

## Subcontractor Driver Contract

This contract is made as of \_\_\_\_\_ between F & C Packaging Inc., incorporated under the laws of Michigan and having its principal place of business at 13 N. Washington St. Ste 660, Ypsilanti, MI 48197, and

\_\_\_\_\_, of

\_\_\_\_\_  
(the 'Contract Driver').

*This agreement establishes the terms of the professional relationship between F & C Packaging Inc. ('Company') and the Driver ('Driver'). The Driver agrees to provide driving services exclusively for the Company under the conditions detailed below.*

## General Terms

- 1. Independent Contractor Relationship:** The Driver is an independent contractor, not an employee of the Company. The Driver is responsible for managing their own work processes, taxes, and compliance with applicable regulations. A W-9 form will be completed upon signing this contract, and all income will be reported via IRS Form 1099. The Driver is solely responsible for paying applicable taxes.
- 2. At-Will Relationship:** Either the Driver or the Company may terminate this agreement at any time for any lawful reason. However, the first 21 days of this contract will serve as a trial period to evaluate the Driver's performance and compatibility.
- 3. Driver Schedule and Availability:** The Driver agrees to stay on the road and available for work **at least 21 days per month**, with the option to take up to **10 days off per month**.

4. **Exclusive Use of Vehicle:** The van provided by the Company is intended exclusively for completing loads assigned by the designated Dispatch Service. Use of the van for other services (e.g., Uber Eats, DoorDash, personal errands) is strictly prohibited and constitutes grounds for immediate termination of this contract.
5. **Compliance with Applicable FMCSA and Safety Regulations:** The Driver agrees to comply with all applicable Federal Motor Carrier Safety Administration (FMCSA) regulations and other federal, state, and local safety laws governing the operation of commercial vehicles. This includes, but is not limited to, safe driving practices, vehicle maintenance standards, and reporting requirements for any incidents or violations. The Company may monitor vehicle telematics or dispatch data to support compliance with FMCSA's Unsafe Driving BASIC and other safety programs, and violations may trigger the Progressive Disciplinary Policy.

*Note: As the vehicles provided are cargo vans typically not meeting the FMCSA definition of a commercial motor vehicle subject to Hours of Service rules (49 CFR Part 395), no federal HOS logging or ELD requirements apply.*

## **Trial/Probationary Period**

1. **Initial 21-Day Period:** The first 21 days of this contract are designated as a **trial or probationary period**. During this time, the Driver must remain available for service and adhere to the contract terms. During this period, the Driver is ineligible for payday advances or out-of-service time unless in the case of an emergency or with prior written approval.
2. **Performance Review:** At the conclusion of the trial period, the Company will review the Driver's performance to determine whether the contract will continue. Performance will be assessed based on factors such as timeliness, professionalism, and adherence to Company policies.

## Payment Structure

### 1. Revenue Allocation:

- The driver shall receive **60%** of any and all gross revenue generated from each load (this includes all incentives).
- F & C Packaging shall retain **40%** of any and all gross revenue from each load.

### 2. Pay Process:

- The work week varies according to your assigned dispatch service. This will be detailed in the dispatcher addendum. ○ All loads delivered before midnight at the end of the pay will be paid out the following pay sheet (given that all paperwork was submitted in a timely matter).
- Driver shall be paid via ACH payments. **THIS IS NOT INSTANT PAYMENT.** It is the responsibility of the drivers' bank to release the ACH funds.

### 3. No Guarantee of Mileage or Pay: F & C Packaging Inc. makes no promises or guarantees regarding the number of miles or pay the Driver will receive.

The Driver is paid based on miles driven or loads completed — not on an hourly basis. Pay is entirely dependent on available freight, market conditions, driver performance, and other external factors outside the Company's control. The Company does not guarantee any specific amount of work, income, or minimum mileage.

### 4. Fuel Responsibility:

- The driver shall be solely responsible for all fuel expenses incurred during the transportation of loads. ○ Fuel costs will not be reimbursed or deducted from F & C Packaging Inc's 40% share of revenue.

## Payday Advances

1. **Drivers are eligible to request payday advances only after completing the 21-day trial period.**

2. Payday advances are capped at a maximum of **\$200** per request.
3. Requests must be submitted on Fridays between 8:00 AM and 12:00 PM Pacific Time (11:00 AM - 3:00 PM Eastern Time).
4. Advances will be deducted from the Driver's current pay cycle and are subject to a 20% interest charge.

## Tolls

1. **Transponder Requirement:** Drivers must rent a Company-provided transponder at a cost of **\$10 per week**, deducted from their pay.
2. **Toll Costs:** All tolls incurred while driving are the Driver's responsibility and will be deducted from weekly pay based on actual expenses.

## Driver Responsibilities and Expectations

1. **Service Availability During the Trial Period:** Drivers must remain available for service for the full 21-day trial period to establish their reliability and commitment. Drivers are not permitted to return home during this time.
2. **Load Acceptance:** The Company encourages Drivers to accept reasonable assignments when available to maintain productivity and support business operations. As an independent contractor, the Driver retains full discretion to refuse loads based on their professional judgment, including for legitimate reasons such as safety issues, vehicle problems, emergencies, or approved time off. However, if avoidable refusals cause verifiable revenue loss (e.g., missed loads that could have been handled, documented via dispatch records), the Company may deduct an amount from the Driver's pay to offset the direct impact, not to exceed the lost revenue attributable to that refusal. No flat or punitive fines will be applied for refusals. All deductions will be itemized and provided in writing.
3. **Van Usage Restrictions:** The van must not be used for personal purposes or other services. Any unauthorized use of the van constitutes a breach of contract and may result in immediate termination. Drivers have the option to request to drive the van home for out of service days. The first 50 miles is

free however every mile thereafter is \$.45 per mile. Driver is responsible for 100% of the fuel cost. If the driver provides their own transportation home the van must be returned to the designated parking spot. **Driver must contact their fleet manager for the return protocol.**

## Vehicle Maintenance and Service Appointments

1. **Maintenance Costs:** F & C Packaging Inc. will cover 100% of routine maintenance costs (e.g., oil changes, tire rotations, and mechanical repairs) provided the Driver adheres to scheduled maintenance requirements.
2. **Cleanliness Standards:** Drivers must keep the vehicle clean and free of dirt, debris, and odors before:
  - a Arriving at a shipper or delivery location.
  - b Being taken for maintenance service.

*Failure to meet cleanliness standards may result in fees charged by the service center or shipper, which will be deducted from the Driver's pay.*

3. **Maintenance Schedule:**
  - Preventative maintenance is required every 15,000 miles.
  - Oil changes and tire rotations must occur every 5,000 miles.
4. **Failure to Comply:** If maintenance or cleanliness standards are not met, the Driver may be removed from service until corrective actions are taken. Cleaning or repair costs resulting from negligence will be charged 100% to the Driver. Any roadside or maintenance cost incurred because of driver negligence will be charge to driver along with a fee to be accessed at the time of repair.

## Vehicle Usage and Equipment Lease Fee

- 1 **Vehicle Provision:** F & C Packaging Inc agrees to provide the Subcontracted driver with a commercial van for the sole purpose of performing the Services outlined in this Agreement. The Subcontractor accepts the use of this vehicle and agrees to adhere to all rules and procedures for its use as specified in the Vehicle Use Policy.
- 2 **Weekly Vehicle Usage Fee:** The Subcontracted driver shall pay the F & C Packaging Inc a fixed, non-refundable Vehicle Usage Fee of Sixty Dollars (\$60.00) per week for the use of the company vehicle. This fee is for the exclusive right to use the vehicle for commercial purposes and contributes to associated administrative, maintenance, and overhead costs.
- 3 **Payment Terms:** This \$60.00 fee shall be deducted from the Subcontractor's weekly invoice total. The Subcontractor hereby authorizes this deduction. This fee is a fixed operational cost and is not a deposit or an advance payment for services.
- 4 **Non-Refundable Acknowledgment:** The Subcontractor acknowledges and agrees that the weekly Vehicle Usage Fee is fully non-refundable, irrespective of the actual time the vehicle is used during the week, the volume of work performed, or the early termination of this Agreement for any reason.
- 5 **Documentation:** Both parties agree to maintain clear and accurate records of all fees charged and payments made, ensuring proper documentation for tax purposes.

## Driver Responsibilities and Accountability

1. **OCC/ACC Insurance:** Drivers are required to have Occupational Accident Insurance for their own protection. Drivers are automatically opted into our OCC/ACC program at a rate of \$35 per week.
2. **Tolls, Violations, and Chargebacks:** The Driver is responsible for tolls, parking tickets, moving violations, and any chargebacks associated with service failures or delivery issues caused by the Driver.

3. **Extended Personal Time:** F & C Packaging will cover all driver and van fees charged by the assigned dispatch service during in-service pay periods and one out-of-service pay period (10 days). Any additional unexcused pay period where driver is out-of-service driver will be responsible for fees in the amount of \$250 per pay period to be deducted from the next in-service pay period.

## Progressive Disciplinary Policy

F & C Packaging Inc. maintains a progressive disciplinary system to promote safety, compliance with FMCSA regulations, and protection of Company assets. This policy applies to behaviors including but not limited to speeding over 75 mph, excessive idling beyond 10 minutes, unauthorized van usage, failure to adhere to maintenance schedules, or any actions resulting in violations under the Unsafe Driving BASIC. The goal is corrective action to prevent recurrence, with escalation based on severity and frequency.

1. **Step 1: Verbal or Written Warning** – For a first offense, the Driver will receive a documented warning outlining the violation, its risks and required corrective steps.
2. **Step 2: Monetary Penalty** – For a second offense within a 12-month period, a fine will be assessed and deducted from the Driver's 60% revenue share.
3. **Step 3: Suspension** – For a third offense or a severe violation (e.g., gross negligence as defined in the Insurance Deductible Responsibility section), the Driver may be suspended from service for up to 10 days. During suspension, the Driver remains responsible for the \$60 weekly Vehicle Usage Fee, \$35 weekly OCC/ACC insurance fee, and \$10 weekly transponder rental fee. No revenue will be generated during this time.
4. **Step 4: Termination** – Repeated offenses (fourth or more) or any action posing immediate safety risks will result in contract termination per the At-Will Relationship clause. Upon termination, the Driver is responsible for all outstanding fees, including any unpaid insurance deductibles or repair costs due to negligence.

All disciplinary actions will be documented and communicated in writing, with the Driver given an opportunity to respond. This policy does not alter the Driver's independent contractor status or responsibility for 100% of fuel costs, tolls, and other expenses.

Driver Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Orientation Costs

### 1. Cost Sharing:

- Orientation is \$200. F & C Packaging will pay the cost for the driver and then split it 50%. The driver's portion (\$100) will be deducted from the first pay sheet.

### 2. Reimbursement Policy:

- If the Driver remains under contract for at least 10 months, the \$100 orientation fee paid by the Driver will be refunded.
- If the Driver voluntarily terminates the contract or is terminated within the first 10 months, the Driver will be responsible for the remaining balance of orientation costs. Any outstanding amount will be deducted from the Driver's unpaid revenue.

## Vehicle Policies

1. **Available Equipment:** Driver is responsible to supply their own safety equipment (Safety goggles, reflective vest, protective gloves, hard hat, ect...)
  - Van **may** have additional equipment such as heaters, fans, etc. available for the driver to use. However, there is no guarantee or warranty that any additional equipment will be made available or is suitable for any particular use. Please see the included list of **REQUIRED** equipment to perform your duties as an OTR driver.
2. **Idling:** Drivers are prohibited from idling the van for more than **10 minutes** to minimize wear and tear. Excessive idling may result in deductions or penalties at the discretion of the Company.
3. **Speeding:** Drivers are prohibited from traveling at a rate over 75 miles per hour. Excessive speeding will result in warnings and fines and can lead to termination of contract.
4. **Unauthorized Move:** Drivers are required to notify F & C Packaging anytime they travel more than 50 miles unloaded. When repositioning for the next load no fees will be incurred. However, if driver fails to notify F & C Packaging of their intent and reason for repositioning fees may be incurred.
5. **Pets and Passengers:** Pets are allowed with an upfront \$200 non-refundable pet deposit. Guest riders/passengers are permitted but must be preapproved by F & C Packaging. There is a \$25 week fee to add the guest rider to insurance. That fee will be automatically deducted weekly.

## Insurance Deductible Responsibility

1. **Collision and Liability Insurance:** F & C Packaging Inc. will pay the full premiums for collision and liability insurance coverage for the van.
2. **Driver's Deductible Responsibility:** In the event of an accident, the Driver is **100% responsible** for paying the insurance deductible for any claims filed

under the policy. The deductible will be deducted from the Driver's pay or the final pay if unpaid at the time of termination.

3. **Gross Negligence Repairs:** If damage to the van is determined to be the result of gross negligence by the Driver (e.g., reckless driving or violations of safety protocols), the Driver will be **fully responsible for all repair costs**, not limited to the deductible.

- o **Gross Negligence:** *"Gross negligence" is defined as reckless or intentional actions that result in damage to the vehicle, including but not limited to driving under the influence, excessive speeding, ignoring critical vehicle alerts (e.g., low oil pressure, overheating), or using the van contrary to its intended purpose. Minor wear and tear (e.g., small scuffs, tire wear) is excluded unless caused by negligent or reckless actions.*

## Termination and Final Pay

1. Notice Requirement: Drivers must provide a minimum of 30 days' written notice if they wish to terminate this contract. If the Driver fails to provide this notice, or if the Driver is terminated due to breach of contract, a fee equal to 50% of all available funds will apply.

2. Final Pay Hold: Any unpaid earnings will be held for 60 days post termination to cover any outstanding costs (e.g., tolls, fuel, or damages).

## Driver's Responsibility to Return Van

1. **Return Requirements:** Upon termination or completion of the contract, the Driver must return the van to the **DESIGNATED PARKING AREA** within **24 hours**. The van must be returned with:

- a. All provided equipment intact.

- b. No additional damage beyond normal wear and tear.

**2. Consequences for Non-Return:** If the Driver fails to return the van within the specified timeframe, the following actions will be taken:

- a. If the van is not returned within 24 hours after the termination date, the Company reserves the right to:
- b. Report the van as stolen property to local law enforcement.
- c. Pursue civil action against the Driver, seeking compensation for
  - I. The full value of the van, if unrecoverable.
  - II. Loss of income or revenue resulting from the unavailability of the van.
  - III. All associated recovery costs, including administrative and legal fees.

**3.** In the event that F & C Packaging must recover the van the driver will be charged a **\$1,000 recovery fee plus \$1.25 per mile (round trip)** to recover the van from its current location. The Driver will be held responsible for any costs incurred during the recovery process, including but not limited to fuel, lodging, food, and travel expenses.

**4. Legal Action for Non-Return:** Unreturned vans may be reported as stolen, and the Driver may face legal action, including but not limited to:

- Grand larceny and theft charges
- Court collection actions
- Disqualification from future driving opportunities.

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Sub-Contracted Driver Signature

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Date



Company Signature

Managing Member  
Title

## Acknowledgment of Deductions

By signing this contract, the Driver explicitly consents to deductions for items including but not limited to:

- Payday advance amounts, capped at \$200 per request, plus a 20% interest charge.
- \$35 weekly fee for occupational insurance if proof of personal coverage is not provided.
- Cleaning fees for failure to comply with cleanliness standards before maintenance or delivery appointments.
- Toll charges incurred while driving and the \$10 weekly transponder rental fee.
- Insurance deductibles related to accidents, as well as full repair costs for damage caused by gross negligence.
- Non-refundable usage fee of \$60 irrespective of the actual time the vehicle is used during the week, the volume of work performed, or the early termination of this Agreement for any reason.
- Any chargebacks or penalties assessed by the dispatcher for delivery failures, late deliveries, or damaged shipments due to Driver negligence.
- \$1,000 recovery fee, \$1.25 per mile for retrieval, and any associated costs (e.g., lodging, fuel, food) incurred by the Company in recovering the van.
- Outstanding fees for missing or damaged equipment, or other costs owed to the Company at the end of the contract.

Driver Signature: \_\_\_\_\_

## List of SUGGESTED Equipment

By signing this contract, the Driver understands that they are required to provide/purchase the following equipment including but not limited to:

- Portable bed such as a blow-up bed or a folding cot.
- Bedding such as blankets, sleeping bags, pillows, etc...
  - o Tip: The best blankets are moving blankets. They are insulating.
- Heating source such as space heater, propane heater, etc...
- Cooling source such as fan or portable A/C unit etc...
- Power Source such as inverter, power bank, generator, etc...

Driver Signature: \_\_\_\_\_