CARRIER. To ensure compliance with such laws and regulations, including but not limited to 49 C.F.R. Part 382, INDEPENDENT CONTRACTOR agrees to require all of its drivers to comply with drug testing procedures and requirements, including participation in CARRIER'S legally required random drug and alcohol testing programs, and INDEPENDENT CONTRACTOR shall require all of its drivers to submit to a pre-qualified medical examination and alcohol and/or drug test by a qualified physician, the cost of which shall be borne by INDEPENDENT CONTRACTOR and shall be an authorized deduction.

(II) INDEPENDENT CONTRACTOR agrees and warrants that its drivers will carry a copy of this Agreement and all registrations, licenses and agreements always required by the various states while providing services in furtherance of this Agreement solely in order to comply with Federal requirements. INDEPENDENT CONTRACTOR agrees to submit to CARRIER, on a timely basis, all drivers logs and supporting documentation including but not limited to, toll receipts, physical examination certificates, accident reports, and any other required data, documents, or reports which are required by the Federal Motor Carrier Safety Administration ("FMCSA") or other governmental agency or are otherwise required by any Federal or State law. INDEPENDENT CONTRACTOR certifies that its drivers shall keep and that INDEPENDENT CONTRACTOR shall supply to CARRIER accurate and complete driver logs. INDEPENDENT CONTRACTOR agrees that the CARRIER shall keep an original of this Agreement as required by Federal regulation.

(III) INDEPENDENT CONTRACTOR agrees that all bills of lading, waybills, freight bills, manifests, or other papers identifying the property carried on the Equipment during the term of this Agreement shall be those of CARRIER, or as authorized by CARRIER, and shall indicate that the property transported is under the responsibility of CARRIER.

(IV) INDEPENDENT CONTRACTOR agrees to always operate the Equipment in a safe and prudent manner in accordance with the laws of the various jurisdictions in which the Equipment will be operated and pursuant to the operating authorities of CARRIER, and in accordance with all rules related to traffic safety, highway protection and/or road requirements. INDEPENDENT CONTRACTOR agrees and warrants that all drivers and/or workers conducting services on behalf of INDEPENDENT CONTRACTOR shall comply with the terms of this Agreement while operating the Equipment on behalf of INDEPENDENT CONTRACTOR.

(V) INDEPENDENT CONTRACTOR further agrees not to receive any credit extension in CARRIER'S name or in any way to use CARRIER'S name to obtain credit, unless INDEPENDENT CONTRACTOR first receives CARRIER'S written consent to do so.

#### **6. OPERATIONAL EXPENSES**

(I) INDEPENDENT CONTRACTOR shall, at its sole cost and expense, supply all Equipment ready to operate and fully roadworthy. INDEPENDENT CONTRACTOR shall furnish all necessary oil, fuel, tires, and other parts, supplies and equipment necessary or required for the safe and efficient operation and maintenance of the Equipment, and INDEPENDENT CONTRACTOR agrees to be solely responsible for any repairs necessary for legal and safe operation of such Equipment. INDEPENDENT CONTRACTOR further agrees that INDEPENDENT CONTRACTOR shall pay all expenses incident to the operation of the Equipment including but not limited to all necessary licenses, state base plates, fuel taxes, use taxes, weight taxes, toll charges, cab cards, permits, and detention and accessorial charges not collected by CARRIER due to INDEPENDENT CONTRACTOR'S failure to provide the required documentation. If CARRIER is required to pay any fuel taxes, interest or penalties due to INDEPENDENT CONTRACTOR'S failure to pay or properly report and to pay for base plates, overweight fines and fees, permits, or any other

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INDEPENDENT CONTRACTOR charges, CARRIER shall have the right to set off and deduct any amounts paid by CARRIER against amounts due INDEPENDENT CONTRACTOR or otherwise recover those amounts from INDEPENDENT CONTRACTOR.

(II) If CARRIER receives a refund or credit for a state base plate purchased by INDEPENDENT CONTRACTOR from, and issued in the name of, CARRIER, or if such base plate is authorized by INDEPENDENT CONTRACTOR to be resold by CARRIER to another INDEPENDENT CONTRACTOR, CARRIER shall refund to INDEPENDENT CONTRACTOR a prorated share of the amount once received by CARRIER.

(III) INDEPENDENT CONTRACTOR agrees that INDEPENDENT CONTRACTOR shall be responsible for maintaining, and shall maintain, the Equipment in safe condition and in complete compliance with all laws and regulations of the states in which INDEPENDENT CONTRACTOR operates, the Department of Transportation, and the FMCSA. Solely to comply with Federal regulations, INDEPENDENT CONTRACTOR agrees to forward to CARRIER all maintenance, repair and inspection records relating to the Equipment during the duration of this Agreement.

(IV) INDEPENDENT CONTRACTOR agrees on behalf of itself and its drivers to pay all fines imposed for violation of any law or regulation by the state or states or local municipalities in which INDEPENDENT CONTRACTOR operates, the Department of Transportation, or the FMCSA, where such violation results, at least partially, from the acts or omissions of INDEPENDENT CONTRACTOR. INDEPENDENT CONTRACTOR specifically agrees that the CARRIER may discharge INDEPENDENT CONTRACTOR'S obligation to pay such fines in CARRIER'S own discretion and set off and deduct any amounts paid by CARRIER for such fines from any funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER.

(V) INDEPENDENT CONTRACTOR agrees and warrants for itself and its drivers that it shall determine that all shipments that INDEPENDENT CONTRACTOR transports under this Agreement comply with the size and weight restrictions and laws of the states and local municipalities through which the Equipment will operate, and INDEPENDENT CONTRACTOR agrees that INDEPENDENT CONTRACTOR shall notify CARRIER if its vehicle is overweight, oversized or in need of permits before commencing transportation of the shipment. INDEPENDENT CONTRACTOR shall remain solely responsible for overweight tickets and violations and violations of any size restrictions and shall indemnify and hold CARRIER harmless from any claims, expenses (including attorneys' fees) and fines arising out of any violation of size and weight restrictions. To the extent CARRIER discharges INDEPENDENT CONTRACTOR'S duty under this paragraph, CARRIER shall have the right to set off its expenses from amounts due INDEPENDENT CONTRACTOR but not yet paid by CARRIER by deducting said funds.

(VI) INDEPENDENT CONTRACTOR shall pay for, defend, indemnify and hold CARRIER harmless for any loss, damage, fines, expenses (including reasonable attorney's fees), actions and/or claims arising out of, or in connection with, the cleaning up of any accident or any spills involving the Equipment or the INDEPENDENT CONTRACTOR'S services; this obligation shall be subject to the right of the CARRIER to set off funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER by deducting said funds.

### 7. CARGO CLAIMS

A. INDEPENDENT CONTRACTOR agrees that INDEPENDENT CONTRACTOR shall be liable for, and shall pay, all cargo claims, including but not limited to, claims relating to delay, damage, shortages, mis-delivery, and lost or contaminated loads, arising out of, or in connection with INDEPENDENT CONTRACTOR'S services to the extent said claim or portion of cargo claim is not paid by CARRIER'S cargo insurance carrier. INDEPENDENT CONTRACTOR acknowledges and agrees that, at a minimum, where CARRIER elects to make a claim with CARRIER'S cargo insurance carrier (which election shall be made in CARRIER'S sole discretion] and where the cargo insurance carrier pays the claim, INDEPENDENT CONTRACTOR shall be responsible for the deductible in the amount of \$2,500.00.

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**B.** INDEPENDENT CONTRACTOR agrees to immediately report all such cargo claims to CARRIER, and INDEPENDENT CONTRACTOR agrees to cooperate fully in the investigation of such claims and in any litigation arising from such claims. In all cases where pickups of cargo are made by INDEPENDENT CONTRACTOR under this Agreement, INDEPENDENT CONTRACTOR and INDEPENDENT CONTRACTOR'S operators, drivers and employees shall be responsible for the count of said cargo and for the careful and safe delivery of the same in a good and undamaged condition. INDEPENDENT CONTRACTOR agrees that it has a duty to advise CARRIER by telephone prior to completion of a pickup or delivery, if the cargo being picked up or delivered is in a damaged or unsound condition. INDEPENDENT CONTRACTOR shall also note on the bill of lading at the time of receipt thereof that the commodities are not in good condition or are not of sufficient number.

**C.** INDEPENDENT CONTRACTOR authorizes CARRIER to deduct any amount paid by CARRIER on any cargo claim or claim for property damage or demanded of CARRIER for said losses, from any monies due INDEPENDENT CONTRACTOR by CARRIER. CARRIER shall provide the INDEPENDENT CONTRACTOR with a written explanation and itemization of any deductions for cargo or property damage made from any compensation of money owed to the INDEPENDENT CONTRACTOR and the written explanation and itemization will be delivered to INDEPENDENT CONTRACTOR before any deductions are made.

#### **8. USE OF TRAILERS AND TRAILER DAMAGE**

**A.** INDEPENDENT CONTRACTOR agrees to return any trailer provided for its use by CARRIER in the same good condition as received by INDEPENDENT CONTRACTOR, reasonable wear and tear excepted, along with any and all other equipment and property belonging to CARRIER and/or CARRIER'S customers, immediately upon CARRIER'S request or upon termination of the Agreement, at a time and place designated by CARRIER. INDEPENDENT CONTRACTOR agrees that INDEPENDENT CONTRACTOR shall be liable for, and pay, all direct, indirect and consequential damages, including but not limited to, brake and tire wear, towing charges and reasonable attorney's fees, arising out of, or in connection with, INDEPENDENT CONTRACTOR'S use of CARRIER'S trailers, CARRIER'S customers' trailers, other equipment of CARRIER'S, or equipment of any other carrier or customer. INDEPENDENT CONTRACTOR agrees to reimburse CARRIER for any costs, expenses, attorneys' fees and other charges incurred by the CARRIER under this paragraph and authorizes CARRIER to deduct and set off all amounts owed to CARRIER under this paragraph from any funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER. In the event CARRIER'S trailers or other equipment are not returned upon request of the CARRIER, INDEPENDENT CONTRACTOR agrees that CARRIER may enter upon private property or remove private property peaceably, with or without legal process, where the trailer or equipment is located in order to repossess the trailer or equipment, and INDEPENDENT CONTRACTOR shall hold harmless CARRIER from any liability in connection with such repossession.

**B.** If INDEPENDENT CONTRACTOR chooses to rent trailers or other equipment from CARRIER or any third party, CARRIER may deduct from INDEPENDENT CONTRACTOR'S settlement the amount of \$ **0** per week, for such trailer rental.

#### **9. ACCIDENT AND CLAIM REPORTS**

INDEPENDENT CONTRACTOR agrees that it shall immediately report any accident to CARRIER involving operations subject to this Agreement, including INDEPENDENT CONTRACTOR'S written report of such accident in compliance with the regulations of the Department of Transportation or other agency regulations or applicable law. In the event that INDEPENDENT CONTRACTOR fails to notify CARRIER of the accident within four (4) hours from the time of the accident, INDEPENDENT CONTRACTOR shall be liable for any and all damages resulting from that failure to notify, including but not limited to consequential

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damages, fines, claims by third parties and reasonable attorney fees, to the extent said claim or portion of claim is not paid by CARRIER'S insurance carrier. INDEPENDENT CONTRACTOR agrees that it shall cooperate fully with CARRIER'S investigation and defense or prosecution of any legal action in connection with any accident or claim and shall attend all depositions, hearings and trials related to such accident or claim. INDEPENDENT CONTRACTOR authorizes CARRIER to deduct and set off all amounts owed to CARRIER under this paragraph from any funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER.

**10. HOLD HARMLESS**

INDEPENDENT CONTRACTOR agrees to defend, indemnify and hold harmless CARRIER from any direct, indirect and consequential loss, damage, fine, expense, including reasonable attorney's fees, action, claim for injury to persons, including death and damage to property which CARRIER may incur arising out of or in connection with INDEPENDENT CONTRACTOR'S obligations and/or services under this Agreement, INDEPENDENT CONTRACTOR'S breach of any obligation under this Agreement and/or INDEPENDENT CONTRACTOR'S operation of the Equipment. Additionally, INDEPENDENT CONTRACTOR authorizes CARRIER to deduct and set off all amounts owed to CARRIER pursuant to this Paragraph from any funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER. INDEPENDENT CONTRACTOR acknowledges and agrees that, at a minimum, where CARRIER elects to make a claim with CARRIER'S public liability and property damage insurance carrier (which election shall be made in CARRIER'S sole discretion) and where the public liability and property damage insurance carrier pays the claim, INDEPENDENT CONTRACTOR shall be responsible for the deductible in the amount of \$5,000.00.

**11. UNATTENDED EQUIPMENT AND/OR TRAILER**

In order to reduce the risk of theft, INDEPENDENT CONTRACTOR agrees that it will not leave its Equipment and/or any trailer unattended while hauling a load under this Agreement. INDEPENDENT CONTRACTOR agrees to defend, indemnify and hold harmless CARRIER from any direct, indirect and consequential loss, damage, fine, expense, including reasonable attorney's fees, which CARRIER may incur while INDEPENDENT CONTRACTOR is providing services under this Agreement and INDEPENDENT CONTRACTOR'S Equipment and/or any trailer is unattended.

**12. REMOVAL OF IDENTIFICATION**

Whenever INDEPENDENT CONTRACTOR is not providing CARRIER services under this Agreement, INDEPENDENT CONTRACTOR shall remove all CARRIER placards from its Equipment and shall purchase and maintain bobtail insurance for its own Equipment. INDEPENDENT CONTRACTOR agrees to defend, indemnify and hold harmless CARRIER from any direct, indirect and consequential loss, damage, fine, expense, including reasonable attorney's fees, action, claim for injury to persons, including death and damage to property which CARRIER may incur in connection with INDEPENDENT CONTRACTOR'S failure to remove CARRIER'S placard and maintain appropriate bobtail insurance or for any other failure under this paragraph. INDEPENDENT CONTRACTOR authorizes CARRIER to deduct and set off all amounts owed to CARRIER under this paragraph from any funds due INDEPENDENT CONTRACTOR but not yet paid by CARRIER.

**13. NOTIFICATION REQUIREMENT**

In the event any commodity attempted to be tendered by a shipper to INDEPENDENT CONTRACTOR'S possession for transportation does not match the description or piece count of the commodity contained in the CARRIER'S dispatch or in the bill of lading or INDEPENDENT CONTRACTOR observes any damage, contamination or other off-condition problem with a load, INDEPENDENT CONTRACTOR shall not accept the tender and shall notify CARRIER immediately.

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**14. PASSENGER NOT PERMITTED**

Pursuant to 49 C.F.R. § 392.60, INDEPENDENT CONTRACTOR agrees that its drivers shall at no time while transporting any commodity pursuant to the terms of this Agreement permit any passenger to ride with INDEPENDENT CONTRACTOR or its employees without express written consent from CARRIER. Before passenger authorization will be given by CARRIER, INDEPENDENT CONTRACTOR (or its driver) shall submit a fully executed Passenger Authorization and Release of Liability Form to CARRIER for prior approval.

**15. BREAKDOWN OF EQUIPMENT /OUT OF SERVICE**

In the event INDEPENDENT CONTRACTOR is unable or unwilling to effect delivery of a shipment because of breakdown of equipment or abandonment of a shipment, or because of a police order putting the driver or equipment out of service for logbook violations or DOT violations, or for any other reason, and it is necessary for CARRIER to find substitute transportation to effect delivery, INDEPENDENT CONTRACTOR agrees that it shall immediately report such to CARRIER and agrees that it shall be compensated for the portion of the transportation performed by it to the extent not paid less the amount paid by CARRIER to secure substitute transportation and to compensate the customer for any delay. In the event the amount paid by CARRIER to secure substitute transportation and compensate the customer for any delay is greater than that due INDEPENDENT CONTRACTOR, INDEPENDENT CONTRACTOR agrees to reimburse CARRIER any cost and expense arising out of such completion of such trip and to pay CARRIER any damages for which CARRIER may be liable to shipper arising out of such violation of contract by INDEPENDENT CONTRACTOR. Said reimbursement, or any portion thereof, may be taken as a set-off by CARRIER from funds due to INDEPENDENT CONTRACTOR but not yet paid by CARRIER.

**16. CARRIERS RESPONSIBILITIES**

CARRIER shall be responsible for the following:

- (A) Exclusive Possession and Responsibility. The INDEPENDENT CONTRACTOR'S Equipment shall be for CARRIER'S exclusive possession, control, and use for the duration of this Agreement. CARRIER shall assume complete responsibility for the operation of the Equipment for the duration of this Agreement. This subparagraph is set forth solely to conform with Federal leasing regulations and shall not be used for any other purposes, including any attempt to show control on the part of the CARRIER in order to attempt to classify INDEPENDENT CONTRACTOR or any of its drivers as an employee of CARRIER.
- (B) Inspection of Equipment. CARRIER certifies that, before taking possession of the Equipment, the Equipment was inspected by one of its responsible and competent employees or agents.
- (C) Identification of Equipment. CARRIER shall identify the Equipment in accordance with the requirements of the FMCSA, Department of Transportation and appropriate state regulatory agencies. CARRIER shall have the right to place and maintain on the Equipment CARRIER'S name and any lettering, advertisement, slogans or designs as CARRIER may choose. INDEPENDENT CONTRACTOR shall remove such identification at the termination of this Agreement or while operating such Equipment for any purpose other than conducting CARRIER'S business. CARRIER agrees that INDEPENDENT CONTRACTOR may display INDEPENDENT CONTRACTOR'S name on the Equipment in order to comply with State law showing that its Equipment is Leased to CARRIER.

**17. INSURANCE**

- (A) CARRIER shall have no insurance responsibilities or obligations pertaining to INDEPENDENT CONTRACTOR other than those expressly stated in this Agreement or mandated by law. CARRIER shall

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maintain public liability and property damage insurance in such amounts as are required by the FMCSA, Department of Transportation, and applicable state regulatory agencies. CARRIER shall maintain insurance coverage for the protection of the public pursuant to the FMCSA's regulations under 49 U.S.C. § 13906. CARRIER shall maintain cargo insurance in the amount deemed necessary by CARRIER solely in the discretion of CARRIER. CARRIER'S possession of legally required insurance in no way restricts CARRIER'S right of indemnification from INDEPENDENT CONTRACTOR under the provisions of this Agreement. INDEPENDENT CONTRACTOR shall be covered under CARRIER'S public liability, property damage and cargo loss or damage insurance coverage when and only when the Equipment is being operated under the Federal motor carrier authority of CARRIER.

**(B)** INDEPENDENT CONTRACTOR shall be responsible for obtaining and maintaining in full force and effect at its sole cost and expense, bobtail insurance in the minimum combined single limit of \$1,000,000.00 for injury or death to any person or for damages to property in any single occurrence whenever the Equipment or CARRIER'S trailer is not being operated on behalf of CARRIER. INDEPENDENT CONTRACTOR may elect to purchase bobtail insurance through CARRIER.

**(C)** In such events where INDEPENDENT CONTRACTOR is using CARRIER'S trailers in the performance of services hereunder, INDEPENDENT CONTRACTOR shall maintain physical damage/collision insurance covering the full value of such trailer in the event of theft, loss or damage.

**(D)** CARRIER will provide INDEPENDENT CONTRACTOR with a copy of each of CARRIER'S policies upon the request of the INDEPENDENT CONTRACTOR. And upon request CARRIER will provide INDEPENDENT CONTRACTOR with a certificate of insurance for each such policy and each certificate shall include the name of the insurer, the policy number, the effective dates of the policy, the amounts and types of coverage, the cost to the INDEPENDENT CONTRACTOR for each type of coverage, and the deductible amount for each type of coverage for which the INDEPENDENT CONTRACTOR may be liable.

**(E)** INDEPENDENT CONTRACTOR may elect to purchase other insurance coverage as allowed by law.

**(F)** CARRIER shall be entitled to deduct from INDEPENDENT CONTRACTOR'S settlements the costs of the insurances set forth in subparagraphs (a) - (c) to the extent CARRIER pays for such amounts, plus an administrative fee. The amount of said charge may or may not equal the amounts paid by CARRIER to secure insurance for each vehicle and/or driver. Said charge shall appear on the Settlement Statements provided to INDEPENDENT CONTRACTOR under this Agreement. INDEPENDENT CONTRACTOR, on reasonable request, shall be afforded copies of those documents which are necessary to determine the validity of the charges specified in this subparagraph upon written request to CARRIER.

**(G)** FURTHER INSURANCE AGREEMENT. Further respective obligations as and between the parties as relate to insurance are as set forth on Appendix "C" attached hereto.

#### **18. INDEPENDENT CONTRACTOR'S DRIVERS ARE NOT EMPLOYEE OF CARRIER**

It is expressly understood and agreed that INDEPENDENT CONTRACTOR (and each of its drivers) is an independent contractor for the Equipment and driver services provided pursuant to this Agreement, and that INDEPENDENT CONTRACTOR agrees to defend, indemnify and hold CARRIER harmless for any claims, suits, or actions, including reasonable attorney's fees in protecting CARRIER'S interests, brought by INDEPENDENT CONTRACTOR, its employees, any union, the public, or state or Federal agencies, arising out of the operation of the

Equipment pursuant to this Agreement subject, but not limited to, the following specific conditions:

**(A)** INDEPENDENT CONTRACTOR CONTROL. INDEPENDENT CONTRACTOR hereby assumes full control and responsibility for all hours scheduled and worked, wages, salaries, employment-related insurance, state and federal taxes, fringe benefits, and all other costs relating to the use of drivers provided by

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INDEPENDENT CONTRACTOR pursuant to this Agreement. INDEPENDENT CONTRACTOR assumes full control and responsibility for the selection, training, hiring and disciplining, verification of immigration status, setting of hours, setting of wages, setting of benefits and standards of conduct for each of its drivers and laborers. INDEPENDENT CONTRACTOR shall be free to accept or reject loads offered by CARRIER to INDEPENDENT CONTRACTOR and INDEPENDENT CONTRACTOR is not required to perform services at specific times or according to a schedule set by CARRIER. INDEPENDENT CONTRACTOR acknowledges and agrees that where customers of CARRIER or shippers and consignees on shipments transported under this Agreement specify pickup and delivery times and transit times, such shall be deemed set by such customers, shippers and consignees and not the CARRIER.

**(B)** Form 1099 Tax Filings. As required by law, CARRIER agrees to file information tax returns (Form 1099) representing payments to INDEPENDENT CONTRACTOR.

**(C)** Minimum Requirements Under Federal Law. INDEPENDENT CONTRACTOR and CARRIER mutually agree that at least the requirements contained in paragraphs 5, 6,8, 13,15,17,18,21 and 27 represent requirements under Federal law, that their imposition is solely to comply with Federal law, and that they shall not be construed as involving discretionary control by CARRIER over INDEPENDENT CONTRACTOR'S performance under this Agreement. CARRIER and INDEPENDENT CONTRACTOR specifically agree that, to the extent allowable by law, CARRIER is interested only in the results of the contracted activity between INDEPENDENT CONTRACTOR and CARRIER and not in the means and methods utilized by INDEPENDENT CONTRACTOR to secure those results.

#### **19.BREACH**

Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated, at any time, by either party in the event of a breach by the other of any term or obligation contained in this Agreement. If, in CARRIER'S judgment, INDEPENDENT CONTRACTOR has subjected CARRIER to liability because of INDEPENDENT CONTRACTOR'S acts or omissions, CARRIER may take possession of the lading entrusted to INDEPENDENT CONTRACTOR and complete performance. In such event, INDEPENDENT CONTRACTOR shall waive any recourse against CARRIER for such action and INDEPENDENT CONTRACTOR shall reimburse CARRIER for all direct or indirect costs, expenses, or damages including reasonable attorney's fees incurred by CARRIER as a result of CARRIER'S taking possession of the lading and completing performance

#### **20.SETTLEMENT PERIOD**

CARRIER shall settle with INDEPENDENT CONTRACTOR with respect to services provided under this Agreement within 15 calendar days after INDEPENDENT CONTRACTOR'S submission, in proper form, of those documents necessary for CARRIER to secure payment from its customers, including, but not necessarily limited to:

- (1)** delivery receipt;
- (2)** bill of lading;
- (3)** properly completed logs as required by the D.O.T. INDEPENDENT CONTRACTOR shall also submit the following documents:
  - (1)** D.O.T. Inspection reports from Federal or State officials;
  - (2)** toll receipts and other documentation to support logbooks as required by the D.O.T.;
  - (3)** maintenance receipts as required by the D.O.T.; and
  - (4)** accident reports and pictures, if applicable.

INDEPENDENT CONTRACTOR may examine CARRIER'S tariffs, or other contracts or documents

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and records, if any, from which charges and rates are computed, except that CARRIER shall only disclose the information that would appear on a rated freight bill. CARRIER shall have the right to review all of INDEPENDENT CONTRACTOR'S documents and records relating to the use of the Equipment and to the services provided under this Agreement, and INDEPENDENT CONTRACTOR agrees to provide CARRIER with access to such documents and records upon reasonable notice.

**21. INDEPENDENT CONTRACTOR NOT REQUIRED TO PURCHASE PRODUCTS, EQUIPMENT, OR SERVICES FROM CARRIER**

INDEPENDENT CONTRACTOR is not required to purchase or rent any products, equipment, or services from CARRIER as a condition of entering into this Agreement.

**22. CHARGE BACKS AND DEDUCTIONS**

CARRIER shall charge back to INDEPENDENT CONTRACTOR at the time of payment or settlement, any liability or expenses CARRIER has borne, including deductions and set offs described herein and in Appendix B attached hereto, which under this Agreement, INDEPENDENT CONTRACTOR is obligated to bear. Such expenses shall be deducted from the amount due to INDEPENDENT CONTRACTOR and shall include, but not be limited to, those expenses set forth in this Agreement, as well as C.O.D. and freight collect remittances due CARRIER, cargo claims, property damage, towing charges, insurance deductibles, and reasonable attorney's fees incurred in reducing potential liabilities arising out of, or in connection with, INDEPENDENT CONTRACTOR'S acts or omissions under the terms of this Agreement. Upon request, CARRIER shall provide INDEPENDENT CONTRACTOR written itemization and documentation of all charge backs where such documentation is necessary to verify the validity of the charge.

**23. FINAL SETTLEMENT**

With respect to final settlement, the failure on the part of INDEPENDENT CONTRACTOR to remove all identification devices of CARRIER, and, except in the case of identification painted directly on the Equipment, return them to CARRIER in any reasonable manner, shall constitute a breach of this Agreement. For identifications painted directly on the Equipment, INDEPENDENT CONTRACTOR shall remove such identifications and certify to CARRIER that such identifications have been removed or be in breach of this Agreement. Such breach shall entitle CARRIER to withhold any payment owed to INDEPENDENT CONTRACTOR until such obligations are met. The parties agree that, in addition to any other right, remedy or claim CARRIER may have, INDEPENDENT CONTRACTOR shall pay CARRIER \$100.00 per day per truck for INDEPENDENT CONTRACTOR'S failure to remove and/or return such identification.

**24. LUMPING AND DETENTION**

Whenever a shipper or a consignee requires that INDEPENDENT CONTRACTOR or one of its drivers assist in the loading or unloading of property transported on behalf of CARRIER, CARRIER shall pay to INDEPENDENT CONTRACTOR \_78\_% of any compensation CARRIER receives from such shipper or consignees for any costs associated with such requirement; provided. CARRIER maintains no rates or other contract arrangements wherein charges for such service are contemplated or allowed and CARRIER shall not be obligated to make such payments unless INDEPENDENT CONTRACTOR secures prior approval from CARRIER to retain any assistance for loading or unloading. Otherwise, INDEPENDENT CONTRACTOR agrees to be responsible for the loading or unloading of such property at INDEPENDENT CONTRACTOR'S expense. Further, \_78\_% of detention charges that are collected by CARRIER shall be directly paid to INDEPENDENT CONTRACTOR but such payments shall only be made upon notice by INDEPENDENT CONTRACTOR to CARRIER of a delay such that CARRIER is able to negotiate a detention amount which is not included in existing rates. CARRIER is entitled to all other accessorial charges.

**25. ASSIGNMENT AND BENEFIT**

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(Initials of Independent Contractor  
or Authorized Representative).

DATE 02 / 11 / 2025

INDEPENDENT CONTRACTOR shall not assign or subcontract all or part of its obligations under this Agreement; otherwise, this Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors.

**26.DRIVER INSPECTIONS**

INDEPENDENT CONTRACTOR represents and warrants that it is familiar with the requirements of Federal law requiring its drivers to perform a Pre-Trip Inspection on the Equipment and trailer and to complete a Driver Vehicle Inspection Report for each on-duty day. INDEPENDENT CONTRACTOR agrees that it shall be solely responsible for ensuring that its drivers comply with Federal law related to inspections. INDEPENDENT CONTRACTOR agrees that it shall immediately notify CARRIER of any safety-related or other condition detected by INDEPENDENT CONTRACTOR or its driver if correction of such safety-related or other condition will result in a delay to the shipment. INDEPENDENT CONTRACTOR, for itself and its drivers, agrees that it shall correct any safety-related or other condition prior to commencing operation of the Equipment. To the extent a shipment is sealed, INDEPENDENT CONTRACTOR agrees to be responsible for maintaining the seal throughout the entire shipment and, in the event the seal is broken, INDEPENDENT CONTRACTOR agrees to immediately report such to CARRIER.

**27.REFRIGERATED LOADS**

INDEPENDENT CONTRACTOR represents and warrants that it shall check the condition and temperature of the refrigerated trailer every two hours and check the fuel level in the refrigerated trailer to ensure adequate fuel levels. INDEPENDENT CONTRACTOR agrees to provide CARRIER with separate fuel receipts for the use of a refrigerated trailer prior to receiving payment for that shipment.

**28.NOTICE**

All notice provisions of this Agreement shall be in writing delivered personally, by postage prepaid, first-class mail, or by facsimile machines to the addresses or fax number shown at the end of this Agreement.

**29.NON-WAIVER**

The failure or refusal of either party to insist on strict performance with any provision in this Agreement shall not be construed as a waiver or relinquishment of that provision of right of either party.

**30.ESCROW**

(A) INDEPENDENT CONTRACTOR and CARRIER agree that CARRIER may, at its discretion, establish an escrow account for the purpose of insuring compliance with the provisions of this Agreement. The amount of principal to be held in escrow ("escrow funds") shall not exceed \$2500.00. The Escrow fund will be funded by a \$250 deduction by CARRIER per week from INDEPENDENT CONTRACTOR'S settlements until the amount of principal held in Escrow reaches \$2500.00. The escrow funds may be applied to offset any obligation or payment owed by INDEPENDENT CONTRACTOR to CARRIER as set forth in this Agreement including but not limited to INDEPENDENT CONTRACTOR'S operational expenses that CARRIER has discharged on INDEPENDENT CONTRACTOR'S behalf, cargo claims and deductibles as set forth above, any amounts paid to a claimant by CARRIER for personal injuries (including death) and property damage or loss resulting from INDEPENDENT CONTRACTOR'S operation under this Agreement, the cost of repairs to CARRIER'S trailers and equipment, the recovery of any advances made by CARRIER for the benefit of INDEPENDENT CONTRACTOR, amounts owed for INDEPENDENT CONTRACTOR'S failure to remove CARRIER'S identification, Charge-Back items identified above and in Appendix B, deductions for insurance as specified above, expenses and attorneys' fees incurred by CARRIER as a consequence of a breach by INDEPENDENT CONTRACTOR.

(B) While escrow funds are under CARRIER'S control, CARRIER shall provide an accounting to

**CL**

(Initials of Independent Contractor  
or Authorized Representative).

DATE **02 / 11 / 2025**

INDEPENDENT CONTRACTOR of all transactions involving such funds by clearly indicating on individual settlement sheets the amount and description of any deduction or addition made to the escrow fund. CARRIER shall provide signed receipts to INDEPENDENT CONTRACTOR for any deposits to such fund. Additionally, INDEPENDENT CONTRACTOR shall have the right to demand to have an accounting for transactions involving the escrow fund at any time.

(C) Escrow funds, less any deductions authorized herein, shall be repaid 45 business days upon the prompt return by INDEPENDENT CONTRACTOR of all signs, licenses, permits, notices, fuel cards, operating authority, delivery receipts, bills of lading, and other paperwork and property belonging to the CARRIER. The amount of escrow funds may be reduced to reflect expenses incurred by CARRIER with respect to any efforts undertaken by CARRIER to seek return of such items. Any such reductions shall be accounted for in the final accounting period provided by CARRIER.

### **31.COMPLETE AGREEMENT**

This Agreement, including any Appendices attached, constitutes the sole, entire, and existing agreement between the parties herein, and supersedes all prior agreements and undertakings, oral and written, expressed or implied, or practices, between the parties, and expresses all obligations and restrictions imposed on each of the respective parties during its term, except those specifically modified or changed by mutual written agreement between CARRIER and INDEPENDENT CONTRACTOR. If any part of this Agreement or its appendices is adjudged invalid for any reason whatsoever, this Agreement shall remain otherwise binding on the parties. This Agreement shall be enforceable to the maximum extent permitted by law.

### **32.VENUE AND JURISDICTION**

This Agreement shall be deemed to have been drawn in accordance with the statutes and laws of the State of Illinois and in the event of any disagreement or litigation, the laws of Illinois shall apply and suit must be brought solely in the State or Federal courts located in Lake County or Illinois.

### **33.COUNTERPARTS**

This Agreement may be executed on more than one conformed counterpart and each executed counterpart shall be deemed an original.

IN WITNESS WHEREOF, CARRIER and INDEPENDENT CONTRACTOR do hereby sign this Agreement on this 02 day of 11, 2025, the effective date of this Agreement.

**ROYAL3**


CARRIER

**YRP SMART TRUCKING SOLUTIONS LLC**

INDEPENDENT CONTRACTOR

By: \_\_\_\_\_  
Authorized Representative

Title: **Royal 3**

  
By: **Celio Alberto Lugo (Feb 11, 2025 13:13 CST)**  
If Not Individually then signatory  
is an Authorized Representative

Title: **Owner**

**CL**

(Initials of Independent Contractor  
or Authorized Representative).

DATE **02 / 11 / 2025**

DATE 02 / 11 / 2025

## Appendix B

In addition to such Deductions and Offsets set forth in this Agreement, CARRIER shall have authority to deduct from any compensation owed to INDEPENDENT CONTRACTOR, and to offset with respect to any funds held by CARRIER, the following items:

1. Any advance of any kind make by CARRIER to INDEPENDENT CONTRACTOR'S driver or agents with additional 10%.
2. Payments made by CARRIER in the amount of such payment for any personal injury or property damage to third persons. Where CARRIER, in its sole discretion, determines to make a claim with its insurance carrier and the insurance carrier pays the claim, INDEPENDENT CONTRACTOR agrees that CARRIER may offset \$5,000.00 as an insurance deductible against the compensation then due to INDEPENDENT CONTRACTOR.
3. Payments made by CARRIER in the amount of such payment for any cargo loss, damage or delay. Where CARRIER, in its sole discretion, determines to make a claim with its insurance carrier and the insurance carrier pays the claim, INDEPENDENT CONTRACTOR agrees that CARRIER may offset \$2,500.00 as an insurance deductible against the compensation then due to INDEPENDENT CONTRACTOR.
4. Unless INDEPENDENT CONTRACTOR provides items listed below, CARRIER may, but is under no obligation to, initially pay for and later charge back to INDEPENDENT CONTRACTOR and/or deduct from any compensation owed to INDEPENDENT CONTRACTOR and/or reserve funds immediately at time of settlement, any of the following: license registration fees, mud flaps, flags, fuses, reflectors, lights, light bulbs, citations, repairs, cash advances, cargo claims, accident claims, insurance, tires, telephones, towing charges, and other repairs or maintenance for INDEPENDENT CONTRACTOR'S equipment.
5. INDEPENDENT CONTRACTOR shall pay \$50.00 fee for truck signs if the Agreement is terminated within 60 days of the commencement of this Agreement.
6. INDEPENDENT CONTRACTOR shall pay for any driver during each contract period as follows:
  - (A) \$60.00 for Motor Vehicle Record (MVR) and Pre-employment screening program (PSP),
  - (B) \$80.00 for pre-employment drug test.

**ROYAL3**


CARRIER

**YRP SMART TRUCKING SOLUTIONS LLC**

INDEPENDENT CONTRACTOR

By: \_\_\_\_\_  
Authorized Representative

Title: **Royal 3**

By:  \_\_\_\_\_  
By: **Celio Alberto Lugo (Feb 11, 2025 13:13 CST)**  
If Not Individually then signatory  
is an Authorized Representative

Title: **Owner**

**CL**

(Initials of Independent Contractor  
or Authorized Representative).

DATE **02 / 11 / 2025**



Appendix C

WORKER's COMPESATION

INDEPENDENT CONTRACTOR shall provide workers' compensation insurance coverage for himself, its employees and agents or otherwise comply with workers' compensation laws applicable to the States in which INDEPENDENT CONTRACTOR operates the Equipment and the States which are likely to have jurisdiction over INDEPENDENT CONTRACTOR'S business operations. To the extent that INDEPENDENT CONTRACTOR'S utilizes independent owner-operators, INDEPENDENT CONTRACTOR shall either (a) provide workers compensation insurance for such independent owner-operators or (b) obtain an executed statement from INDEPENDENT CONTRACTOR'S independent owner-operators in the form attached hereto as Exhibit "1" or Exhibit "2" whereby such independent owner-operator elects to opt out of any benefits otherwise due to the owner operator under the Illinois Workers Compensation Act.

ROYAL3


CARRIER

YRP SMART TRUCKING SOLUTIONS LLC

INDEPENDENT CONTRACTOR

By:   
Authorized Representative

Title: **Royal 3**

By:   
By: Cello Alberto Lugo (Feb 11, 2025 13:13 CST)  
If Not Individually then signatory  
is an Authorized Representative

Title: **Owner**

CL

(Initials of Independent Contractor  
or Authorized Representative).

DATE **02 / 11 / 2025**

**EXHIBIT 1**

I, **Celio Alberto Lugo**, am a sole proprietor who has leased a tractor which I either own or lease from a third party to CARRIER. In CARRIER'S operation, I am the sole and exclusive operator of the tractor.

As a sole proprietor in the business of leasing my tractor and driving services CARRIER, I recognize and understand that I have the sole and express right to decide whether my business operations are to be covered by the Illinois Workers' Compensation Act, and I know that I can elect such coverage under the Illinois Workers' Compensation Act. I also warrant that I understand I have the right to decline any benefits under Illinois workers' compensation law which may be due to me for injuries I sustain during my operations as a sole proprietor independent contractor.

In this regard, I expressly elect not to bring my operations as a sole proprietor independent contractor to CARRIER under the provisions of the Illinois Workers' Compensation Act. I expressly choose to opt out of the Illinois workers compensation system and expressly state that I do not want to have workers' compensation insurance.

I have thoroughly read the above and I understand the language which reflects my election to opt out of the Illinois workers' compensation system.

**YRP SMART TRUCKING SOLUTIONS LLC**

INDEPENDENT CONTRACTOR

**02 / 11 / 2025**

DATE

Title: **Owner**

**SSN630969352 FEIN 86-2278344**

FEIN

**CL**

(Initials of Independent Contractor  
or Authorized Representative).

DATE **02 / 11 / 2025**

**EXHIBIT 2**

I, **Radoslav Kovacevic**, am the sole shareholder/owner and sole officer of **ROYAL3** ("Company") who has leased a tractor which my Company either owns or leases from a third party to CARRIER. In CARRIER'S operation, the Company is the sole and exclusive operator of the tractor.

As the sole shareholder/owner and sole officer of the Company, I recognize and understand that I have the sole and express right to decide whether my business operations are to be covered by the Illinois Workers' Compensation Act, and I know that I can elect such coverage under the Illinois Workers' Compensation Act. I also warrant that I understand I have the right to decline any benefits under Illinois workers' compensation law which may be due to me for injuries I sustain during my Company's operations for CARRIER if I am construed to be CARRIER'S employee, which I am not.

In this regard, I expressly elect not to bring my operations as a sole shareholder/owner or sole officer of the Company leased to CARRIER under the provisions of the Illinois Workers' Compensation Act. I expressly choose to opt out of the Illinois workers compensation system and expressly state that I do not want to have workers' compensation insurance as a corporate officer of Company.

I have thoroughly read the above and I understand the language which reflects my election as an officer of Company to opt out of the Illinois workers' compensation system.

**YRP SMART TRUCKING SOLUTIONS LLC**

CONTRACTOR COMPANY

**02 / 11 / 2025**


DATE

**Owner**

TITLE

**SSN630969352 FEIN 86-2278344**

FEIN

  
**Celio Alberto Lugo (Feb 11, 2025 13:13 CST)**

SINGATURE

**CL**

(Initials of Independent Contractor  
or Authorized Representative).

DATE **02 / 11 / 2025**

DATE 02 / 11 / 2025

(III) Contractogarees:

1. NOT to refuse the load or to renegotiate the rate of pay after the load was tendered by our dispatch and accepted by the driver initially also agrees to accept a penalty of \$250 per any such incident.
2. NOT to drop trailer either loaded or empty without CARRIER authorization and approval from the CARRIER. If that ever occurs, CONTRACTOR agrees to compensate CARRIER for the cost of trailer recovery to Berwyn, IL or other location, as deemed necessary by the CARRIER. The rate for recovery will be \$2 per mile, both ways. If less than 100 miles away, a flat fee of \$500 applies.
3. To provide and submit all required paperwork in a timely manner.
4. To pay \$350 (three hundred fifty) per week for cargo insurance, and \$350 (three hundred fifty) per week for the trailer if one was leased through CARRIER for as long as the lease is active regardless of actual usage of either cargo insurance or the trailer.
5. To maintain the trailer including tires, brakes, lights, air lines, make sure wheels seals are not leaking and have a proper oil level in them. INDEPENDENT CONTRACTOR also understands and agrees that he/she will be charged a certain fee; determined by the trailer leasing company, to compensate for tire tread-wear, brake adjustment, washing, damages to trailer, etc.
6. To maintain and repair the leased or owned trailer for safe use on public highways in accordance with FMCSA Regulations.
7. INDEPENDENT CONTRACTOR agrees to pay the carrier the following amounts for the following items not returned upon cancellation of this agreement: fuel card(s) – one hundred dollars each, permits package (provided in a binder to be carried in the truck) - fifty dollars. In addition, independent contractor will be charged by carrier for missing logbooks at twenty dollars per day.
8. Should INDEPENDENT CONTRACTOR decide to quit at such a time that could cause the CARRIER to be liable for any funds due to no-show on pickup or late delivery or other fees imposed by CARRIER's customers to CARRIER, the INDEPENDENT CONTRACTOR allows CARRIER to withhold from any monies due to INDEPENDENT CONTRACT amount equal to the fees imposed upon the CARRIER.

In addition, if any loan remains unpaid (in full) after CONTRACTOR's voluntary or involuntary termination, he or she agrees to return the full amount within 14 days. If the full amount is not returned, the CONTRACTOR gives ROYAL3 INC. full authorization to forward such debt to a collection agency for the purposes of collecting the amount due and waives the right to dispute the validity or amount of charges. CONTRACTOR also agrees that any charges that come addressed to CARRIER and are or have been caused by the CONTRACTOR immediately become CONTRACTOR's full responsibility and CONTRACTOR agrees to hold ROYAL3 INC (CARRIER) harmless in any such case. These charges include but are not limited to unreported accidents, unsettled accidents, partially settled accidents, unreported damage to any property or vehicle, towing and storage charges, cleanup charges, cargo damages and/or shortages of any kind. In case of CONTRACTOR's failure to immediately pay and settle such charges/claims, CONTRACTOR gives full authorization to CARRIER to forward such charges and/or expenses to a collection agency for the purpose of collecting debt. CONTRACTOR agrees that CARRIER shall not be responsible for any money due to anyone for anything that the CARRIER considers not be CARRIER's fault and approves CARRIER's forwarding of any such charges to a collection agency to be collected from the CONTRACTOR.

CL

(Initials of Independent Contractor  
or Authorized Representative).

DATE 02 / 11 / 2025

This agreement is being executed in duplicate with each copy being deemed an original. By his signature below, INDEPENDENT CONTRACTOR acknowledges receipt of this agreement and his/her Agreement with all items included therein.


ROYAL3

CARRIER

YRP SMART TRUCKING SOLUTIONS LLC

INDEPENDENT CONTRACTOR

By: \_\_\_\_\_  
Authorized Representative

By:  \_\_\_\_\_  
If Not Individually then signatory  
is an Authorized Representative

Title: Royal 3

Title: Owner

**INDEPENDENT CONTRACTOR'S OBLIGATIONS**  
**(A SUPPLEMENT TO CONTRACTOR AGREEMENT)**

I, Celio Alberto Lugo, an Independent Contractor for ROYAL3 INC. have read, understood and agreed to the following: I am required to:

A) File Fuel Taxes (IFTA) as an Independent Contractor or pay ROYAL3 INC. one hundred dollars per quarter to prepare fuel tax reports for me. If the owner chooses to do his own IFTA, ROYAL3 INC. must be provided with a copy of filed IFTA on owner's behalf two weeks before the last due date. If the owner cannot provide proof of filing his/her IFTA by this time, he/she allows ROYAL3 INC. to file IFTA for him/her for a fee of one hundred dollars.

(B) I will receive a 1099 form at the end of the year. I will be responsible for all taxes.

(C) Before my lease with ROYAL3 INC. begins, I will obtain and maintain all the required: registration, heavy highway use tax, annual inspection stickers, bobtail/physical damage insurance, etc.

(D) I will continuously pay Highway Use Tax and renew license plates for as long as my lease is valid.

(E) Maintain leased equipment to meet and exceed DOT specifications of safety and submit all maintenance paperwork at the end of each month (copy or original).

(F) Any fines or penalties occurred after late filing or any other reasons or any tickets issued/ received while leased are solely my responsibility.

(G) I agree that in the event of ROYAL3 INC. not being paid by their brokers/customers (for any reason), I will not hold ROYAL3 INC. responsible for compensating me for that particular load. I also understand that in the event of a partial payment from broker(s) to ROYAL3 INC. (Less than originally

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(Initials of Independent Contractor  
or Authorized Representative).

DATE 02 / 11 / 2025




agreed upon, for whatever reason), I am willing to accept the same partial payment (less 22 %) from ROYAL3 INC. in compensation for that particular load.

- (H) Upon receiving US DOT inspection, always submit all paperwork ASAP to ROYAL3 INC.
- (J) Not to pull or have any contact with loads/trailers that are not leased to or brokered to ROYAL3 INC.
- (K) Agree to be financially responsible for any late deliveries, back-charges, or non-payments of loads assigned to me.
- (L) Pay for my own/my driver's drug testing fees, including pre-employment and random drug tests.
- (M) I am required to always carry physical damage insurance and non-trucking/bobtail liability insurance and will hold ROYAL3 INC. harmless for any charges resulting in my/our failure to carry adequate levels of physical damage and non-trucking/bobtail liability.
- (N) If not returned within 7 days, I will be charged for the following items at following rates: fuel card(s) \$100 each, permits set \$50 each (this refers to ROYAL3 INC. binder(s) given to you to carry in the truck(s), IFTA stickers at \$20 per set, missing logbooks at \$100 per week and signs (\$50 per set, if owner quits within 30 days from start of employment).
- (O) I understand and agree that I will be charged fifteen dollars (\$17) per week to help cover the cost for mailing my paperwork (BOL, logbooks, fuel/maintenance receipts, DOT inspection reports and any documents/materials required by ROYAL3 INC by FedEx/TripPak.
- (P) I understand and agree that ROYAL3 INC. will hold and not release any payment due to me/us until the following conditions are satisfied and following materials/documents submitted to INC to their satisfaction: Logbooks: fully filled out, with times of fueling recorded precisely (within a 30 minutes margin of error) and submitted with a delay of no later than 14 days, fuel/maintenance receipts, DOT Inspection reports, any other materials/paperwork requested by ROYAL3 INC.

YRP SMART TRUCKING SOLUTIONS LLC

INDEPENDENT CONTRACTOR

  
By: Celio Alberto Lugo (Feb 11, 2025 13:13 CST)

If Not Individually then signatory  
is an Authorized Representative

Title: Owner

CL  
(Initials of Independent Contractor  
or Authorized Representative).

DATE 02 / 11 / 2025