

AMERICAN FAST FREIGHT / HAWAIIAN OCEAN TRANSPORT – Credit Application (Page 2 of 2)

RULES – UNIFORM BILL OF LADING TERMS AND CONDITIONS

Sec. 1. (a) The carrier, defined to include freight forwarders, or the party in possession of any of the property described in this bill of lading shall be liable as at common law for any loss thereof or damage thereto, except as hereinafter provided.

(b) No carrier shall be liable for any loss or damage to a shipment or for any delay caused by an Act of God, the public enemy, the authority of law, or the act or default of shipper. Except in the case of negligence of the carrier or party in possession, the carrier or party in possession shall not be liable for loss, damage or delay which results: when the property is stopped and held in transit upon request of the shipper, owner or party entitled to make such request; or from faulty or impassible highway, or by lack of capacity of a highway bridge, ferry, ship or barge or from a defect or vice in the property; or from riots or strikes. The burden to prove freedom from negligence is on the carrier or the party in possession.

Sec. 2. 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 with reasonable dispatch. In case of physical necessity, carrier may forward a shipment via another carrier.

Sec. 3. (a) As a condition precedent to recovery, claims must be filed in writing with: freight forwarder or any participating carrier having sufficient information to identify the shipment.

(b) Claims for loss or damage must be filed within nine months after the delivery of the property (or, in the case of export traffic, within nine months after delivery at the port of export), except that claims for failure to make delivery must be filed within nine months after a reasonable time for delivery has elapsed.

(c) Arbitration for loss, damage, injury or delay shall be instituted against any carrier not later than two years and one day from the day when written notice is given by the carrier to the claimant that the carrier has disallowed the claim or any part or parts of the claim specified in the notice. Where claims are not filed or arbitration is not instituted thereon in accordance with the foregoing provisions, no carrier shall be liable and such claims shall not be paid.

(d) Any carrier or party liable for loss of or damage to any of said property shall have the full benefit of any insurance that may have been effected, upon or on account of said property, so far as this shall not void the policies or contracts of insurance, PROVIDED, that the carrier receiving the benefit of such insurance will reimburse the claimant for the premium paid on the insurance policy or contract.

Sec. 4. (a) If the consignee refuses the shipment tendered for delivery by carrier or if carrier is unable to deliver the shipment, because of fault or mistake of the consignor or consignee, the carrier's liability shall then become that of a warehouseman. Carrier shall promptly attempt to provide notice, by telephonic or electronic communication as provided on the face of the bill of lading, if so indicated, to the shipper or the party, if any, designated to receive notice on this bill of lading. Storage charges, based on carrier's tariff, shall start no sooner than the next business day following the attempted notification. Storage may be, at the carrier's option, in any location that provides reasonable protection against loss or damage. The carrier may place the shipment in public storage at the owner's expense and without liability to the carrier.

(b) If the carrier does not receive disposition instructions within 48 hours of the time of carrier's attempted first notification, carrier will issue a second and final confirmed notification. Such notice shall advise that if carrier does not receive disposition instructions within 10 days of that notification, carrier may offer the shipment for sale at a public auction and the carrier has the right to offer the shipment for sale. The amount of the sale will be applied to the carrier's invoice for transportation, storage and other lawful charges. The owner will be responsible for the balance of charges not covered by the sale of the goods. If there is a balance remaining after all charges and expenses are paid, such balance will be paid to the owner of the property sold hereunder, upon claim and proof of ownership.

(c) Where carrier has attempted to follow the procedure set forth in subsections 4(a) and (b) above and the procedure provided in this section is not possible, nothing in this section shall be construed to abridge the right of the carrier at its option to sell the property under such circumstances and in such manner as may be authorized by law. When perishable goods cannot be delivered and disposition is not given within a reasonable time, the carrier may dispose of property to the best advantage.

(d) Where a carrier is directed by consignee or consignor to unload or deliver property at a particular location where consignor, consignee, or the agent of either, is not regularly located, the risk after unloading or delivery shall not be that of the carrier.

Sec. 5. (a) In all cases not prohibited by law, where a lower value than the actual value of the said property has been stated in writing by the shipper or has been agreed upon in writing as the released value of the property as determined by the classification or tariffs upon which the rate is based, such lower value plus freight charges if paid shall be the maximum recoverable amount for loss or damage, whether or not such loss or damage occurs from negligence.

(b) No carrier hereunder will carry or be liable in any way for any documents, coin money, or for any articles of extraordinary value not specifically rated in the published classification or tariffs unless a special agreement to do so and a stipulated value of the articles are endorsed on the bill of lading.

Sec. 6. Every party, whether principal or agent, who ships explosives or dangerous goods, without previous full written disclosure to the carrier of their nature, shall be liable for and indemnify the carrier against all loss or damage caused by such goods. Such goods may be warehoused at owner's risk and expense, sold or destroyed without compensation.

Sec. 7. (a) The consignor or consignee shall be liable for the freight and other lawful charges accruing on the shipment, as billed or corrected, except that collect shipments may move without recourse to the consignor when the consignor so stipulates by the signature or endorsement in the space provided on the face of the bill of lading. Nevertheless, the consignor shall remain liable for transportation charges where there has been an erroneous determination of the freight charges assessed, based upon incomplete or incorrect information provided by the consignor.

(b) Notwithstanding the provisions of subsection (a) above, the consignee's liability for payment of additional charges that may be found to be due after delivery shall be as specified by 49 U.S.C. § 13706, except that the con-

signee need not provide the specified written notice to the delivering carrier if the consignee is a for-hire carrier.

(c) Nothing in this bill of lading shall limit the right of the carrier to require the prepayment or guarantee of the charges at the time of shipment or prior to delivery. If the description of articles or other information on the bill of lading is found to be incorrect or incomplete, the freight charges must be paid based upon the articles actually shipped.

Sec. 8. If this bill of lading is issued on the order of the shipper, or his agent, in exchange or in substitution for another bill of lading, the shipper's signature on the prior bill of lading or in connection with the prior bill of lading as to the statement of value or otherwise, or as to the election of common law or bill of lading liability shall be considered a part of this bill of lading as fully as if the same were written on or made in connection with this bill of lading.

Sec. 9. (a) Unless previously agreed in writing and supported by freight value declaration submitted by the Shipper, the Carrier's liability shall be limited to the lesser of: (1) the Shipper's invoice value of the goods plus transportation charges paid; or (2) \$7.50 per pound of the weight of any goods lost, or damaged portion of the goods, up to a maximum of \$250,000 per consolidated FEU. In no event shall carrier's liability exceed the goods' invoice value plus transportation paid.

(b) Carrier offers Shipper freight rates which impose on Carrier full and limited liability for lost or damaged cargo. Carrier shall supply and make available to Shipper full cargo liability freight rates on Shipper's request. Shipper acknowledges the availability of carrier full liability. In the absence of Shipper's request for full liability service, Shipper acknowledges that it waives carrier's full liability for lost, or damaged cargo, and agrees to the terms stated in (a) above.

(c) Carrier offers Shipper all risk cargo insurance from third-party insurers on request to the extent Shipper qualifies for such insurance per terms provided by the third party insurers.

Sec. 10 (a) Subject to the overall limitation of liability set forth in Section 9(a), if any of Shipper's cargo is transported by water carrier, such transportation is provided subject to the water carrier terms, provisions, limitations of liability and pertinent laws applicable to water carriers. The Shipper shall save harmless and keep Carrier indemnified from and against any claims of a General Average nature which may be made to the Carrier. Where potential liability for General Average arises in connection with Shipper's goods, Shipper shall promptly provide a bond or other security to the Carrier, or to any other party designated by the Carrier, in a form acceptable to the Carrier, in the amount of the general average claim.

(b) The Shipper warrants and guarantees that all information provided by Shipper to Carrier regarding the goods is accurate and correct. Shipper shall hold Carrier harmless for all claims by U.S. Customs and Border Patrol authorities (duties, levies, taxes, fines etc.) against the Carrier in connection with Shipper's goods. Where potential civil liability for any violation of U.S. or foreign security and/or anti-terrorism statutes or regulations arises in connection with Shipper's goods, Shipper shall promptly provide a bond or other security to the Carrier or to any other party designated by the Carrier in a form acceptable to the Carrier.

NOTE: Sections 1 a & b, 3 a, 4 b & c, 6, 9 a, b & c and 10 a & b contain exceptions to NMFC Uniform Bill of Lading Terms and Conditions.