

## ARC Air Logistics, Inc. Terms and Conditions of Service

These Terms and Conditions of service constitute a legally binding contract between the "Company" and the "Customer" and shall govern all transactions between them

- 1. Definitions.**
  - a. "Company" shall mean ARC AIR LOGISTICS, Inc., its subsidiaries, related companies, agents and/or representatives;
  - b. "Customer" shall mean the person for which the Company is rendering service, as well as its agents and/or representatives, including, but not limited to, shippers, importers, exporters, carriers, secured parties, warehousemen, buyers and/or sellers, shipper's agents, insurers and underwriters, break-bulk agents, consignees, etc. It is the responsibility of the Customer to provide notice and copy(s) of these terms and conditions of service to all such agents or representatives;
  - c. "Documentation" shall mean all information received directly or indirectly from Customer, whether in paper or electronic form;
  - d. "Ocean Transportation Intermediaries" ("OTT") shall include an "ocean freight forwarder" and a "non-vessel operating carrier"(NVOCC);
  - e. "Third parties" shall include, but not be limited to, the following: "carriers, truckmen, cartmen, lightermen, forwarders, OTIs, customs brokers, agents, warehousemen and others to which the goods are entrusted for transportation, cartage, handling and/or delivery and/or storage or otherwise".
- 2. Company as agent** The Company acts as the "agent" of the Customer only for the purpose of performing duties in connection with the entry and release of goods, post entry services, the securing of export licenses, the filing of export documentation on behalf of the Customer and other dealings with Government Agencies. As to all other services, Company acts solely as an independent contractor.
- 3. Quotations Not Binding.** Quotations as to fees, rates of duty, freight charges, insurance premiums or other charges given by the Company to the Customer are for informational and estimation purposes only and are subject to change without notice; no quotation shall be binding upon the Company unless the Company in writing agrees to undertake the handling or transportation of the shipment at a specific rate or amount set forth in the quotation and payment arrangements are agreed to between the Company and the Customer.
- 4. No Liability for the Selection or Services of Third Parties and/or Routes.** Unless services are performed by persons or firms engaged pursuant to express written instructions from the Customer, Company shall use reasonable care in its selection of third parties, or in selecting the means, route and procedure to be followed in the handling, transportation, clearance and delivery of the shipment; advice by the Company that a particular person or firm has been selected to render services with respect to the goods, shall not be construed to mean that the Company warrants or represents that such person or firm will render such services nor does Company assume responsibility or liability for any actions(s) and/or inaction(s) of such third parties and/or its agents, and shall not be liable for any delay or loss of any kind, which occurs while a shipment is in the custody or control of a third party or the agent of a third party; all claims in connection with the Act of a third party shall be brought solely against such party and/or its agents; in connection with any such claim, the Company shall reasonably cooperate with the Customer, which shall be liable for any charges or costs, including attorney's fees, incurred by the Company.
- 5. No Duty to Maintain Records for Customer.** Customer acknowledges that pursuant to Sections 508 and 509 of the Tariff Act, as amended, (19 USC § 1508 and 1509) it has the duty and is solely liable for maintaining all records required under the Customs and/or other Laws and Regulations of the United States; unless otherwise agreed to in writing, the Company shall only keep such records that it is required to maintain by Statute(s) and/or Regulation(s), but not act as a "record keeper" or "record keeping agent" for Customer.
- 6. Obtaining Binding Rulings, Filing Protests, etc.** Unless requested by Customer in writing and agreed to by Company in writing, Company shall be under no obligation to undertake any pre- or post Customs release action, including, but not limited to, obtaining binding rulings, advising of liquidations, filing of petition(s) and/or protests, etc.
- 7. Preparation and Issuance of Bills of Lading.** Where Company prepares and/or issues a bill of lading, Company shall be under no obligation to specify thereon the number of pieces, packages and/or cartons, etc.; unless specifically requested to do so in writing by Customer or its agent and Customer agrees to pay for same in writing, Company shall rely upon and use the cargo weight supplied by Customer.
- 8. Reliance On Information Furnished.**
  - a. Customer acknowledges that it is required to review all documents and declarations prepared and/or filed with the Customs Service, other Government Agency and/or third parties, and will immediately advise the Company of any errors, discrepancies, incorrect statements, or omissions on any declaration filed on Customers behalf;
  - b. In preparing and submitting customs entries, export declarations, applications, documentation and/or export data to the United States and/or a third party, the Company relies on the correctness of all documentation, whether in written or electronic format, and all information furnished by Customer; Customer shall use reasonable care to insure the correctness of all such information and shall indemnify and hold the Company harmless from any and all claims asserted and/or liability or losses suffered by reason of the Customer's failure to disclose information or any incorrect or false statement by the Customer upon which the Company reasonably relied. The Customer agrees that the Customer has an affirmative non-delegable duty to disclose any and all information required to import, export or enter the goods.
- 9. Declaring Higher Value to Third Parties.** Third parties to whom the goods are entrusted may limit liability for loss or damage; the Company will request excess valuation coverage only upon specific written instructions from the Customer, which must agree to pay any charges therefore; in the absence of written instructions or the refusal of the third party to agree to a higher declared value, at Company's discretion, the goods may be tendered to the third party, subject to the terms of the third party's limitations of liability and/or terms and conditions of service.
- 10. Insurance.** Unless requested to do so in writing and confirmed to Customer in writing, Company is under no obligation to procure insurance on Customer's behalf; in all cases, Customer shall pay all premiums and costs in connection with procuring requested insurance.
- 11. Indemnification/Hold Harmless.** The Customer agrees to indemnify, defend, and hold the Company harmless from any claims and/or liability arising from the importation or exportation of customers merchandise and/or any conduct of the Customer, which violates any Federal, State, municipal, law, regulation and/or other laws (including but not limited to treaties and the common law), and further agrees to indemnify and hold the Company harmless against any and all liability, loss, damages, costs, claims and/or expenses, including but not limited to reasonable attorney's fees, which the Company may hereafter incur, suffer or be required to pay by reason of such claims; in the event that any claim, suit or proceeding is brought against the Company, it shall give notice in writing to the Customer by mail at its address on file with the Company.
- 12. Limitation of Actions.**
  - a. Unless subject to a specific statute or international convention, all claims against the Company for a potential or actual loss, must be made in writing and received by the Company, within (7) seven days of the event giving rise to claim; the failure to give the Company timely notice shall be a complete defense to any suit or action commenced by Customer.
  - b. All suits against Company must be filed and properly served on Company as follows:
    - i. for claims arising out of ocean transportation, within thirty (30) days from the date of the loss;
    - ii. for claims arising out of air transportation, within thirty (30) days from the date of the loss;
    - iii. for claims arising out of the preparation and/or submission of an import entry(s), within thirty (30) days from the date of liquidation of the entry(s);
    - iv. for any and all other claims of any other type, within thirty (30) days from the date of the loss or damage.
- 13. Disclaimers; Limitation of Liability.**
  - a. Except as specifically set forth herein, Company makes no express or implied warranties in connection with its services;
  - b. Subject to (c) below, Customer agrees that in connection with any and all services performed by the Company, the Company shall only be liable for its negligent acts, which are the direct and proximate cause of any injury to Customer, including loss or damage to Customer's goods, and the Company shall in no event be liable for the acts of third parties;
  - c. In connection with all services performed by the Company, Customer may obtain additional liability coverage, up to the actual or declared value of the shipment or transaction, by requesting such coverage and agreeing to make payment therefore, which request must be confirmed in writing by the Company prior to rendering services for the covered transaction(s).
  - d. In the absence of additional coverage under (b) above, the Company's liability shall be limited to the following:
    - i. Where the claim arises from activities other than those relating to customs brokerage, \$50.00 per shipment or transaction, or
    - ii. Where the claim arises from activities relating to "Customs business," \$50.00 per entry or the amount of brokerage fees paid to Company for the entry, whichever is less;
  - e. In no event shall Company be liable or responsible for consequential, indirect, incidental, statutory or punitive damages even if it has been put on notice of the possibility of such damages.
- 14. C.O.D. or Cash Collect Shipments.** Company shall use reasonable care regarding written instructions relating to "Cash/Collect" on "Deliver (C.O.D.," shipments, bank drafts, cashier's and/or certified checks, letter(s) of credit and other similar payment documents and/or instructions regarding collection of monies but shall not have any liability if the bank or consignee refuses to pay for the shipment.
- 15. Credit Extension and Terms.** All charges must be paid by Customer in advance unless the Company agrees in writing to extend credit to customer; the granting of credit to a Customer in connection with a particular transaction shall not be considered a waiver of this provision by the Company. Further, All shipments are subject to COD until this form is completed in its entirety, and accepted and approved by ARC AIR LOGISTICS, Inc. Credit approval and terms will be forwarded by mail to the below signed officer(s). In consideration of credit being extended by ARC AIR LOGISTICS, Inc. to the above named applicant for services to be rendered, whether applicant is an Individual or Individuals, a sole proprietorship, a partnership, a corporation, or other entity, the undersigned guarantor or guarantors each hereby guarantee payment, when due, of all accounts of said applicant for services rendered. This guarantee shall apply to all shipments within five years following the date of this application. The undersigned guarantor or guarantors each hereby expressly waive all notice of acceptance of this guarantee, notice of extension of credit to applicant, presentment, and demand for payment on applicant, protest and notice to undersigned guarantor and guarantors of dishonor or default by applicant or with respect to any security held by ARC AIR LOGISTICS, Inc. extension of time of payment to applicant, acceptance of partial payment or partial compromise, and all other notices to which the undersigned guarantor or guarantors might otherwise be entitled and demand for payment under this guarantee. Absent written permission by Company, this personal guarantee may not be revoked.
- 16. Compensation of Company.** The compensation of the Company for all its services shall be included with and is in addition to the rates and charges of all carriers and all other agencies selected by the Company to transport and deal with the goods and such compensation shall be exclusive of any brokerage, commissions, dividends, or other revenue received by the Company from carriers, insurers, and others in connection with the shipment. In any referral for collection or action against the Customer for monies due the Company, upon recovery by the Company, the Customer shall pay the expenses of collection and/or litigation, including all reasonable attorney fees.
- 17. Costs of Collection.** In any dispute involving monies owed to Company, the Company shall be entitled to all costs of collection, including reasonable attorney's fees and interest at 15% per annum or the highest rate allowed by law, whichever is less, unless a lower amount is agreed to by Company in writing.
- 18. General Lien and Right to Sell Customer's Property**
  - a. Company shall have a general and continuing lien on any and all property of Customer coming into Company's actual or constructive possession or control for monies owed to Company with regard to the shipment on which the lien is claimed, including but not limited to any balances due from prior shipment(s) and/or both;
  - b. Customer agrees that any and all overdue balances past the agreed terms, and including all liens, are subject to 2% per month or the maximum legal rate, which ever is less interest.
  - c. Company shall provide written notice to Customer of its intent to exercise such lien, the exact amount of monies due and owing, as well as any on-going storage or other charges; Customer shall notify all parties having an interest in its shipment(s) of Company's rights and/or the exercise of such lien.
  - d. Unless, within thirty days of receiving notice of lien, Customer posts cash or letter of credit at sight, or, if the amount due is in a reasonable good faith dispute, an acceptable bond equal to 110% of the value of the total amount due, in favor of Company, guaranteeing payment of the monies owed, plus all storage charges accrued or to be accrued, Company shall have the right to sell such shipment(s) at public or private sale or auction and any net proceeds remaining thereafter shall be refunded to Customer.
- 19. No Oral Modification or Amendment.** These terms and conditions of service may only be modified, altered or amended in writing signed by both Customer and Company; any attempt to unilaterally modify, alter or amend same shall be null and void. Company expressly rejects customer's terms and conditions to the extent they are inconsistent with Company's Terms and Conditions.
- 20. Severability.** In the event any Paragraph(s) and/or portion(s) hereof is found to be invalid and/or unenforceable, then in such event the remainder hereof shall remain in full force and effect.
- 21. Controversy or Claims.** Applicant agrees any controversy or claim arising from or relating to this contract or the breach thereof shall first be settled by arbitration in accordance with the Uniform Rules for Binding Arbitration of the Better Business Bureau and any judgment award rendered by arbitrator(s) may be entered in any court having jurisdiction thereof.
- 22. Governing Law; Consent to Jurisdiction and Venue.** These terms and conditions of service and the relationship of the parties shall be construed according
  - a. to the laws of the States of New York, California, Saint Louis, Atlanta or Miami without giving consideration to principals of conflict of law. Customer and Company
  - b. irrevocably consents to the jurisdiction of the United States District Court and the State courts of New York, California, Saint Louis, Atlanta or Miami with venue in Los Angeles County, Saint Louis, Atlanta or Miami;
  - c. agrees that any action arising from or relating to the services performed by Company shall only be brought in said courts;
  - d. agrees that any action to enforce a judgment may be instituted in any jurisdiction.