



THIS AGREEMENT ("Agreement") is made and intended to be effective this (the) day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_, having offices at \_\_\_\_\_ ("BROKER") and \_\_\_\_\_, having offices at \_\_\_\_\_ ("SHIPPER"); individually "Party" and collectively, the "Parties."

#### Recitals

- A. BROKER is licensed as a Property Broker by the Federal Motor Carrier Safety Administration (FMCSA) in Docket Number MC-\_\_\_\_\_, or by appropriate State agencies, and as a licensed property broker, arranges for freight transportation. A copy of BROKER's authority is attached as Appendix A, and a copy of BROKER's Surety Bond or trust fund agreement is attached as Appendix B, (if not attached, BROKER will provide these documents upon SHIPPER's request); and
- B. SHIPPER, to satisfy some of its transportation needs, desires to utilize the services of BROKER to arrange for transportation of SHIPPER's freight.
- C. Parties understand and agree this agreement is intended to cover exempt and non-exempt freight.

NOW, THEREFORE, intending to be legally bound, BROKER and SHIPPER agree as follows:

#### Agreement

**TERM.** Subject to Paragraph 12, the term of this Agreement shall be one (1) year, commencing on the date shown above, and shall automatically renew for successive one-year periods; provided that either Party may terminate this Agreement on 30 days' written notice to the other Party, with or without cause, or as otherwise provided in this Agreement.

**SERVICE.** BROKER agrees to arrange for transportation of SHIPPER's freight pursuant to the terms and conditions of this Agreement and in compliance in all material respects with all federal, state, and local laws and regulations relating to the brokerage of the freight covered by this Agreement. BROKER's responsibility under this Agreement shall be limited to arranging for, but not actually performing, transportation of SHIPPER's freight. The Parties may, upon written mutual agreement, include additional service terms to be attached as Appendix C.



## **Volume**

- SHIPPER agrees to tender a minimum of three (3) shipments per year to BROKER, and BROKER agrees to arrange for the transportation of said shipments, as well as any other shipments offered by SHIPPER. SHIPPER is not restricted from tendering freight to other brokers, freight forwarders, third-party logistics providers, or directly to motor carriers.
- BROKER is not restricted from arranging transportation of freight for other parties. SHIPPER shall be responsible to BROKER for: Timely and accurate delivery specifications and description of the cargo, including, but not limited to, dimensions, weight, any special handling or security requirements, temperature requirements, and employing reasonable security protocols to reduce the risk of cargo theft.

## **Freight Carriage**

BROKER warrants that it has entered into, or will enter into, bilateral written contracts with each carrier it engages to perform the transportation services required by this Agreement. BROKER further warrants that those contracts comply with all applicable federal, state, and local laws and regulations and shall include (but not be limited to) the substance of the following terms:

Carrier is in, and shall maintain compliance during the term of this Agreement, with all applicable federal, state, and local laws relating to the provision of its services including, but not limited to:

1. transportation of Hazardous Materials, (including the licensing and training of drivers), as defined in 49 C.F.R. §172.800, §173, and §397 et seq. to the extent that any shipments hereunder constitute Hazardous Materials;
2. security regulations;
3. owner/operator lease regulations;
4. loading and securement freight regulations;
5. implementation and maintenance of driver safety regulations including, but not limited to, hiring, controlled substances, and hours-of-service regulations;
6. sanitation, temperature, and contamination-preventive requirements for transporting food, perishable, and other products;
7. qualification and licensing and training of drivers;
8. implementation and maintenance of equipment safety regulations;
9. maintenance and control of the means and method of transportation including, but not limited to, performance of its drivers;
10. all registration, licensing, and insurance requirements required to perform the services.



CARRIER shall agree to defend, indemnify, and hold BROKER and SHIPPER harmless from all damages, claims or losses arising out of its performance of the Agreement, including cargo loss and damage, theft, delay, damage to property, and personal injury or death.

Carrier shall agree that its liability for cargo loss or damage shall be no less than that of a Common Carrier as provided for in 49 USC 14706 (the Carmack Amendment). Exclusions in Carrier's insurance coverage shall not exonerate Carrier from this liability.

Carrier shall agree to maintain at all times during the term of the contract, insurance coverage with limits not less than the following:

General Liability - \$ \_\_\_\_\_  
Auto Liability - \$ \_\_\_\_\_  
Cargo Liability - \$ \_\_\_\_\_  
Worker's Compensation - as required by law.

BROKER shall verify that each carrier it utilizes in the performance of this Agreement has insurance coverage as defined above.

Carrier shall agree that the provisions contained in 49 CFR 370.1 et seq. shall govern the processing of claims for loss, damage, injury or delay to property and the processing of salvage.

BROKER and carrier agree that BROKER is the sole party responsible for payment of carrier's charges. Failure of BROKER to collect payment from its customer shall not exonerate BROKER of its obligation to pay carrier. BROKER agrees to pay carrier's undisputed invoice within 30 days of receipt of the bill of lading or proof of delivery, provided carrier is not in default under the terms of this Agreement. If BROKER has not paid carrier's undisputed invoice as agreed, and carrier has complied with the terms of this Agreement, carrier may seek payment from the SHIPPER or other party responsible for payment after giving BROKER 90 (business days) advance written notice, except that carrier shall not seek payment from SHIPPER or any other Party responsible for payment if SHIPPER or such other Party can prove payment to BROKER.

Carrier agrees that at no time during the term of this contract with BROKER, shall it have an "Unsatisfactory" safety rating as determined by the Federal Motor Carrier Safety Administration (FMCSA), and that it has no knowledge of any threatened or pending interventions by FMCSA; if carrier receives an "Unsatisfactory" safety rating, or a rating has changed from "Satisfactory" to "Conditional" or if any future safety rating has otherwise been downgraded by FMCSA, it shall immediately notify BROKER and shall not transport any freight hereunder without BROKER's prior written consent. The provisions of this paragraph are intended to include safety rating designations which may replace those above, which are subject to change by FMCSA at any time.



Carrier shall agree that the terms and conditions of its contract with BROKER shall apply on all shipments it handles for BROKER. Any tariff terms published by carrier which are inconsistent with the contract shall be subordinate to the terms of the contract.

Carrier shall expressly waive all rights and remedies under Title 49 U.S.C., Subtitle IV, Part B to the extent they conflict with the contract. Carrier will not re-broker, assign, or subcontract the shipments without prior written consent of BROKER. If Carrier breaches this provision, BROKER shall have the right of paying the monies it owes its contracted Carrier, directly to the delivering carrier in lieu of payments to its contracted Carrier. Upon BROKER's payment to delivering carrier, the contracted Carrier shall not be released from any liability to BROKER under this Agreement, or from liability under 49 U.S.C. §14916.

On behalf of the SHIPPER, consignee and broker interests, to the extent that any shipments subject to this Agreement are transported within the State of California, CARRIER warrants that they are in compliance with all California Air Resources Board regulations. Carrier shall be liable to BROKER and SHIPPER for any penalties, or any other liability, imposed on or assumed by BROKER or SHIPPER because of Carrier's use of non-compliant equipment.

**RECEIPTS AND BILLS OF LADING.** If requested by SHIPPER, BROKER agrees to provide SHIPPER with proof of acceptance and delivery of shipments in the form of a signed Bill of Lading or Proof of Delivery via US Mail, courier, or electronically by fax or email. SHIPPER's insertion of BROKER's name on the bill of lading shall be for SHIPPER's convenience only and shall not change BROKER's status as a property broker. The terms and conditions of any freight documentation used by BROKER or carrier selected by BROKER may not supplement, alter, or modify the terms of this Agreement.

**SURETY BOND.** BROKER shall maintain a surety bond or trust fund agreement as required by the Federal Motor Carrier Safety Administration in the amount of at least \$75,000 or as otherwise required by the FMCSA and furnish SHIPPER with proof upon request.

**HAZARDOUS MATERIALS.** SHIPPER shall comply with all applicable laws and regulations relating to the transportation of hazardous materials as defined in 49 CFR §172.800, §173, and § 397 et seq. to the extent that any shipments constitute hazardous materials. SHIPPER is obligated to inform BROKER immediately if any such shipments constitute hazardous materials. SHIPPER shall defend, indemnify and hold BROKER harmless from any penalties or liability of any kind, including reasonable attorney fees, arising directly out of SHIPPER's failure to comply with applicable hazardous materials laws and regulations.



**PAYMENTS.** BROKER shall invoice SHIPPER for its services in accordance with the rates, charges and provisions set forth in Appendix D attached, and any written supplements or revisions that are mutually agreed to between the PARTIES in writing. If rates are negotiated between the PARTIES and not otherwise confirmed in writing, such rates shall be considered "written," and shall be binding, upon BROKER's invoice to SHIPPER and SHIPPER's payment to BROKER. SHIPPER agrees to pay BROKER's invoice within 21 days of invoice date without deduction or setoff. BROKER shall apply payment to the amount due for the specified invoice, regardless whether there are earlier unpaid invoices. Payment of the freight charges to BROKER shall relieve SHIPPER, Consignee or other responsible party of any liability to the carrier for non-payment of its freight charges. BROKER shall indemnify SHIPPER from and against any claim for freight payment brought by carrier against SHIPPER when SHIPPER has paid BROKER and BROKER has failed to pay carrier.

#### **Claims Adjudication**

- SHIPPER must file claims for cargo loss or damage with BROKER within one hundred eighty (180) days from the date of such loss, shortage or damage, which for purposes of the Agreement shall be the delivery date or, in the event of non-delivery, the scheduled delivery date. SHIPPER must file any civil action against BROKER in a Court of Law (or commence arbitration) within two (2) years from the date the carrier or BROKER provides written notice to SHIPPER that the carrier has disallowed any part of the claim in the notice.
- Carriers utilized by BROKER shall agree in writing with BROKER to be liable for cargo loss or damage as outlined in paragraph 4.C above. The carriers' cargo liability for any one shipment shall not exceed \$100,00.00, unless BROKER is notified by SHIPPER of the increased value prior to shipment pickup and with reasonable advance notice to allow BROKER and/or the carrier to procure additional insurance coverage. It is understood and agreed that the BROKER is not a carrier and that the BROKER shall not be held liable for loss, damage, or delay in the transportation of SHIPPER's property unless caused by BROKER's negligent acts or omissions in the performance of this Agreement. BROKER shall assist SHIPPER in the filing and/or processing of claims with the carrier. If payment of a claim is made by BROKER to SHIPPER, SHIPPER automatically assigns its rights and interest in the claim to BROKER.
- In no event shall BROKER or BROKER's contracted Carrier be liable to SHIPPER for special, incidental, or consequential damages that relate to loss, damage or delay to a shipment, unless SHIPPER has informed BROKER in written or electronic form prior to or when offering a shipment or series of shipments to BROKER, of the potential nature, type, and approximate amount of such damages, and BROKER specifically agrees in



written or electronic form to accept responsibility for such damages. Loads containing both exempt and regulated freight shall default to the regulations for nonexempt freight under 49 U.S.C. §14706.

**All Other Claims:** The Parties shall notify each other of all known material details of any claims within sixty (60) days of receiving notice of any claims other than cargo loss or damage claims, and shall update each other promptly thereafter as more information becomes available. Civil actions or arbitration, if any, shall be commenced within two (2) years from the date either Party provides written notice to the other Party of such a claim.

**Claims:** Freight Claims: SHIPPER must file for cargo loss or damage with BROKER within one hundred eighty days (180) days from the date of such loss, shortage, or damage, for which purposes of the agreement shall be the delivery date or, in the event of a non-delivery, the scheduled delivery date. SHIPPER must file any civil action against BROKER in a Court of Law within two (2) years from the date the carrier or broker provides written notice to SHIPPER that the carrier has disallowed any part of the claim in the notice. Carriers utilized by BROKER shall agree in writing with BROKER to be liable for cargo loss or damage as outlined in paragraph 4.c above. The carriers' cargo liability for any one shipment shall not exceed \$100,000.00, unless BROKER is notified by SHIPPER of the increased value prior to shipment pickup and with reasonable advance notice to allow BROKER and or carrier to procure additional insurance coverage. It is understood and agreed that the BROKER is not a Carrier and that the BROKER shall not be held liable for loss, damage or delay in the transportation of SHIPPER's property unless caused by BROKER's negligent acts or omissions in the performance of this agreement. BROKER shall assist SHIPPER in filing and or processing of claims with the carrier. If payment of claim is made by BROKER to SHIPPER, SHIPPER automatically assigns its rights and interest in the claim to BROKER. In no event shall BROKER or BROKER's Carrier be liable to SHIPPER for special, incidental, or consequential damages that relate to loss, damage or delay to a shipment, unless SHIPPER has informed BROKER in written or electronic form, prior to or when tendering a shipment or series of shipments to BROKER, of the potential nature, type and approximate amount of such damaged, and BROKER specifically agrees in written or electronic form to accept responsibility for such damages. B. All Other Claims: The PARTIES shall notify each other of all known material details within sixty (60) days of receiving notice of any claims other than cargo loss or damage claims, and shall update each other promptly thereafter as more information becomes available. Civil action, or arbitration, if any, shall be commenced within two (2) years from the date either Party provides written notice to the other Party of such a claim.

BROKER shall Submit to SHIPPER a certificate of insurance as evidence of such coverage and which names SHIPPER as "Certificate Holder."





**HOMELAND SECURITY.** As applicable to each, respectively, BROKER and SHIPPER shall comply with federal, state, and local Homeland Security related laws and regulations.

#### **“CURE”/DEFAULT**

Both Parties will discuss any perceived deficiency in performance and will promptly endeavor to resolve all disputes in good faith. However, if either Party materially fails to perform its duties under this Agreement, the Party claiming default for a cause other than those listed in this section, may terminate this Agreement on 10 (ten) days prior written notice to the other Party. SHIPPER shall be responsible to pay BROKER for any services performed prior to the termination of this Agreement, including shipments scheduled and in transit on the date of termination, if ultimately delivered and properly invoiced to SHIPPER.

**Default:** The following actions, in addition to any other material breach described elsewhere in this Agreement, shall each constitute a material breach of this Agreement:

- Either Party files a voluntary petition under Chapter 7 or 11 of the U.S. Bankruptcy Code, or any equivalent state law; or such a petition is filed against the Party, under federal or state law, which is not dismissed within 60 days.
- BROKER’s license(s) required for BROKER to perform its obligations under this Agreement is revoked, canceled, suspended, or discontinued for any reason.

In the event of the occurrence of any breach(es) listed in this Section 12.B, the non-breaching party may terminate this Agreement effective immediately upon written notice to the breaching party.



**INDEMNIFICATION.** Subject to the monetary insurance limits in Section 8, BROKER and SHIPPER shall defend, indemnify and hold each other harmless from and against any claims actions or damages, including, but not limited to cargo loss, damage, or delay and payment of rates and/or accessorial charges to carriers, arising out of their respective performances under this Agreement, provided, however, the indemnified party shall not offer settlement in any such claim without the agreement of the indemnifying party which agreement shall not be unreasonably withheld. If the indemnified party offers or agrees to a settlement for such a claim without the written agreement of the indemnifying party, the indemnifying party shall be relieved of its indemnification obligation. Neither Party shall be liable to the other Party for any claims, actions or damages due to such other Party's own negligence or intentional acts. Failure of insurance coverage, for any reason, shall not exonerate either party from its indemnity obligations hereunder. The obligation to defend shall include all costs of defense as they accrue.

**ASSIGNMENT/MODIFICATIONS OF AGREEMENT.** Neither Party may assign or transfer this Agreement, in whole or in part, without the prior written consent of the other Party. No amendment or modification of the terms of this Agreement shall be binding unless in writing and signed by the Parties.

**SEVERABILITY/SURVIVABILITY.** In the event that the operation of any portion of this Agreement results in a violation of any law, or any provision is determined by a court of competent jurisdiction to be invalid or unenforceable, the Parties agree that such portion or provision shall be severable and that the remaining provisions of the Agreement shall continue in full force and effect. The representations and obligations of the Parties shall survive the termination of this Agreement for any reason.

**INDEPENDENT CONTRACTOR.** It is understood between BROKER and SHIPPER, that BROKER is not an agent for the CARRIER or SHIPPER and shall remain at all times an independent contractor. SHIPPER does not exercise or retain any control or supervision over BROKER, its operations, employees, or carriers.

**NONWAIVER.** Failure of either Party to insist upon performance of any of the terms, conditions or provisions of this Agreement, or to exercise any right or privilege herein, or the waiver of any breach of any of the terms, conditions or provisions of this Agreement, shall not be construed as thereafter waiving any such terms, conditions, provisions, rights, or privileges, but the same shall continue and remain in full force and effect as if no forbearance or waiver had occurred.





NOTICES. Unless the Parties notify each other in writing of a change of address, any and all notices required or permitted to be given under this Agreement shall be made in writing and shall be delivered via fax with machine imprint on paper acknowledging successful transmission or email with confirmed receipt, and shall be effective when so delivered to the addresses as follows:

<b>Kilian Logistics LLC</b>	<b>Shipper</b>
<b>Freight Broker</b>	<b>Shipper</b>
Attn: <u>AJ Duncan</u>	Attn: _____
Address: <u>3622 30<sup>th</sup> St. SE Saint Cloud, MN 56304</u>	Address: _____
Phone: <u>(320)-251-2420</u>	Phone: _____
Fax: <u>(320)-204-1335</u>	Fax: _____
Email: <u>aj@kiliantruckline.com</u>	Email: _____

**FORCE MAJEURE.** Neither Party shall be liable to the other for failure to perform any of its obligations under this Agreement during any time in which such performance is prevented by fire, flood, or other natural disaster, war, embargo, riot, civil disobedience, or the intervention of any government authority, or any other cause outside of the reasonable control of the SHIPPER or BROKER, provided that the Party so prevented uses its best efforts to perform under this Agreement and provided further, that such Party provide reasonable notice to the other Party of such inability to perform.

**CHOICE OF LAW AND VENUE.** All questions concerning the construction, interpretation, validity and enforceability of this Agreement, whether in a court of law or in arbitration, shall be governed by and construed and enforced in accordance with the laws of the State of \_\_\_\_\_, without giving effect to any choice or conflict of law provision or rule that would cause the laws of any other jurisdiction to apply.

**DISPUTE RESOLUTION.** *(Choose option A, B or C below. Both parties must initial the selected option)*

In the event of a dispute, either Party may declare a “negotiation period” by giving written notice to the other Party. Upon the issuance of such notice, each Party shall appoint a representative to negotiate a settlement of the issue. If the appointed representatives cannot reach agreement on a settlement within 30 days of the date of such declaration, the Parties shall resolve the dispute through the option selected below. In the event no selection is made for Paragraphs A, B or C below, disputes shall be resolved by the preference of the first party to file the dispute.

**A. LITIGATION:** \_\_\_\_\_ SHIPPER, \_\_\_\_\_ BROKER



In the event of a dispute arising out of this Agreement, the Party's sole recourse shall be litigation which shall be filed in accordance with paragraph 20 above within two years from the date of the alleged loss. The prevailing party shall be entitled to recovery of costs, expenses, and reasonable attorney fees, as well those incurred in any action for injunctive relief.

**B. ARBITRATION: [REDACTED] SHIPPER [REDACTED] BROKER**

In the event of a dispute arising out of this Agreement, the Party's sole recourse shall be to arbitration within two years from the date of the alleged loss. Proceedings shall be conducted under the rules of the Transportation Arbitration and Mediation PLLC (TAM), the American Arbitration Association (AAA) or Transportation ADR Council, Inc. (ADR) for regulated commodities at the discretion of the party filing the demand for arbitration. Upon agreement of the Parties, Arbitration proceedings may be conducted outside of the administrative control of the DRC, Blue Book, TAM, AAA or ADR; arbitration proceedings may be conducted by tele-conference or videoconference. The decision of the arbitrators shall be binding and final and the award of the arbitrator may be entered in a court of competent jurisdiction. The prevailing party shall be entitled to recovery of costs, expenses and reasonable attorney fees as well as those incurred in any action for appeal from the award or in the event further legal action is taken to enforce the award of arbitrators. The arbitration provisions of this paragraph shall not apply to enforcement of the award of arbitration.

**C. COMBINATION ARBITRATION/LITIGATION: [REDACTED] SHIPPER [REDACTED] BROKER**

Subject to the time limitations set forth in Par. 7 above, for disputes where the amount in controversy exceeds \$ [REDACTED] the Parties shall have the right, but not the obligation, to select litigation in order to resolve any disputes arising hereunder. In the event of litigation, the prevailing Party shall be entitled to recover costs, expenses and reasonable attorney fees, including but not limited to any incurred-on appeals.

**CONFIDENTIALITY.** Other than as required to comply with law or legal process requiring disclosure, the Parties agree to the following:

BROKER shall not utilize SHIPPER's name or identity in any advertising or promotional communications without written confirmation of SHIPPER's consent and the Parties shall not publish, use or disclose the contents or existence of this Agreement except as necessary to conduct their operations pursuant to this Agreement. BROKER will require its carriers and/or other brokers to comply with this confidentiality clause.

In addition to Confidential Information protected by law, statutory or otherwise, the Parties agree that all of their financial information and that of their customers, including but not limited to freight and brokerage rates, amounts received for brokerage services, amounts of freight charges collected, freight volume requirements, as well as personal customer information, customer shipping, or other logistics requirements shared or learned between the Parties and



their customers, shall be treated as Confidential, and shall not be disclosed or used for any reason without prior written consent.

In the event of violation of this Confidentiality paragraph, the Parties agree that the remedy at law, including monetary damages, may be inadequate and that the Parties shall be entitled, in addition to any other remedy they may have, to an injunction restraining the violating Party from further violation of this Agreement in which case the non-prevailing Party shall be liable for all costs and expenses incurred, including but not limited to reasonable attorney's fees.

**ENTIRE AGREEMENT** This Agreement, including all Appendices and Addenda, constitutes the entire agreement intended by and between the Parties and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements, and understandings, whether oral, written, expressed or implied, with respect to the subject matter hereof. The Parties further intend that this Agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence may be introduced to reform this Agreement in any judicial or arbitration proceeding involving this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed in their respective names by their fully authorized representatives as of the dates first above written.

**Company Name**

**Shipper**

\_\_\_\_\_  
Signed: \_\_\_\_\_  
Printed: \_\_\_\_\_  
Date: \_\_\_ / \_\_\_ / \_\_\_

\_\_\_\_\_  
Signed: \_\_\_\_\_  
Printed: \_\_\_\_\_  
Date: \_\_\_ / \_\_\_ / \_\_\_