



TERMS AND CONDITIONS OF SURFACE BROKERAGE SERVICE

These Terms and Conditions of Surface Brokerage Service (these “Terms and Conditions”) apply to surface brokerage services provided for Customer by Fracht FWO Inc. unless superseded by a written agreement signed by both parties.

Definitions

- “Company” shall mean **Fracht FWO Inc.**, Company is a provider of third party logistics services that as here relevant arranges for the transportation of surface shipments and related logistics services for and on behalf of its Customers. Company is authorized and qualified to operate as a property broker pursuant to 49 C.F.R. 371 under license number MC 513193-B.
- “Carrier” as used herein shall mean a licensed for-hire motor carrier which is authorized to transport shipments in interstate commerce pursuant to regulations promulgated by the U.S. DOT.
- “Customer” shall mean the party which retains Company to arrange for the provided Services, and who agrees to be responsible for payment of charges.
- “Services” shall mean all logistics services provided by Company as well as services provided by its Carriers which are independent contractors. Services initiated on a per shipment basis are predicated on an individual rate agreement (the “Spot Quote”). The Spot Quote rate will apply per vehicle/container/trailer/car/ railcar used regardless of actual weight of a shipment and notwithstanding any other published rate or rule in effect. If Customer desires to change the terms of the shipment or cancel the shipment, Customer must notify Company of the changes or cancellation prior to dispatch, or Customer may incur additional charges.
- “Transloading” is defined as activities performed in the loading, unloading or transfer of a product using non-motor carrier equipment types. Examples of equipment used in transloading include cranes, forklifts, boom trucks, etc. Transloading can include short term storage of less than 30 days outside or inside of a facility.

Customer's Warranties

Customer shall be responsible for and warrants compliance by it and all consignors and consignees with applicable laws, rules, and regulations, including, but not limited to, customs laws, import and export laws, anti-corruption laws and governmental regulations of any jurisdiction to, from, through or over which the shipment may be carried. Company assumes no liability to Customer or to any other person for any loss or

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expense due to the failure of Customer to comply with this provision. Any individual or entity acting on behalf of Customer in scheduling shipments hereunder warrants that it has the right to act on behalf of Customer and the right to legally bind Customer.

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Customer Responsibilities

Unless agreed to otherwise in writing, Customer warrants that the consignor shall be responsible for: (i) loading, blocking and bracing the shipment in the Carrier vehicle in such proper and timely manner to prevent shifting of the shipment during normal transportation and to comply with highway weight limits and (ii) that consignee will unload shipments from Carrier vehicle in a timely manner and within free time allowed by Carrier. Detention beyond allowed free time may cause assessment of additional charges. All shipments shall be treated as “Shipper load and count, consignee unload” where shipments are delivered with seal intact. Customer also warrants that consignor will agree to Company’s “Hazardous Materials Transportation Policy” when shipping hazardous materials and that consignor is knowledgeable is shipping hazardous materials.

Payment

Company agrees to submit to Customer an invoice for all services. Customer agrees to pay all such invoices within the time period set forth without offset unless agreed to otherwise in writing. Invoices not paid within this time limit will be subject to interest at the rate of 1 ½% (or, if less, the maximum rate permitted by applicable law) per month or any part thereof plus attorney’s fees in the amount of 25% of the unpaid amount if litigation is required.

Bills of Lading

Any bill of lading used by Customer to tender a shipment to a Carrier shall contain the shipper name and address, consignee name and address, description of the goods, number of packages, and weight. The bill of lading will be deemed to read as if it were a Standard Truckload Bill of Lading. Any terms conditions and provisions of a bill of lading or other receipt shall be subject and subordinate to these Terms and Conditions. Any bill of lading issued by Customer or Carrier shall constitute a delivery receipt only. Customer will not insert Company’s name on a bill of lading.

Responsibility for Freight Charges

Upon payment by Company of freight charges to its retained Carrier, Company acquires by assignment all collection rights of its Carrier. Upon payment by Company to Carrier, Company acquires Carrier’s bill of lading recourse to all parties legally liable for payment of freight charges with respect to amounts not paid in accordance with the payment terms above.

Independent Contractor

Company and its Carriers are and will remain separate independent contractors with respect to Customer and the Services being performed hereunder. Nothing herein shall be construed as creating a legal partnership or joint venture between any parties.

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Insurance

Company shall procure and maintain, at no cost to Customer, and with reputable and financially responsible insurance underwriters, the following insurance coverage:

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- a) Comprehensive general liability insurance in an amount not less than US\$1,000,000 combined single limit per occurrence, US\$2,000,000 aggregate;
- b) Employer's liability insurance with a minimum coverage limit of US\$500,000 for each accident;
- c) Worker's compensation insurance as required by applicable law; and
- d) Any additional insurance required under any and all applicable federal, state, provincial and local laws, rules and regulations.

Company warrants that it will require Carriers it retains to maintain auto liability insurance as required by federal statute as well as worker's compensation insurance as required by applicable law and any additional insurance required by federal, state or local laws or regulations.

Indemnification

Each party shall indemnify, defend and hold harmless the other, its successors and assigns, and their respective affiliates, employees, directors, officers, owners, representatives and agents from any and all losses, claims, demands, damages, liabilities, obligations, costs and/or expenses, including, without limitation, reasonable attorneys' fees to the extent caused by any negligent or willful act or omission of the indemnitor, its employees or agents. Company warrants that Carriers retained by it hold insurance as required by federal statute and that such insurance will inure to Customer's benefit.

Cargo Liability and Claims

All claims will be filed by Customer with the authorized Carrier retained by Company subject to the Federal Claims Rules, 49 C.F.R. §370, the Carmack Amendment, 49 U.S.C. §14706 and 49 U.S.C. §11706 and the terms and conditions of the Standard Truckload Bill of Lading and/or Rail Waybill as appropriate.

Unless otherwise agreed in writing, all truckload shipments will be released to a maximum value not to exceed two dollars and fifty cents (\$2.50) per pound per package subject to a maximum liability of US\$100,000 per vehicle, whichever is less. Used machinery will have a released value of US\$0.10 per pound. Full Liability under Carmack Amendment is available with a 25% the surcharge of the cargo value in addition to the freight charges.

Where substituted rail for motor carrier service is used, liability for cargo loss or damage shall be limited to the extent of applicable railroad claims rules, policy guidelines, railroad rules, packaging guidelines and other service conditions. Rail liability is limited to \$25,000 per railcar. Full Liability under Carmack Amendment is available with a 25% the surcharge of the cargo value in addition to the freight charges.

Where less-than-truckload shipments are tendered, the published service conditions, accessorial charges and release rate of the applicable service provider shall apply. For volume based LTL shipments, cargo liability coverage is \$1.00/lb.

Where transloading and/or warehousing services are provided, liability for cargo loss or damage shall be

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limited to the coverage of each applicable transloader or warehouse provider used by Company unless Customer 1) declares value and requests specific cargo coverage from Company in writing and 2) receives approval to provide cargo coverage for these services from Company in writing.

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When service is arranged to or from points in Mexico, all claims for loss or damage occurring there will be filed by customer with the authorized Mexican carrier retained by company subject to applicable Mexican statutes, laws and limitations of liability.

Undercharge and Overcharge Claims

Except as otherwise expressly provided for herein, Company shall process all overcharges as provided in 49 C.F.R. Part 378. The time limit for filing of initial claims for alleged undercharges or overcharges under the terms of this Agreement shall be one hundred and eighty (180) days from the date of delivery of the shipment. Failure to file a claim challenging initial charges within said one hundred and eighty (180)-day period shall forever bar any action at law for recovery of same. Any action at law by either party to collect alleged undercharges or overcharges under the terms of this Agreement shall be commenced not later than eighteen (18) months after delivery of the shipment. Expiration of said eighteen (18)-month term shall be a complete and absolute defense against any such claim, regardless of any extenuating or mitigating circumstances or excuses of any nature whatsoever.

Waiver

Company and Customer expressly waive all rights and remedies allowed under 49 U.S.C. § 14101 to the extent that such rights and remedies conflict with these Terms and Conditions. Failure of Customer or Company to insist upon the other party's performance under these Terms and Conditions or to exercise any right or privilege herein, will not be a waiver of any rights or privileges.

Force Majeure

Neither Customer nor Company will be liable for any delay in the performance of their respective obligations for Services resulting directly or indirectly from or contributed to by any acts of God, acts of government or other civil or military authorities, acts of terrorists, fires, accidents, floods, war, riot or other circumstances beyond its reasonable control.

Severability

In the event any paragraph(s) and/or portion(s) hereof are found to be invalid and/or unenforceable, then in such event the remainder hereof shall remain in full force and effect.

Choice of Law

These Terms and Conditions and the relationship of Customer and Company shall be construed according to general principles of federal transportation law and the laws of the State of New York without giving consideration to principles of conflict of laws.

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