



TERMS & CONDITIONS OF SERVICE

DEFINITIONS. “SAN” means Source Alliance Network, LLC, its subsidiary, affiliated and related companies, and its agents, representatives and employees. “Customer” means the individual, corporation or other entity which has retained SAN to perform property brokerage, warehousing, freight management, consulting and transportation intermediary services, as well as all agents, representatives and subcontractors of said individual, corporation or entity, including, but not limited to all shippers and consignees of the Shipment, or the insurers thereof, and any other party claiming a right or interest in the Shipment. The Customer agrees to provide notice of these Terms and Conditions of Service to all parties falling within this definition of “Customer.” “Shipment” means the goods which are carried or handled under the terms of a single bill of lading or air waybill, irrespective of the quantity or number of containers, packages or pieces. “Third Parties” shall include, but not be limited to, the following: motor carriers, truckmen, cartmen, lightermen, freight forwarders, NVOCCs, air carriers, agents, warehousemen and others to whom the Shipment is entrusted for transportation, cartage, handling and/or delivery and/or storage or otherwise.

1. Contract and Scope of Services. SAN is a licensed property broker operating under License No. MC-723733, which undertakes to arrange, as the “agent” on behalf of Customers, the interstate surface transportation of Shipments through Third Parties, from and to various origins and destinations throughout the United States, Canada and Mexico. All bills of lading prepared by SAN for domestic surface transportation shall be deemed to have been prepared by the Customer, and will identify the actual motor carrier for the Shipment, and Customer agrees that SAN’s preparation and issuance of any such bills of lading shall not change SAN’s status as a property broker. SAN is also an air transportation intermediary, which undertakes to arrange, as the “agent” on behalf of Customers, domestic and international air Shipments through Third Parties. SAN also provides services as a “principal” within the meaning of 46 C.F.R. 515.2(o) in acting on behalf of Customers in employing the services of Ocean Freight Forwarders and NVOCCs. Said Third Parties, Ocean Freight Forwarders and NVOCCs may limit their liability and may operate under terms and conditions further defining their rights, obligations, and defenses, and Customer authorizes SAN to agree to those terms on Customer’s behalf. SAN also provides freight management and consulting services to Customers. All Services provided by SAN to Customer are governed by these Terms and Conditions of Service, which form a contract between SAN and the Customer, with the exception that if SAN issues an air waybill in which it is identified as the indirect air carrier, then the terms and conditions set forth in such air waybill shall govern the services specified therein, and these Terms and Conditions of Service shall govern all other remaining obligations and services. These Terms and Conditions of Service supersede all agreements, representations, warranties, statements, promises, and understandings of the parties, written or oral, except as stated herein. Copies of SAN’s most recent Terms and Conditions of Service may be obtained by contacting SAN and will be periodically updated on SAN’s website: <http://www.sourcealliance.net/SAN-Full-Terms-and-Conditions.pdf>.

2. Limited Liability. (a) SAN agrees to select, on behalf of the Customer, the Third Parties to whom the Shipment will be entrusted for transportation, handling, delivery, storage and related Services. However,



SAN shall have no liability for any acts or omissions of Third Parties which may damage or delay the Customer's Shipment, or cause other loss to the Customer and its interest in the Shipment, or for Shipments illegally obtained by unauthorized persons through identity theft and other fraudulent schemes. All claims in connection with the acts or omissions of a Third Party shall be brought solely against such party and/or its insurer, and SAN has no liability for any failure of the Third Party, or its insurer, to pay such claims. SAN agrees to reasonably assist the Customer in bringing such claims against Third Parties; however, timely payment of SAN's invoices to the Customer is a condition precedent to such assistance. (b) THE MAXIMUM LIABILITY OF SAN TO THE CUSTOMER FOR DAMAGES FOR ANY AND ALL CAUSES WHATSOEVER, AND THE CUSTOMER'S MAXIMUM REMEDY, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED TO THE TOTAL FREIGHT AND OTHER CHARGES INVOICED BY SAN TO THE CUSTOMER FOR THE SHIPMENT OR SERVICE AT ISSUE. EXCEPT AS MAY BE SET FORTH HEREIN, SAN MAKES NO EXPRESS OR IMPLIED WARRANTIES REGARDING ITS SERVICES. IN NO EVENT SHALL SAN BE LIABLE FOR ANY LOST PROFITS, BUSINESS INTERRUPTION OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THE SERVICES PROVIDED TO THE CUSTOMER, EVEN IF SAN HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. (c) In no case will the maximum liability of any Third Party for damages to a Shipment be greater than \$100,000.

3. Insurance. Unless otherwise agreed in writing, SAN will select Third Parties which have certificates of insurance showing liability insurance coverage limits for loss or damage to cargo up to \$100,000. In no event, however, shall SAN be responsible for any Third Party's failure to actually maintain such insurance, for any exclusion from coverage which may apply, or for any fraudulent act by Third Parties or any other persons or entities presenting fraudulent or false information to SAN or the Customer. Upon request and for a separate charge, SAN can arrange first-party cargo insurance for the Customer's Shipment. However, SAN is under no obligation to arrange such insurance unless it receives specific written instructions from the Customer to do so prior to transportation of the Shipment, and the Customer pays the required premium. The Customer agrees SAN assumes no agency role for the Customer in procuring such first-party cargo insurance coverage; such coverage shall be governed exclusively by the terms of the certificate of insurance coverage and policy issued by the insurance company to Customer, and the insurance company is solely responsible for the payment of insurance claims.

4. Credit. Payment terms and credit limits are subject to credit approval at the sole and absolute discretion of SAN, which shall be determined periodically and after submission of a Credit Application, and may be revised or revoked if there is a change in Customer's payment history or financial condition. Customer grants SAN the right to perform such credit history and background searches as SAN deems necessary, and will submit a financial statement if requested.

5. Cash Collect Shipments. SAN can assist with Cash on Delivery ("C.O.D") Shipments, but the Customer assumes the sole responsibility and liability for any failure of a consignee or bank to pay, and for any delay in the Shipment or loss to the Shipment that may result.



6. Payment of Services. Payment terms for all charges incurred for Services performed or arranged by SAN shall be net fifteen (15) days from the date of the invoice issued by SAN. Invoices submitted by SAN to Customer are deemed conclusively accepted and approved and fully payable on the terms contained therein unless disputed in writing by Customer within seven (7) business days of Customer's receipt thereof. Any amount remaining unpaid after fifteen (15) days shall accrue interest at a rate equal to the lesser of: (a) 1.5% per month of the average outstanding balance due; or (b) the highest rate allowed by law. Invoices past due by 60 days shall be subject to forfeiture of any discount rates, skid rates, or spot pricing, and SAN is entitled to re-rate all such unpaid Shipments. SAN's charges for the Services it performs are in addition to the charges of all Third Parties retained by SAN on the Customer's behalf, which will be invoiced together. The Customer agrees to pay SAN's invoices without reduction or deferment on account of any alleged claim, counterclaim or set-off it believes it has for cargo loss, damage or theft, and all charges therein shall be considered as earned by SAN at the moment the Shipment has commenced transportation. In the event SAN retains an attorney or collection agency to collect unpaid charges, SAN is also entitled to collect a late payment penalty of 25% of the original charges.

7. Lien on Customer's Goods. The Customer agrees that SAN has a general, contractual lien on all Shipments which are the subject of Services rendered by SAN while those Shipments are in possession of SAN or any Third Party for any accounts receivable owed by the Customer to SAN arising from the specific Shipment against which the lien is asserted, and/or arising from any previous Shipments. If SAN elects to hold any Shipment based on these lien rights, it will provide written notice of that election to the Customer, and Customer agrees SAN has the authority to direct Third Parties to hold shipments on the basis of these lien rights and to arrange unloading and storage at Customer's expense. If the Customer fails to make payment arrangements or post security to SAN's satisfaction within thirty days of such notice, SAN will have the right to sell the Shipment at private or public sale or auction, and will remit to the Customer any net proceeds after the sale which exceeds the total amount owed (including any accrued unloading, loading and storage charges). The Customer shall provide notice to any other parties having an interest in the Shipment of these lien rights and of any exercise of those rights by SAN.

8. Indemnification. The Customer agrees to indemnify, defend, and hold SAN harmless from and against any and all claims and/or liabilities, including, but not limited to attorney's fees and costs, arising from the Customer's acts or omissions in relation to the Shipment, and arising from the manner in which the Shipment was prepared and/or packed for Shipment.

9. Applicable Law, Venue and Time for Suit. These Terms and Conditions of Service shall be governed by Illinois law without the application of its conflict of laws principles. Any suit relating to this Agreement shall be instituted in a state or federal court in Cook County, Illinois, and the parties irrevocably consent and waive all objections to the jurisdiction of any such court. A suit to enforce a judgment against the Customer may be filed in any jurisdiction where the Customer has assets. Any cause of action against SAN relating to or arising out of the Services SAN provides to the Customer will not be valid unless such action is commenced by the filing of a complaint in the required venue within one year of the date of the loss. SAN shall be entitled to recover its courts costs and reasonable attorney's fees from the Customer in any action for collection of any payment due to SAN, or in any other action in which SAN prevails in the enforcement of these Terms and Conditions of Service.



10. Modification. No modification of these Terms and Conditions of Service shall be of any force or effect unless (a) reduced to writing and signed by both SAN and the Customer prior to Shipment, and (b) expressly referred to as being a modification of these Terms and Conditions of Service.

11. Severability. The provisions set forth in these Terms and Conditions of Service are severable, and if any particular provision should be held invalid, unenforceable or illegal by a court having competent jurisdiction, the remainder of these Terms and Conditions shall not be affected and shall be construed as if such invalid, unenforceable or illegal provision(s) was (were) omitted.

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