
MOTOR FREIGHT RULES CIRCULAR

Naming

RULES AND REGULATIONS
AND CHANGES

Applying on

TRUCKLOAD LINE HAUL
FREIGHT ALL KINDS

BETWEEN ALL POINTS
IN THE UNITED STATES

FOR GOVERNING PUBLICATIONS, SEE ITEM 100

THIS RULES CIRCULAR APPLIES ON INTERSTATE COMMERCE

ISSUED: March 1, 2004

EFFECTIVE: March 1, 2004

The provisions herein will not result in an effect on the quality of the human environment.

CHECK SHEET

Pages of this rules circular shown below are effective as of the date shown thereon. (* - indicates revised pages included with this filing). This check sheet will be reviewed as pages to this rules circular are revised or added.

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SECTION 1 - GOVERNING PUBLICATIONS AND DEFINITIONS

Item 100 - Bills of Lading

Shipments transported by Carrier shall be subject to each and every term of the Uniform Straight Bill of Lading (USBOL) published by the National Motor Freight Classification and as may be set forth herein with particularity.

The terms and conditions of the USBOL shall apply notwithstanding the use by Shipper of any other bill of lading or shipping document. Drivers are not authorized to bind Carrier to non-conforming bills of lading and execute bills of lading with alternative terms and conditions as receipts for the shipment only.

Item 110 - Mileage Guide

Where rates are set forth in cents per mile or other calculation based on mileage, distances shall be determined from origin to destination via intermediate points as specified by the Shipper utilizing the most current edition of the following mileage guide:

P.C. Miler

Item 120 - Rates and Schedules

The rules published herein are applicable to all shipments transported by Carrier's unless expressly waived in a signed bilateral contract pursuant to 49 U.S.C. 14101(b). Rates and schedules may be published in rate catalogues, on a shipper specific basis or pursuant to a spot market rate quotation.

Item 130 - Notice and Amendments

Upon written request, Carrier will provide its customers and shippers with copies of all applicable rules circulars and rates. Rules circulars and accessorial charges may be available on Carrier's web site at

www.NorthlandTrucking.com

Item 140 - Canceling Original And Revised Pages, Except the Title Page

When this rules circular is formally amended by revised pages, the cancellation of prior pages will be effected by means of this item. A revised page will not show a cancellation notice. Revisions of each page will be filed in numerical sequence. Except where a specific cancellation is shown on a new revised page, a revised page cancels any and all uncanceled revised or original pages, or uncanceled portions thereof, which bear the same page number (see EXCEPTION). For example: "1st Revised Page 10" for a particular shipper will have the effect of canceling Original Page 10, "45th Revised Page 12" will have the effect of canceling 4th Revised Page 12.

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Item 150 - Other Governing Publications

None.

Item 160 - Definitions

(A) A shipment is a tender of freight received from one consignor, at one time, at one place, destined to one consignee at one location, and covered by one bill of lading.

(B) Carrier shall be named on the bill of lading as the origin carrier of all shipments.

(C) Unless arranged or agreed upon in writing prior to shipment, carrier is not bound to transport a shipment by a particular schedule or in time for a particular market, but is responsible to transport a shipment with reasonable dispatch, as that term is defined at common law. Carrier shall not be responsible for special or consequential damages resulting from the delayed delivery.

(D) Spot rate shall mean a rate agreed upon by only shipper and carrier as applicable to a single shipment or, if in writing, a limited number of shipments representing a continuous number of shipments arranged at a single time with a single offer and a single acceptance.

Item 170 - Abbreviations and Reference Marks

Explanation of abbreviations and reference marks:

| | | |
|-----|---|---|
| @ | = | Addition |
| ◆ | = | Increase |
| ▼ | = | Reduction |
| ▲ | = | Change in wording which result in neither increase or reduction |
| (D) | = | For any mileage not shown, use next greater mileage |
| VMW | = | Volume minimum weight |
| FS | = | Full Service - Loading and unloading included in rate |
| N/A | = | Not applicable |

| | |
|------------|--------------------------------|
| FHWA | Federal Highway Administration |
| STB | Surface Transportation Board |

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RULES OF CIRCULAR 100

ORIGINAL PAGE 7

| | |
|-------------|---------------------------------|
| LB | Pound or pounds |
| LTL | Less-than-truckload |
| M | Thousand |
| MF | Motor freight |
| NOS | Not otherwise specified herein |
| TL | Truckload |
| USBOL | Uniform Straight Bill of Lading |

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SECTION 2 - SCOPE OF OPERATIONS

Item 200 - Territorial Scope

Carrier is authorized by the Federal Motor Carrier Safety Administration (FMCSA) in Docket No. MC-199709 to transport:

General Commodities and Goods.

Item 205 - Commodity Limitations

Carrier does not hold out to transport jewelry, objects d'art, currency, documents, items of usual value or rare metals. Unless otherwise indicated herein or agreed to by contract, Carrier does not hold out to provide temperature controlled service.

Item 210 - Hazardous Materials Provisions

Carrier does not transport hazardous commodities.

Item 215 - Intermodal Shipments

Carrier does not participate in the Uniform Intermodal Interchange Agreement (UIIA).

Item 220 - Mexican Shipments

Carrier does not accept liability for loss or damage to shipments under transport in the Republic of Mexico. Carrier participates in international shipments originating or destined to Mexico on a combination of rates basis notwithstanding any arrangements for through trailer movements. Shippers are advised that liability for cargo loss in the Republic of Mexico differs from U.S. law (49 U.S.C. 14706) and the special arrangements with the Mexican carrier participating in any transborder movements is not the Carrier's responsibility.

Item 225 - Regulated Versus Exempt

The rules set forth in this Circular shall apply to shipments exempt from economic regulation as well as shipments subject to the jurisdiction of the FMCSA. Liability for loss, damage and delay shall be governed by 49 U.S.C. 14706 (the Carmack Amendment).

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Item 230 - Interstate Versus Intrastate

The rules set forth in this Circular shall apply to all shipments handled by Carrier regardless of the origin or destination.

Item 235 - Shipment Limitations

Carrier shall not be required to accept for transportation any truckload shipment which exceeds 45,000 pounds or which occupies more than the full visible capacity of the trailer which is provided.

Item 240 - Impractical Operations

Nothing in this rules circular shall require the carrier to perform pick-up or delivery service at any location from or to which it is impracticable, through no fault or neglect of the carrier to operate vehicles because of:

- (A) The condition of roads, streets, driveways, or alleys;
- (B) Inadequate loading or unloading facilities; or
- (C) Riots, Acts of God, the public enemy, the authority of law, strikes or labor unrest the existence of violence, or such possible disturbances as to create reasonable apprehension of danger to person or property.

Item 245 - Appointments/Pickup and Delivery Times

Pick-ups and deliveries shall be made between 7:00 a.m. and 5:00 p.m., local time. Appointments shall be made at no charge. Carrier shall not be liable for late deliveries or unkept appointments unless such late delivery or unkept appointment is beyond carrier's duty of reasonable dispatch. Shipper and/or Consignee shall facilitate prompt unloading in the event of missed appointments.

Item 250 - Import and Export Freight

(1) Limitation of Carrier's liability for Proper Customs Clearance. Carrier assumes no responsibility for insuring or otherwise providing for clearance of merchandise through or inspection by Mexican or Canadian Customs. Carrier does not represent and specifically disclaims any knowledge or expertise in proper customs clearance and inspection matters. Carrier is not responsible for the acts or omission of the Mexican or Canadian Customs Agent or its affiliated Freight Forwarder that may be selected for the purpose of clearing shipper's merchandise through Customs. Carrier will serve merely as a liaison between shipper and the Mexican or Canadian Customs Agent (and the Customs Agents' Freight Forwarder) at shipper's request and only as a convenience to shipper. Carrier or party in possession shall not be liable for loss, damage, deterioration of the freight or delay in delivery due to the duration of the period required by customs clearance or inspection.

(2) Trailer Rental - Mexican Shipments. The charge for trailer rental on shipments destined for Mexico will be \$30.00 per day from the time of interchange at the U.S./Mexican border until returned. The calculation of time starts when

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shipments are tendered to the forwarding agent.

(3) Carrier assumes no cargo loss responsibility for shortage or damage shipments while in the Republic of Mexico. Clear bills of lading showing safe and damage-free delivery between the U.S./Mexican borders at the pickup or delivery points in the U.S. shall be evidence of Carrier's proper discharge of its cargo responsibility.

Item 255 - Pickup and Delivery Service

The rates named herein include pickup or delivery at all points within the limits of the cities, towns, villages and other points from and to which rates apply, but each shipment will include only one pickup and one delivery.

Item 260 - Shipper Load and Count

All shipments shall be loaded by the shipper and unloaded by the consignee. Carrier's drivers are instructed to sign bills of lading as shipper load and count or "SLC". Inadvertent omission of this notation shall not result in a presumption of carrier liability for shortage or damage (in the absence of upset or accident) where the driver was either not present or not allowed to observe the loading and unloading.

Item 265 - Free Time

Carrier shall allow two (2) hours of free time both for loading and unloading for vehicles with power units and drivers. When any portion of free time extends into a Saturday, Sunday or national holiday, the computation of free time shall not resume until 12:01 a.m. on the next day which is neither a Saturday, Sunday or national holiday.

Carrier shall allow twenty-four (24) hours of free time both for loading and unloading of spotted trailers. Such time shall commence from the time the trailer is spotted or from the time the trailer was requested to be spotted, whichever is later, but Saturdays, Sundays or holidays shall not be included in the calculation of free time.

Item 270 - Substituted Service

For its operating convenience, carrier reserves a right to hire other carriers qualified subcontractors to provide all or part of given movements. Carrier agrees to protect the rates set forth herein when substituted services are provided and warrants that all terms, conditions, duties and obligations owed to shipper by this Circular, bill of lading, and/or contract will be provided.

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SECTION 3 - ACCESSORIAL CHARGES

Item 300 - Application of Accessorial Charges

In addition to the line haul or base rate for any shipment and unless otherwise agreed in writing, the following accessorial charges shall apply and shall be reflected on the Carrier's invoice for services rendered.

Item 305 - Detention - Vehicles With Power Units

(A) This item applies on shipments when the carrier's vehicles with driver and power units are delayed or detained beyond the free time provided for herein at time of delivery to the consignee or at time of pick-up at the consignor's place of business when such delay is not the fault of the carrier.

(B) Charges for detention will be charged to the consignee in the case of unloading and to the shipper in the case of loading.

(C) When computing time, the beginning time shall be the time the driver notifies the shipper or consignee of driver's arrival and that the trailer is available for loading or unloading, as the case may be, but in no case shall time commence prior to the time of any appointment or the actual time of loading or unloading, whichever is first.

(D) When computing detention charges, all non-working time shall be excluded. Non-working time includes lunch breaks, coffee breaks and rest breaks.

(E) If, at the end of the business day, unloading has not been completed and cannot be completed that day, the shipper or consignee shall be given the following options:

(1) Carrier may return to carrier's terminal with what freight has not been unloaded, but carrier shall return the following day with the balance of the freight at the commencement of shipper's or consignee's work day; or

(2) Carrier will spot trailer at shipper or consignee location and return the following day, and further, trailer will be subject to charges for detention without power pursuant to Item 310 beginning immediately upon spotting of the trailer; and,

(3) In either case, any unused free time from the first day will continue into the second day, charges to commence when all free time has expired.

Item 305 - Detention - Vehicles With Power Units (continued)

(F) If a vehicle is both unloaded and reloaded, each transaction will be considered separately and free time shall apply to each separately.

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- (G) When delay occurs beyond free time, the charge for detention shall be \$ 50.00 per hour or fractions thereof.
- (H) Carrier shall give shipper or consignee the opportunity of signing the detention records and the shipper or consignee is to make any corrections to these records at the time. If the shipper or consignee refuses to sign these records, carrier's records will govern.

Item 310 - Detention - Vehicles Without Power Units

- (A) This item applies when carrier spots a trailer at the facilities of the shipper or consignee for the loading or unloading of shipments upon the request of shipper, but this Item nor detention under any other term or condition shall apply if the carrier spots the trailer for carrier's convenience with or without the authorization of shipper or consignee.
- (B) Time shall commence with the spotting of the trailer and shall end when carrier is notified by the shipper or consignee that the trailer is available for removal from the premises of the shipper or consignee.
- (C) If a trailer is both unloaded and re-loaded, an additional two (2) hours free time shall be allowed.
- (D) After expiration of free time as provided herein, charges for delaying the trailer beyond free time be \$30.00 per 24 hour period or fraction thereof.

Item 315 - Loading and Unloading

Rates in this rules circular contemplate loading of the freight by the shipper and the unloading of freight by the consignee, except that if the shipper or consignee requests and the carrier furnishes outside labor to load or unload the vehicle, all charges for such outside labor are to be paid by the shipper or consignee, who will be billed for actual time of outside labor. If the driver is requires to assist with loading and/or unloading, a charge of \$20.00 per hundred weight will be assessed in addition to all other applicable charges. All charges for additional labor shall be agreed to in writing at the time services are provided.

When carrier is required or requested to load or unload freight on Saturdays, Sundays or national holidays, an extra charge of \$100.00 will be assessed in addition to other applicable charges. Holidays will include New Year's Day, Memorial Day, July 4, Labor Day, Thanksgiving Day, and the day after Thanksgiving, Christmas Eve and Christmas Day.

Item 320 - Pallet Exchange

In those instances where a party requests carrier perform pallet exchange services, said service will be performed by carrier at a charge of \$ 6.00 per pallet in addition to all other applicable rates and charges. Requests for pallet exchange service must be noted on the bill of lading at the time of pick-up by carrier. Charges for this will be billed to the party paying the freight charges.

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Item 325 - Equipment Ordered But Not Used

Where call-on-demand service is requested and then canceled within twenty-four (24) hours of scheduled pick-up, shipper shall pay \$ 150.00 for equipment ordered but not used, plus \$ 1.20 per mile for all out of route miles incurred by carrier in positioning equipment for canceled pick-up.

Item 330 - Collect on Delivery

Carrier does not hold out to provide a collect on delivery service. Carrier's drivers are not authorized to accept bills of lading which require that consignee to pay the driver in cash or by check for the goods transported as a precondition of delivery. If a collect on delivery shipment is inadvertently accepted and delivered without obtaining payment or if payment is stopped on uncertified funds, shipper's sole recourse shall be to the consignee.

Item 335 - Additional License, Permit Fees, and Inbond Permits

Whenever any additional license or permits are required, such as but not limited to, foreign commerce or customs fees, the charges for same shall be added to the freight invoice.

Shipments moving under U.S. Customs Bond will be subject to a charge of \$100.00 for handling each shipment.

Item 340 - Reconsignment or Diversion

A request for the reconsignment or diversion of a shipment will be subject to the following definitions, conditions and charges:

- (A) A request for reconsignment or diversion must be confirmed in writing, which shall include facsimile transmissions.
- (B) A reconsignment prior to movement of a shipment shall bear the rate that would otherwise have applied if the shipment was originally scheduled for movement to the final destination.
- (C) A diversion en route shall bear a charge of \$ 1.40 per mile for each shipment reconsigned or diverted. Charges from origin to point of reconsignment or diversion shall be determined on the basis of the distance from origin to final destination via the reconsignment or diversion point.
- (D) If the shipment is returned to the origin point, the rate to be applied will be the applicable rate to the most distant point actually traveled in addition to the mileage rate from same back to point of origin.

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Item 345 - Stop-Offs

The following provisions govern shipments accorded additional stops in transit to partially load or unload, except as otherwise specifically provided.

- (A) Shipments received from one consignor at one point at one time and covered by one bill of lading, may be stopped in transit for partial loading and/or unloading only at points within the scope of carrier's operations or as otherwise agreed by carrier.
- (B) The party or parties authorized and designated by the shipper to accept or tender freight at a point or place of stop-off may be the same or other than the billed consignee.
- (C) The bill of lading shall designate the following:
 - (1) Stop-off point or points and places.
 - (2) The weight, quantities, markings, and description of articles to be loaded or unloaded.
 - (3) The name and address of the party authorized to tender freight or to accept freight for unloading at point of stop-off.
- (D) The driver of the vehicle shall obtain in writing a statement such as a notation on the freight bill or delivery receipt of the quantity and description of the portion of the shipment unloaded at each stop-off point or on the bill of lading.

Item 345 - Stop-Offs (continued)

- (E) Stop-offs for partial loading or unloading will not be permitted on shipments moving on which Section 7 of the bill of lading has been executed.
- (F) The substitution of freight for that originally loaded or any exchange of contents at a point or place of stop-off may be permitted if agreed to with shipper and noted on the bill of lading.
- (G) Freight charges on a shipment stopped to partially load or unload must be prepaid or guaranteed by the shipper. If not prepaid, the shipper must show on the bill of lading the name of one party from whom the entire freight charges, including the stop-off charges, shall be collected, which must be a party to whom a portion of the shipment is to be delivered.
- (H) The rate that the shipper shall pay for carrier's stop-off service shall be \$75.00 for the first two stops and \$ 100.00 for each additional stop in transit.
- (I) Transportation charges, other than the charges for the stop-off service shall be assessed at the rate applicable from point or origin to final destination.

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Item 350 - Expedited Service/Exclusive Use

Carrier is not bound to transport property in any particular vehicle in time for any particular market other than to transport merchandise with reasonable dispatch. Carrier is not responsible for any loss which might be incurred as a result of special or consequential damages.

Unless shipper makes arrangements for team drivers or special relays, shipper understands that truckload shipments will be transported from origin to destination by a single driver in accordance with the U.S. Department of Transportation hours of service requirements.

When carrier is requested by consignor or consignee to provide expedited or team service and additional charge of \$0.20 per mile will be assessed on line haul charges only to the party making the request.

The bill of lading must be noted "Carrier requested to provide expedited or team service."

These charges will be in addition to all other applicable charges.

Item 355 - Proof of Delivery Charge

Proof of Delivery Charge - A charge of \$25 will apply for providing proof of delivery on shipments to which no exceptions were noted.

Item 360 - Special Services - Empty Miles At Shipper's Convenience

When carrier agrees to relocate revenue equipment at the request of consignor or consignee for shipper's or consignee's convenience, a charge of \$1.20 per mile will be billable to the consignor or consignee making the request. Empty miles will be calculated from empty equipment origin to point of equipment utilization based upon the applicable mileage guide. Carrier will notify shipper of the location of subject equipment prior to movement.

Item 365 - Miscellaneous Accessorial Charges

For shipments originating at or destined to New York City, NY or Long Island, NY, a surcharge of \$150.00 shall apply.

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Item 370 - Fuel Surcharge

Rates will be increased by \$0.01 per mile for every \$0.05 per gallon by which the weekly DOE price exceeds a fuel peg of \$1.16 per gallon (see below).

| <u>DOE Fuel Index Range</u> | <u>Fuel Surcharge Per Dollar</u> |
|---------------------------------|--------------------------------------|
| 116-120 | 0 |
| 121-125 | 1 |
| 126-130 | 2 |
| 131-135 | 3 |
| 136-140 | 4 |
| 141-145 | 5 |
| 146-150 | 6 |
| 151-155 | 7 |
| 156-160 | 8 |
| 161-165 | 9 |
| 166-170 | 10 |
| 171-175 | 11 |

Item 370 - Fuel Surcharge (Continued)

- (A) The U.S. average diesel fuel price issued by the DOE's Energy Information Administration, National Energy Information Center (202) 586-6966 #1 each Monday will be the weekly fuel cost used. If the fuel index is not issued on Monday, the next index issued will be used.
- (B) The fuel surcharge will be calculated weekly.
- (C) The fuel surcharge will be effective two days after the diesel fuel price referred to in (a) as issued by DOE. Example: For a fuel index issued on Monday, the fuel surcharge will be effective the following Wednesday.

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SECTION 4 - CLAIMS LIABILITY AND LIMITATIONS

Item 400 - Limitation of Carrier Liability

Carrier will not be liable to the owner of property for loss or delay caused by (1) an act of default of the shipper, owner or consignee; (2) an Act of God, the public enemy, authority of law, quarantine, embargo, riot, strike, perils of navigation, or hazard and danger incident to a state of war; and (3) freezing or spoiling of any perishable goods or property or for natural shrinkage. Carrier shall not be liable for any special, incidental, indirect or consequential damages (including without limitation lost profits or business opportunity) or punitive or exemplary damages incurred or suffered by the shipper as a result of overage, shortage or damage to shipments transported.

Item 405 - Packing or Packaging - Shortage

Carrier will not be responsible for shortage on shipments which are banded, strapped, netted, shrink-wrapped or otherwise secured to bins, pallets, platforms or skids when such securing material is found to be intact at the time of unloading by consignee. Carrier will only be responsible for the number of binds, pallets, platforms or skids on such shipments.

Item 410 - Special and Consequential Damages

Carrier shall not be liable for special, incidental, indirect or consequential damages (including without limitation, lost profits, or business opportunity) or punitive and exemplary damages incurred or suffered by the Shipper as a result of shortage, damage or delay.

Item 415 - Released Evaluation/Simplified Pricing

Unless otherwise agreed in writing, all motorcommon carrier shipments are rated as Freight All Kinds for named customers and are subject to a maximum cargo liability of \$ 2.50 per pound per article or \$ 150,000 per truckload shipment, whichever is less.

Item 420 - Alternative Rates Available

Shippers may obtain rates for shipments with higher release values than those indicated above from carrier's Director of Pricing by calling 602.254.007. Any such alternative rate shall be reflected by the insertion of the higher release value and specially assigned identification number on the bill of lading at the time of pick-up.

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Item 425 - Inadvertence Clause

If a shipper declares a value exceeding \$5.00 per pound per article or \$150,000 per truckload without insertion of the corresponding specially assigned identification number, the shipment will not be accepted, but if the shipment is inadvertently accepted, it will be considered as being released to a value of \$5.00 per pound per article or \$150,000 per truckload, whichever is less, and the shipment will move subject to such limitation of liability.

Item 430 - Spotted Equipment

Carrier responsibility for cargo begins when Carrier picks up the shipment from the Shipper's dock, or in the case of spotted equipment when Carrier takes physical possession of the loaded trailer. Carrier's responsibility ends when the shipment is delivered or in the case of spotted equipment, when the loaded trailer is placed in the consignee's premises for its unloading convenience.

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SECTION 5 - CLAIMS PROCESSING AND SALVAGE***Item 500 - Cargo Claims Application***

The provisions of this Circular are filed in compliance with Federal Claim, Loss and Damage Regulations (49 C.F.R. 370 and the USBOL) which shall govern the investigation and disposition of claims for loss, damage, or delay to property transported or accepted for transportation in interstate or foreign commerce.

Item 510 - Filing of Claims

(A) Claims in writing are required within nine (9) months from the date of delivery or a reasonable time during which the delivery should have been accomplished. A claim for loss, damage, injury or delay to cargo shall not be voluntarily paid by carrier unless filed in writing, as provided in subparagraph (b) of this Item with carrier within the specified time limits applicable thereto and as otherwise may be required by law, the terms of the bills of lading or other contract of carriage, and all rules circular provisions applicable thereto. Claims for concealed damages will be submitted to carrier within forty-eight (48) hours of delivery. Any suit to recover loss of damage or delay to cargo must be instituted no later than two years and one day after the claim is denied.

(B) Minimum filing requirements. A communication in writing from a claimant, filed with carrier within the time limits specified in the bill of lading or contract of carriage or applicable contract between carrier and shipper and (1) containing facts sufficient to identify the shipment (or shipments) of property involved; (2) asserting liability for alleged loss, damage, injury or delay; and (3) making claims for the payment of a specified or determinable amount of money, shall be considered as sufficient compliance with the provisions for filing claims embraced in the bill of lading or contract of carriage or applicable contract between carrier and shipper.

(C) Documents not constituting claims such as bad order reports, appraisal reports of damage, notations of shortages or damage, or both, on freight bills, delivery receipts, or other documents, or inspection reports issued by shipper or its inspection agency, whether the extent of loss or damage is indicated in dollars and cents or otherwise shall, standing alone, not be considered by carrier as sufficient to comply with the minimum claim filing requirements specified in subparagraph(b) above.

(D) Claims filed for uncertain amounts. Whenever a claim is presented against carrier for an uncertain amount such as "\$100 more or less," carrier shall determine the condition of the baggage or shipment involved at the time of delivery by it, if it was delivered, and shall ascertain as nearly as possible the extent, if any, of the loss or damage for which it may be responsible. It shall not, however, voluntarily pay a claim under such circumstances unless and until a formal claim in writing for a specified or determinable amount of money shall have been filed in accordance with the provisions of subparagraph (b) above.

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Item 520 - Acknowledgment of Claims

(A) Carrier shall, upon receipt in writing of a proper claim in the manner and form described in these regulations, acknowledge the receipt of such claim in writing to the claimant within thirty (30) days after the date of its receipt by carrier unless carrier shall have paid or declined such a claim in writing within thirty (30) days of the receipt thereof. Carrier shall indicate in its acknowledgment to the claimant what, if any, additional documentary evidence or other pertinent information may be required by it to further process the claim as its preliminary examination of the claim, as filed, may have revealed.

(B) Carrier shall, at the time each claim is received, create a separate file and assign thereto a specific unique claim file number and note that number on all documents filed in support of the claim and all records and correspondence with respect to the claim, including the written acknowledgment of receipt and, if in its possession, the shipping order and delivery receipt, if any, covering the shipment involved. At the time such claim is received, carrier shall cause the date of receipt to be recorded on the face of the claim document, and the date of receipt shall also appear in carrier's written acknowledgment of receipt to the claimant.

Item 530 - Investigation of Claims

(A) Prompt investigation is required. Each claim filed against carrier in the manner prescribed herein shall be promptly and thoroughly investigated if investigation has not already been made prior to receipt of the claim. Unless perishable commodities are involved, the shipper or consignee in possession shall afford carrier five (5) days to inspect any damaged shipment prior to dispensation.

(B) Supporting documents. When a necessary part of any investigation, each claim shall be supported by the original bill of lading, evidence of the freight charges, if any, and either the original invoice containing invoice value, a photographic copy of the claim to be true and correct with respect to the property and value invoiced in the claim; or certification of prices or values, with trade or other discounts, allowances or deductions of any nature whatsoever and the terms thereof, or depreciation reflected thereon; provided, however, that where the property shows on the bill of lading or where the invoice does not show price or value, or where the property involved has not been sold, or where the property has been transferred at bookkeeping values only, carrier shall, before voluntarily paying a claim thereon, require the claimant to establish the destination value in the quantity shipped, transported, or involved and certify the correctness thereof in writing or show an alternative applicable value arising by reason of alternatively applicable contract terms.

(C) Verification of loss. A prerequisite to the voluntary payment by carrier of a claim for loss of an entire package or an entire shipment shall be the securing by it of a certified statement in writing from the consignee of the shipment involved that the property for which the claim is filed has not been received from any other source.

Item 540 - Disposition of Cargo Claims

Carrier shall pay, decline, or make a firm compromise settlement offer in writing to the claimant within one hundred twenty (120) days after receipt of the claim by carrier; provided, however, that if the claim cannot be processed and disposed of within 120 days, after expiration of each succeeding sixty (60) day period while the claim remains pending, carrier shall

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advise the claimant in writing of the status of the claim and the reason for delay in making final disposition thereof and it shall retain a copy of each such advice to the claimant in its claim file thereon.

Item 550 - Claims Loss and Damage - Salvage

(A) Whenever property transported by carrier is damaged or alleged to be damaged and is, as a consequence thereof, not delivered or is rejected or refused upon tender thereof to the owner, consignee, or person entitled to receive such property, carrier, after giving due notice, wherever practicable to do so, to the owner and other parties that may have an interest therein, and unless advised to the contrary after giving such notice, shall undertake to sell or dispose of such property directly or by the employment of a competent salvage agent. Carrier shall only dispose of the property in a manner that will fairly and equally protect the best interests of all persons having an interest thereon. Carrier shall make an itemized record sufficient to identify the property involved so as to be able to correlate it to the shipment or transportation involved, and claim, if any, filed thereon. Carrier shall also assign to each lot of such property a successive lot number and note that lot number on its record of shipment and claim, if any claim is filed thereon.

(B) Whenever disposition of salvage material of goods shall be made directly to an agent or employee of carrier or through a salvage agent or company in which carrier or one or more of its directors, officers, or managers has any interest, financial or otherwise, carrier's salvage records shall fully reflect the particulars of each such transaction or relationship, or both, as the case may be.

(C) Upon receipt of a shipment on which salvage has been processed in the manner herein before prescribed, carrier shall record on its claim file thereon the lot number assigned, the amount of money recovered, if any, from the disposition of such property, and the date of transmittal of such money to the person or persons lawfully entitled to receive the same.

Item 560 - Disposition of Overage

Consignee shall accept overages in fulfillment of its duty to mitigate damages. Overages will be returned to the consignee or shipper by carrier upon request in return for payment of carrier's applicable freight charges.

In the event consignor and consignee decline to accept overages and mitigate damages, carrier shall treat any overage as salvage and after notice shall sell same in accordance with the bill of lading contract and the terms of this circular. The proceeds of any such sale less carrier's freight and storage charges shall be remitted to the person or persons lawfully entitled to receive same.

Carrier shall not be liable for any difference between the sales price of overage and the destination market value where the shipper and consignee decline to mitigate damages.

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SECTION 6 - COLLECTION AND PAYMENT OF FREIGHT CHARGES

Item 610 - Invoices

Carrier shall submit an invoice to the specified party in accordance with the requirements of Federal regulations governing regulated transportation. Carrier will retain delivery receipts and proofs of delivery which will be provided upon specific request in accordance with the provisions of this circular.

Item 620 - Collection and Payment of Charges

Except as otherwise provided in this rule, transportation charges will be collected by carrier at the time shipments are delivered.

Upon taking precautions deemed by carrier to be sufficient to assure payment of charges within the credit period herein specified, carrier shall make delivery of freight in advance of the payment of charges thereon and will extend credit in the amount of such charges to those who undertake to pay them for a period of thirty (30) days, or as otherwise agreed to with shipper in writing, excluding Sundays and legal holidays, from the presentation of the freight bill.

Item 630 - Payment Without Offset

Consignor and/or Consignee shall pay all freight charges when due without offset for any cause, including but not limited to, cargo claims. All claims for loss or damage shall be governed by this Circular and following and neither consignor nor consignee shall deprive carrier of proper cargo insurance adjustment by unilateral deduction of claims from payment of freight charges due.

Item 640 - Interest and Fees on Past Due Accounts

Carrier will assess one and one-half percent (1½%) per month on past due indebtedness for collection, handling, late fees and interest. In the event carrier deems it necessary to retain the services of legal counsel to collect any outstanding indebtedness, shipper shall pay attorneys' fees in the amount of \$1000.00 or twenty-five percent (25%), whichever is greater of the past-due indebtedness.

Item 650 - Third Party Billing

Carrier does not employ property brokers or other intermediaries as its agents for the solicitation of shipments or the collection of freight charges. Carrier will invoice the shipper's broker, bank or other agent for freight charges. Carrier reserves the right to bill and collect freight charges from the shipper on prepaid shipments or the consignee on collect shipments in the event full payment of freight charges is not received pursuant to third party billing.

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A shipment in which charges are to be paid by a party other than the consignor or consignee will be accepted provided recourse to the consignor is preserved with the carrier picking the shipment up at origin. The consignor and consignee guarantee to pay the charges if the third party fails to do so in the time allotted under the applicable credit regulations. Any such shipment will not be accepted if the consignor executes a nonrecourse provision of the bill of lading.

Item 660 - Priority of Freight Charge Obligation

When arrangements are made with intermediaries for transportation services provided by carrier and the intermediary in turn bills the shipper or beneficial owner of the goods for freight charges inclusive of carrier's rates, the following rules shall apply:

- (1) The intermediary will segregate money due owing to carrier from other accounts.
- (2) Intermediary will pay carrier without offset from funds received and shall not commingle, pledge, encumber or hypothecate funds received by it intended for payment of freight charges to carrier.
- (3) When the arranger of transportation is a carrier or freight forwarder, a constructive interline trust shall apply.
- (4) When the arranger of transportation is a property broker, the regulations set forth at 49 C.F.R. §371 shall apply and monies received by the broker shall be segregated from its other assets and liabilities.
- (5) In no event shall accounts receivable pledge or encumber by any intermediary be inclusive of freight charges billed by it to the extent those freight charges are due and owing to carrier.

Carrier preserves recourse for payment of all freight charges to the consignor, unless Section 7 of the USBOL is signed, and to the consignee unless prior notice is given that the consignee is not to be responsible for freight charges in accordance to Section 7 of the USBOL.

Item 670 - Lien for Freight Charges

Carrier shall have a possessory lien on shipments in its dominion and control for the payment of freight charges past and present.

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