

**WESTWOOD SHIPPING LINES (WSL)
CANADIAN EQUIPMENT INTERCHANGE AGREEMENT**

DEFINITION OF TERMS

Where the following terms appear in this Agreement, they shall have the meaning indicated:

1. **AGREEMENT** - This Interchange Agreement.
2. **EQUIPMENT** - Trailers, containers, bogies, and component parts thereof.
3. **INTERCHANGE** - The Transfer of Equipment from Owner to User, or vice versa, or between the User and a third party.
4. **OWNER** - Westwood Shipping Lines, to whom title and Equipment has been issued or who, as lessee, has the right to exclusive use of the Equipment.
5. **USE CHARGE** - The agreed daily rate paid for Equipment detained beyond free time (also known as detention/per diem).
6. **USER** - The party who receives the Interchanged Equipment from the Owner or Owner's authorized representative.

TERM AND CONDITIONS

1. GENERAL

- 1.1. These terms and conditions are formulated for the fair and proper adjustment of all questions concerning the Interchange and use of repairs to and settlement for Equipment when such Equipment is interchanged.

2. INTERCHANGE OF EQUIPMENT BETWEEN USER AND A THIRD PARTY

- 2.1. If User relinquishes possession of the Equipment to a third party, the User will be responsible for the performance of all terms of this agreement in the same manner as if the Equipment were in the possession of the User.

3. RECEIPTS AND REPORTS

- 3.1. At the time of Interchange authorized representatives of the Owner and User shall execute, in multiple copies as the parties may require, an Equipment Interchange Receipt and Safety Inspection Report, and the parties shall be bound by the notations thereon.

4. USE OF EQUIPMENT

- 4.1. The User shall complete properly and expeditiously the use for which the Equipment has been interchanged and shall return the Equipment to the location indicated on the delivery/CY release instructions, unless otherwise agreed upon in writing. Failure of the User to return Equipment to the location as designated by the Owner, will result in charges for actual costs with a minimum of \$100 (one hundred U.S. dollars) invoiced to the User for redelivery of the Equipment. The Equipment shall be returned in the same condition as received, ordinary wear and tear excluded.
- 4.2. The User shall have complete control and supervision of the Equipment while in its possession and the Owner shall have no right to control the detail of the work of any employee or agent operating or using the Equipment during such time. Any person operating, in possession of, or using the Equipment after Interchange to the User, and until such time Equipment is returned to the Owner, shall not be deemed the agent or employee of the Owner for any purpose whatsoever, nor shall User have any authority, expressed or implied, to bind the Owner in any circumstances whatsoever.
- 4.3. The User shall not sublease or Interchange Equipment to any third party without the written consent of the Owner, and then only to the extent of such written permission. The User shall be responsible for the performance of this agreement and use charges until the equipment is returned to Owner. The User shall pay all fines, and/or charges arising out of acts or omissions in the use and operation of the Equipment, occurring between the time the Equipment is interchanged from and returned to the Owner.
- 4.4. All dunnage, debris, etc., shall be removed prior to Interchange of empty Equipment. In the event User returns empty container with hazardous placards still attached, Owner will assess U.S. \$150.00 (one hundred fifty U.S. dollars) removal fee.
- 4.5. The User agrees that Equipment received under this Agreement shall be operated in conformity with all governmental statutes, rules and regulations, and further agrees to indemnify and hold harmless the Owner for any violations resulting from the User's failure to comply with these statutes, rules or regulations, whether or not such violation is intentional.

5. DAMAGE, REPAIRS AND BILLING

- 5.1. In the event Equipment is damaged after being received in Interchange, the User shall promptly repair the Equipment. In the event of User's failure to make the required repairs User will, nevertheless, be responsible for the cost thereof. If the estimated cost of repairs exceeds US\$150.00 (One Hundred Fifty U.S. Dollars) the User must obtain the consent of the Owner before it causes the repairs to be made.
- 5.2. In the event repairs are necessitated by defective Equipment, or occasioned by ordinary use, the User shall make such repairs as may be necessary. The cost of such repairs will be:
 - 5.2.1. Absorbed by the User when cost thereof is US\$50.00 (Fifty U.S. Dollars) or less.
 - 5.2.2. Billed to and borne by the Owner in its entirety when cost exceeds US\$50.00 (Fifty U.S. Dollars), and proof that the repairs were necessitated by ordinary wear and tear or defective Equipment is tendered to Owner.

- 5.3. In the event User delivers Equipment to a third party not a party to this agreement, the User will be responsible to the Owner for damage to the Equipment.
- 5.4. All repairs will be billed to the responsible party within 90 days after repairs have been completed, unless otherwise agreed upon. Billing must include Owner's mark or alpha code and container number(s), date(s) and location(s) where repaired, and all relevant details concerning items of repair.
- 5.5. Materials used in making repairs shall be billed at the invoice price. However, when repairs are made in commercial shops or outside service facilities, the actual amount invoiced for such materials and labor may be used. Labor shall be charged on the basis of actual time consumed in making repairs but shall not exceed prevailing labor cost.
- 5.6. All repairs must maintain the Owner's Equipment standards, and the materials applied must be of same quality and type. Repairs are subject to Owner's approval. When repairs or replacements fail to meet Owner's standards, the User will be responsible for the cost of correcting inadequate repairs and replacing substandard materials.
- 5.7. Equipment repaired or serviced under terms of this Agreement shall be identified to the Owner at the time of redelivery, and so noted on the Equipment Interchange Receipt executed at the time of return.

6. SETTLEMENT FOR LOST, STOLEN OR TOTALLY DESTROYED EQUIPMENT

- 6.1. In the event that any Equipment is lost, stolen, destroyed or damaged so as to be rendered incapable of further use (hereinafter referred to collectively as "loss") while said Equipment is in the possession, custody or control of User, or third party to whom the equipment has been sub-leased or interchanged, User agrees to reimburse Owner for the Depreciated Replacement Value, as set forth in the Owner's master lease agreement.
- 6.2. Unless Owner directs otherwise, the User is responsible for returning all Equipment, whether damaged or not. User will protect the Equipment from any further damage.
- 6.3. The Owner shall maintain ownership of lost, damaged, or destroyed Equipment even after the User has paid the depreciated value.

7. USER'S LIABILITY

User agrees to defend, hold harmless and fully indemnify Owner against any and all loss, damage, liability, cost or expenses, (including attorney's fees) suffered or incurred by Owner, arising out of or connected with injuries to or death of any person or loss of or damage to any property (including Equipment and cargo) arising out of User's operations, maintenance, possession or control of interchanged Equipment, whether or not caused or contributed to by Owner's negligence, breach of contract, breach of warranty, strict liability, or otherwise. User further agrees to defend, indemnify and hold Owner harmless against any and all loss, damage, liability, cost or expenses (including attorney's fees and trip permit fees) arising out of User's failure to comply, for any reason whatsoever, with any governmental statutes, rules or regulations.

8. FREE TIME AND USE CHARGES

- 8.1. For the purpose of this Agreement, a day, including day of Interchange, is a calendar day commencing at 0001 hours and ending at 2400 hours or any fractions thereof.
- 8.2. Free Time shall commence on the day of Interchange and shall include Saturdays and Sundays and exclude holidays. User shall have the use of the Equipment at no cost for the number of days shown below:

<u>Type of Move</u>	<u>Free Time</u>
Import or Export	7 Days
Two-Way move *	14 Days

*(Import container picked up to be unloaded and then returned loaded for export).

Three (3) additional days shall be allowed for equipment loaded or unloaded over 200 miles from Interchange location.

- 8.3. If the Equipment has not been interchanged back from the User before the expiration of free time, User shall pay the Owner:

- Dry containers - U.S. **\$65.00 (sixty-five US dollars)**
- Reefers – U.S. **\$150.00 (one hundred fifty US dollars)**

use charge for each day or fraction thereof in which the User fails to return said Equipment, including Saturdays, Sundays and holidays.

The section may be amended by written notification or addendum, which is hereby incorporated by reference.

- 8.4. Conditions and Exclusions

- 8.4.1. In the event that failure to return Equipment to the Owner after the expiration of Free Time is caused by a party other than the User, the Owner may invoice that party for the Use Charges, but such practice shall in no way relieve the User of ultimate responsibility for the use charges.
- 8.4.2. If a "force majeure" condition as defined below is directly and solely the cause for a Use Charge, the User may make written application to the Owner for exemption from Use Charges. The Owner will seek corroborative evidence of such "force majeure" in each instance and will respond to the User based on the merits of the individual request. As used herein, "force majeure" shall mean and include, without limitation, strikes or lockouts; fire, flood, earthquakes, or other activities of the elements, or acts of God; marine and/or rail disasters; riots, insurrections, and/or civil commotion; embargoes; laws, regulations, and/or acts or requests of government authorities; or any other official interference with commercial intercourse arising from the above conditions and affecting the Carrier's operations.
- 8.4.3. If the Owner cannot determine the correct party to bill the Use Charge, the Owner will reserve the right to invoice any charges to the container depot, marine terminal, or rail ramp that last interchanged the Equipment.
- 8.4.4. A contract filed by the Owner that specifies free time and use charge shall, for that period and for those parties referenced, override the Free Time and charges of this Agreement.
- 8.4.5. The Owner may, at any time initiate a CY agreement with a User to ensure that Equipment held per the Owner's instructions is excluded from the provisions of this Agreement.
- 8.4.6. When the User provides rail services, that User will be exempt from any charges for any time that the Owner's Equipment is traveling over rail lines. Such User will not be exempt from any charges arising from negligent handling of Owner's Equipment.

- 8.4.7. Users hired by the Owner to perform door delivery services will be exempt from Use Charges for any time up until the Owner's customer releases the empty container to them. Free time for the User will begin at 8:00 am on the next calendar day following this notification.
- 8.4.8. Users hired by the Owner to perform live delivery services are subject to Use Charges in accordance with rule 8.2 above.
- 8.4.9. The Owner reserves the right to Interchange its Equipment for both domestic and international repositioning under contract terms which will override the Free Time and Use Charge provisions of this Agreement.

9. INSURANCE

- 9.1. The User shall procure and maintain throughout the term of this Agreement Comprehensive General Liability Insurance and Automobile Liability Insurance covering User's liability to third party persons and their property including, but not limited to, any liability assumed under the provisions of Paragraph 5 of this Agreement, with a combined Single Limit Bodily Injury and Property Damage of not less than Cnd \$2,000,000 (two million Canadian dollars).
- 9.2. User shall promptly provide Owner with Certificates of Insurance as evidence that User is in compliance with the insurance requirements of this Agreement.
- 9.3. Westwood Shipping Lines must be listed as the certificate holder.
- 9.4. If the User is transporting hazardous cargo, User shall be in compliance with all provincial statutes, rules and regulations including all those regarding insurance requirements for the transportation of hazardous cargo.

10. WARRANTY

Owner does not make any warranty or representation expressed or implied as to the fitness or condition of the Equipment interchanged, including tires and tubes, and the User accepts said Equipment at its own risk and inspection.

11. TERM OF AGREEMENT

This Agreement shall be effective until terminated by either party. Termination of the Agreement shall not release either party in respect to any obligations or liabilities that arise out of matters occurring prior to termination.

WESTWOOD SHIPPING LINES
1019 39th Ave S.E. Suite 210
Puyallup, WA 98374
(253) 200-3800

Date:			
User/Trucking company:		Owner:	Westwood Shipping Lines
<u>Signature (please also print name):</u>		By:	Truck Safety Team
Title:			
Address:		Address:	1019 39th AVE SE
SCAC:			Suite 210
USDOT #:			Puyallup WA 98374
MC #:			
Tel:		Tel:	1-800-621-4371 1-800-220-9752
FAX:		FAX:	1-800-200-9754
Invoice E-mail:			
E-mail:		E-mail:	wsltruckteam@wsl.com