

ITEM 535 - Collection of Freight Charges

Section A - General

1. All rates and charges are subject to the payment rules and regulations provided in 49 CFR Part 377as amended and in effect at the time of shipment.
2. All lawfully applicable freight charges are due and payable at time of shipment for PREPAID shipments, and at time of delivery for COLLECT shipments. Upon request and receipt of information sufficient to assure payment of freight charges at a later date, and at Carriers discretion, credit may be extended for a period of thirty (30) calendar days, beginning on the day following the date of mailing of the Freight Bill by the carrier, including Saturdays, Sundays, and holidays.
3. A prepaid shipment is one on which the charges for transportation service rendered at the request of the consignor, including charges for any accessorial services performed at the request of the consignor, are to be paid by the shipper.
4. A collect shipment is one which the charges for transportation service, including accessorial services rendered at the request of the consignee, or requested by the consignor for the consignee, are to be paid by the consignee.
5. If, in the judgment of Carrier, the forced sale of the goods would not realize the total charges due at destination, the shipment must be prepaid.
6. If a shipment is required by this Tariff to be prepaid, it will be accepted on a collect basis only if the consignor or shipper has established credit with Carrier and the consignor or shipper guarantees to pay the charges if the consignee fails to do so within the time allowed under the provisions of Item 535 of this Tariff. Such a shipment will not be accepted if the consignor executes Section 7 of the Bill of Lading.
7. The consignor and shipper remain liable for transportation charges when there are incomplete or conflicting terms or information on the bill of lading.
8. No shipment will be accepted when the line haul transportation charge is partially prepaid or

partially collect.

Section B - Service Charges

1. This section establishes a service charge for payments made after the expiration of an authorized credit period, as permitted by 49 C.F.R. 377.203(e)(3). Carrier hereby informs shipper that:
 - a. The only purpose of this rule is to prevent a shipper who does not pay on time from having free use of funds due the Carrier;
 - b. Carrier does not sanction payment delays; and
 - c. Failure to pay within the authorized credit period will, despite this provision for a service charge, continue to require the carrier, before extending credit, to determine in good faith whether the shipper will comply with credit regulations in the future.

2. Failure to make payment of freight charges to the carrier for service performed within sixty (60) calendar days of presentation of Freight Bill will result in the following late payment service charges:

<u>Age of Unpaid Invoice</u>	<u>Late Payment Service Charge (% of principal)</u>	<u>Minimum Service Charge</u>
61-90 days	25%	\$125.00
Over 90 days	50%	\$250.00

Section C - Collection Expense Charge

This section assesses liquidated damages for all costs incurred in the collection of overdue freight charges, pursuant to 49 C.F.R. 377.203(g)(1)(ii). Where Payor of Freight Charges fails to make payment during the authorized credit period of fifteen (15) days net, thirty (30) days courtesy, all discounts are revoked, and Payor is required to make payment at the applicable full, non-discounted rate. The difference between the discount and the full rate constitutes Carrier’s liquidated damages for its collection effort. This provision applies automatically at the expiration of the authorized credit period,

without the need for Carrier to reinvoice Payor for the full, undiscounted rates. The failure of Carrier to reinvoice Payor for the full, undiscounted rates does not waive Carrier's right to collect such rates.

Section D - Returned Checks

When a check is issued for payment of a carrier's freight bill, or to cover charges for any other lawfully applicable service performed by the Carrier, and the check is returned unpaid due to insufficient funds, or stop payment, or any other reason, an additional service charge of \$40.00 per check or the maximum amount allowed by applicable law will be assessed.

Section E - Bank fees

Any charges assessed against Carrier for International bank fees will be payable by the Payor of Freight Charges.

Section F - Third Party Billing

1. When a party other than the consignor or consignee on the bill of lading and shipping order is responsible for paying the freight charges, the name and address of such third party must be placed on the bill of lading and shipping order by the consignor at the time of shipment, except as provided in Paragraph 3.
2. When consignor or shipper requests Carrier to bill a third party, the shipment will be considered prepaid and payment of charges guaranteed by the consignor or shipper. If the third party fails to pay such charges within the specified credit period, the consignor or shipper will be responsible for payment.
3. Shipments subject to the provisions of this section will not be accepted if the consignor executes Section 7 of the Bill of Lading. If the shipment is inadvertently accepted, the signing of Section 7 will NOT be applicable and the consignor or shipper will remain liable for all freight charges.
4. A third-party payor must have an address in the US, Canada, Mexico, or Puerto Rico. Others will not be accepted.
5. If a customer receives an invoice billing them as the 3rd party payor and it is not responsible for payment of the freight bill, the customer has 120 days to notify Carrier to remove them as the 3rd Party payor. After 120 days, the third party must provide a letter of authorization from another party accepting liability. This is subject to Item 460 rules and fees. This will not be applicable on paid freight bills. Any paid freight bills will not be reopened.

Section G - Third Party Payments

All payments for freight charges made by the shipper or consignee to a freight forwarder, broker, or any other party shall not be deemed as payment received by Carrier unless otherwise agreed in writing by an authorized Carrier official (see Item 175). A shipment on which charges are to be paid by a party other than the consignor or consignee will be accepted provided that the consignor or shipper has established credit with Carrier and guarantees to pay the charges if the third party fails to do so within the time allowed under the provisions of Item 535 of this Tariff. Such a shipment will not be accepted if the consignor executes Section 7 of the Bill of Lading or, if inadvertently accepted, the execution of Section 7 will not be effective. In all circumstances, the consignor or shipper remains liable for payment of freight charges.

Section H -Prohibition of Offsets

Shipper, Consignor and/or Consignee, or its broker or agent, shall pay all freight charges when due without offset for any cause, including but not limited to, cargo claims and overcharge claims. All claims for loss or damage shall be governed by Item 208 of this Tariff, and shipper, consignor, or consignee shall not deprive Carrier of the claims process by unilateral deduction of claims from payment of freight charges due.

Section I - Carrier Lien

Carrier has a lien on freight in its actual or constructive possession for the total amount of current and past due freight charges owed to Carrier by Payor. This lien includes freight charges, accessorial, or any other charges incurred on freight previously delivered by Carrier. To enforce its lien, Carrier may convert any shipment in its possession to on-hand freight. On-hand freight may be placed in public or private storage by Carrier. Once freight is placed on-hand, the provisions of Item 910 apply.

Section J - Jurisdiction and Venue

All actions or proceedings instituted by Carrier for the collection of freight charges owed by the shipper, consignor, consignee or third party involved in the movement who has failed to pay such charges within 30 days of presentation of the freight bill shall be brought in a state or federal court of competent jurisdiction in FT. Lauderdale, Florida, or where the debtor resides (at the option of Carrier). The parties consent to jurisdiction and venue in such locations and will not raise, and hereby waive, any defenses based on the venue, personal jurisdiction, inconvenience of forum, or sufficiency of service of process related to the place of bringing of the action.

Section K - Delinquent Accounts

An account is considered delinquent when a customer has not paid freight charges within sixty (60) days, when the account is placed on a no-charge status, or is otherwise delinquent. Carrier reserves the right to apply all amounts owed by Carrier to customer to the customer's delinquent accounts receivable balance. Amounts owed by Carrier include amounts for approved freight claims, overcharges, credits, etc. Carrier reserves the right to apply all amounts owed by Carrier to customer to the delinquent accounts receivable account before forwarding the payment to the customer.

Section L - Intermediaries and Interline Carriers

When arrangements are made with intermediaries or interline carriers for transportation services provided by Carrier and the intermediary or interline carrier 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 or interline carrier will segregate money due and owing to Carrier from other accounts.
2. Intermediary or interline carrier 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 §379 shall apply and monies received by the broker shall be segregated from its other assets and liabilities.
5. In no event shall accounts receivable pledged or encumbered by any intermediary or interline carrier be inclusive of freight charges billed by it to the extent those freight charges are due and owing to Carrier.
6. Carrier preserves recourse for payment of all freight charges to the consignor, unless Section 7 of the bill of lading is signed, and to the consignee unless prior notice is given that the consignee is not to be responsible for freight charges in accordance with to Section 7 of the bill of lading.

Section M - Miscellaneous Terms

Shipments will be accepted subject to the following provisions:

1. All freight charges on shipments for export, except to points in Canada, must be prepaid. (Not applicable on shipments moving on Government Bills of Lading.)
2. Freight charges must be prepaid or guaranteed on all shipments consigned to or care of Amusement Parks, Trade Shows, Traveling Shows, Chautauqua, Fairs or Exhibitions.
3. All freight and accessorial charges on all shipments consigned to federal, state, county, or local governmental bodies of agencies, including schools, must be prepaid or guaranteed.
4. All freight and accessorial charges on all shipments consigned to Amazon.com must be prepaid or guaranteed.
5. When payment of freight charges is made in foreign currency, the exchange value of such currency must not be less the charged valued in US currency.