



## **Cornerstone Systems, Inc. Terms & Conditions**

- A. Cornerstone Systems, Inc. is licensed as a Property Broker by the Federal Motor Carrier Safety Administration (FMCSA) in Docket Number MC-321007 and FF-002959 (“Cornerstone”), or by appropriate state agencies, and as a licensed Broker and Freight Forwarder, arranges for transportation of freight.
- B. Shipper, to satisfy some of its transportation needs, desires to utilize the services of Cornerstone to arrange for transportation of Shipper’s freight, which may include rail transportation (“Intermodal”).
- C. Shipper, by checking the “I accept” box at the bottom of these Terms and Conditions, agrees to be bound by them unless the parties agree to in writing a transportation agreement governing all shipments between the parties.
- D. As a condition of conducting business with Cornerstone, Shipper agrees to complete Cornerstone’s Credit Application (see weblink [www.cornerstone-systems.com](http://www.cornerstone-systems.com)) and either submit it electronically or download and mail it as instructed on the web site. The Credit Application must be received and approved prior to arrangements for transportation of freight.
- E. “Motor Carrier”, as that term is used herein, shall include local draymen. Local draymen are motor carriers who pick up and deliver freight to railroads and/or pick up freight from the railroad and deliver to designated consignees/receivers.

### **AGREEMENT**

- 1. **TERM** Subject to Par. 10, the term of this Agreement shall be one (1) year, commencing on the date first mentioned above, and shall automatically renew for successive one-year periods; provided, however, 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.
- 2. **SERVICE** CORNERSTONE agrees to arrange for Motor Carrier, Intermodal, or Railcar 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. Cornerstone’s responsibility under this Agreement shall be limited to arranging for, but not actually performing, transportation of Shipper’s freight.
- 3. **VOLUME** Shipper agrees to tender a minimum of one (1) shipment per year to Cornerstone, and Cornerstone 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 and CORNERSTONE is not restricted from arranging transportation for other parties.
- 4. **SHIPPER DELIVERY INSTRUCTIONS** Shipper shall be responsible to Cornerstone for timely and accurate delivery instructions and description of the cargo, including, but not limited to, dimensions, weights, and any special handling blocking or bracing requirements, for any shipment.
- 5. **SHIPPER’S OBLIGATIONS (Intermodal Shipments)** (See railroad website for applicable service directory)
  - a. **Application of Rail Circulars** Shipper acknowledges that (1) Rail Carriers provide transportation services subject to the provisions, restrictions and limitations in their Rail Circulars, (2) the Rail Circulars’ address, among other matters, standards for loading, blocking and bracing standards, prohibitions and restrictions on certain types of commodities, limitations of liability, requirements for shipping hazardous materials, procedures and limitations on cargo claims, and requirements for proper descriptions of commodities, (3) applicable

provisions of a Rail Carrier's Rail Circular in effect on the date of shipment will apply to any shipments transported by the Rail Carrier, (4) the Rail Circulars are generally available through the Rail Carrier's website, and (5) persons and entities that use Intermodal transportation provided by the Rail Carriers should be familiar and comply with the provisions, restrictions and limitations of the Rail Circulars.

- b. Loading Unless Shipper has requested Cornerstone to arrange for the Motor Carrier to provide loading services before dispatch, Shipper will be responsible for ensuring that cargo is properly and safely loaded, supported, blocked, braced and secured, in accordance with the publications and standards of the Association of American Railroads ("AAR") and any other applicable Rail Circulars. Furthermore, Shipper will be responsible for expenses and cargo loss and damage arising out of any load shift that occurs during transportation due to improper or insufficient loading, blocking and bracing.
- c. Shipping Instructions Shipper will not tender: any commodities restricted under the Rail Circulars, including but not limited to hazardous materials and waste; shipments valued more than the cargo insurance limits set forth in rail circulars or rail service directories; oversize or overweight shipments; coiled or rolled products and commodities requiring protection from heat or cold, and assumes all risk of loss for failure to properly identify such shipments and making necessary prior arrangements for transportation, including, but not limited to, timely written notice to Cornerstone.
- d. Count, Load and Seal Unless Shipper has requested Cornerstone to arrange for the Motor Carrier to provide driver count services prior to dispatch and the Carrier performs such driver count services, Shipper is responsible for ensuring all contents of shipments transported under this Agreement to be properly counted and recorded and to have a protective seal applied to the loaded equipment.
- e. Inspection of Equipment Shipper will ensure that all empty containers or trailers tendered for loading will be inspected before loading and to reject any equipment that is not in apparent suitable condition to protect and preserve the cargo during transportation. Shipper will immediately notify Cornerstone of any rejected equipment.
- f. Use of Equipment If Shipper requests that Cornerstone arrange for Intermodal Equipment to be held at a location for Shipper's convenience and left unattended by the Motor Carrier, Shipper will be liable for all loss, damage or misuse.
- g. Rejected/Refused Shipments:
  - (1) In instances where Cornerstone has hired a drayman and delivery of Shipper's freight has been rejected or refused by consignee for any reason, or drayman is unable to deliver the freight for any reason, Shipper on receipt of notice of rejection or non delivery, shall provide Cornerstone and carrier with disposition instructions (by fax/ email/ or verbally) within 48 hours after receipt of the notice, exclusive of Saturdays, Sundays and national holidays.
  - (2) If disposition instructions are not so received, Cornerstone is authorized to instruct Carrier to place the freight in a public warehouse, or the carrier's storage facility if equivalent to a public warehouse subject to disposition instructions from Shipper. If disposition instructions are not received by Cornerstone, or carrier from Shipper within five (5) business days of storage, Cornerstone is instructed to request carrier issue a "Final Notice of On-Hand Freight," to Shipper and publish in a newspaper of general circulation, once a week, for two consecutive weeks that the freight on hand will be offered for sale at a general auction, stating the time and place of said sale. Not later than ten (10) days prior to the auction sale, Carrier will be instructed to send a copy of the published auction notice to Shipper and Cornerstone via facsimile transmission or EDI.
  - (3) The proceeds of any sale received under the procedure above shall be applied by the Carrier to the payment of freight charges, demurrage, storage, and any other lawful charges; to the expense of notice, advertisement, publication, sale and other necessary expense; and to the expense of caring for and maintaining the freight, if proper care of the freight requires special expense. In the event that there are any proceeds remaining after all charges and expenses are paid, said proceeds shall be paid to the Shipper of the freight within seven (7) days of the sale.
  - (4) Cornerstone's contract(s) with Motor Carriers who are draymen will contain the above disposition and sale instructions.
  - (5) Motor Carriers who are draymen are subject to railroad, instructions and procedures for dealing with rejected and/or non-delivered freight as provided in terms and conditions in applicable railroad circulars.

6. **SEALED SHIPMENT** If Shipper loads and seals the cargo and the Carrier does not have the opportunity to count the cargo being loaded and the seal is intact upon delivery, then Cornerstone and the Carrier are absolved from any

liability for shortages or any damage to the cargo except when proximately caused by independent action of Cornerstone or the Carrier. Such absolution of liability will also occur if (i) the seal is broken at the direction and under the supervision of an agent of a governmental authority, or (ii) the carrier equipment is preloaded and the Carrier's representative cannot practically determine the adequacy of loading or count of the cargo in or on such Intermodal Equipment. Cornerstone will direct the Carrier to request any governmental authority that breaks a seal in connection with an inspection to reseal the trailer or container and/or make appropriate notation on the cargo documentation form. Shipper agrees that the Carrier engaged by Cornerstone may break the seal on a trailer or container if, upon its determination, it becomes reasonably necessary to do so to inspect, reposition, or protect the cargo from damage or causing damage to the transportation equipment or to comply with federal, state, and municipal, laws, rules, and regulations. Shipper's consignee may not refuse delivery of a shipment solely because the seal on a Motor Carrier or Intermodal Equipment is broken.

7. **CARGO LOSS AND DAMAGE CLAIMS** (a) In the event Cornerstone hires a Motor Carrier who is a drayman to transport the shipment to and from a rail yard, cargo loss and damage claims which occur while the freight is under the control and possession of the draymen, will be subject to 49 USC 14706 Carmack Amendment; (b) Where the railroad provides the drayage service, the loss and damage claims, will be subject to applicable railroad circulars or service directories which may limit liability of the railroad to released rates/rates per pound. **Shipper must have its own insurance and assumes all risk of loss to extent that railroad liability does not cover value of the freight.** It is understood and agreed that the Cornerstone is not a Carrier and that the Cornerstone shall not be held liable for loss, damage or delay in the transportation of Shipper's freight unless proximately caused by Cornerstone's negligent acts or omissions in the performance of this Agreement; and (c) If payment of claim is made by Cornerstone to Shipper, Shipper automatically assigns its rights and interest in the claim to Cornerstone. In no event shall Cornerstone or Cornerstone's Motor or Rail 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 Cornerstone in written or electronic form, prior to tendering a shipment or series of shipments to Cornerstone, of the potential nature, type and approximate value of such damages, and Cornerstone specifically agrees in written or electronic form to accept risk of loss for such damages.
- a. All rates provided by Cornerstone to the Shipper are predicated on the railroad and Motor Carrier's release rates, \$250,000 per shipment (\$100,000 per shipment on consumer electronics) for rail shipments, and \$100,000 per shipment on Motor Carrier shipments. The Shipper can elect higher released rate coverage limits for its shipment(s) for an additional premium by contacting Cornerstone. In the absence of a written agreement to a higher released rate by Cornerstone and Shipper, Shipper releases its cargo for rail shipments at a rate not to exceed \$250,000 per shipment (\$100,000 per shipment on consumer electronics), and for Motor Carrier shipments at a rate not to exceed \$100,000 per shipment. Shipper assumes all risk of loss for shipments with value exceeding the above limits.
- b. Cargo liability coverage for shipments transported into Mexico is limited to \$100,000 per shipment for an additional charge. This charge can be waived by the Parties signing an approved opt-out form supplied by Cornerstone.
8. **RECEIPTS AND BILLS OF LADING** If requested by Shipper in writing, Cornerstone agrees to provide Shipper with proof of delivery in the form of a signed Bill of Lading or other Proof of Delivery, as specified by Shipper. Shipper's insertion of Cornerstone's name on the bill of lading shall be for Shipper convenience only and shall not change Cornerstone's status as a property broker. Shipper will issue and/or sign only bills of lading or other delivery receipts which state on their face: **"Warning: If this shipment was not brokered to you by Cornerstone Systems, Inc., call 800-278-7677 immediately."** The terms and conditions of any freight documentation used by Cornerstone or carrier selected by Cornerstone may not alter or modify the terms of this Agreement unless the Parties agree in writing.
9. **PAYMENTS** Cornerstone shall invoice Shipper for its services in accordance with mutually agreed upon rates and charges set forth 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 receipt of Cornerstone's invoice by Shipper and Shipper's payment to Cornerstone. Shipper agrees to pay Cornerstone's invoice within 30 days of invoice date without deduction or setoff. Cornerstone shall apply payment to the amount due for the specified invoice, regardless whether there are earlier unpaid invoices. Payment of the freight charges to Cornerstone shall relieve Shipper,

Consignee or other responsible party of any liability to the carrier for non-payment of its freight charges; and Cornerstone hereby covenants and agrees to indemnify Shipper, Consignee or other responsible party against such liability. Shipper agrees to be bound to the terms of Cornerstone's Credit Application (see Par. D above) which are incorporated herein by reference.

- 10. DEFAULT** 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 may terminate this Agreement on ten (10) days prior written notice to the other Party. Shipper shall be responsible to pay Cornerstone for any Cornerstone's services performed prior to the termination of this Agreement and for shipments not yet completed and/or not yet invoiced to Shipper.
- 11. INDEMNIFICATION** Shipper shall defend, indemnify and hold Cornerstone harmless against any claims of liability, actions or damages, including, but not limited to, cargo loss, damage, or delay, property damage, personal injury or death, and payment of rates and/or accessorial charges to Carriers, arising out of Shipper's performance under this Agreement. Neither Party shall be liable to the other Party for any claims of liability, actions or damages due to the negligence of the other Party. The obligation to defend shall include all costs of defense as they accrue.
- 12. 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.
- 13. 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.
- 14. 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.
- 15. INDEPENDENT CONTRACTOR** It is understood and agreed that the relationship between Cornerstone and Carrier is that of independent contractor. None of the terms of this Agreement, or any act or omission of either Party shall be construed for any purpose to express or imply a joint venture, partnership, principal/agent, fiduciary, employer/employee relationship between the Parties. Carrier shall provide the sole supervision and shall have exclusive control over the operations of its employees, contractors, subcontractors, agents, as well as all vehicles and equipment used to perform its transportation services hereunder. Cornerstone has no right to discipline or direct the performance of any driver and/or employees, contractors, subcontractors, or agents of Carrier. Carrier represents and agrees that at no time and for no purpose shall it represent to any party that it is anything other than an independent contractor in its relationship to Cornerstone.
- 16. 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.

**17. 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 in writing (or fax with machine imprint on paper acknowledging successful transmission) and shall be addressed as follows:

Cornerstone Systems, Inc.	Shipper:
Attn: Risk Manager	Attn:
Address: 3250 Players Club Parkway	Address:
City/St/Zip: Memphis, TN 38125-8844	City/St/Zip
Phone: 800-278-7677	Phone:
Fax: 901-312-9363	Fax:
Email: <a href="mailto:jward@cornerstone-systems.com">jward@cornerstone-systems.com</a>	Email:

**18. 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 Tennessee without giving effect to any choice or conflict of law provision or rule that would cause the laws of any other jurisdiction to apply. Venue of any litigation action shall be in any competent court of jurisdiction in Shelby County, Tennessee.

**19. CONFIDENTIALITY**

1. 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.

2. 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 prevailing Party shall be liable for all costs and expenses incurred, including but not limited to reasonable attorney’s fees.

**20. ENTIRE AGREEMENT** These Terms and Conditions, including all Credit Applications and any Load/Rate Confirmations, constitute 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.

TO INDICATE YOUR AGREEMENT WITH THESE TERMS AND CONDITIONS, CLICK:

- I ACCEPT
- I DO NOT ACCEPT

Company Name: \_\_\_\_\_

Name: \_\_\_\_\_

Email: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

YOU MUST COMPLETE THE CORNERSTONE CREDIT APPLICATION (WWW.CORNERSTONE-SYSTEMS.COM) AND THESE TERMS AND CONDITIONS IN ORDER TO CONDUCT BUSINESS WITH CORNERSTONE.

If you have any questions about these Terms and Conditions, contact Jon Ward at 800-278-7677.

Please return this form by emailing to [jward@cornerstone-systems.com](mailto:jward@cornerstone-systems.com) or fax to 901-312-9363