

HREW, LLC

FEE SCHEDULE and TERMS and CONDITIONS for CES OPERATION

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CONTENTS

1. Introduction.....	3
2. Consent	3
3. Third Party Beneficiary.....	3
4. Schedule of Rates	4
5. Payment of Invoices	8
6. Vendors	8
7. Notification of Disputed Charges	8
8. Limitation of Liability	8
9. Waiver of Sovereign Immunity	9
10. Hold Harmless	10
11. Damaged Container	10
12. Security	10
13. Labor	10
14. Applicable Law	10
15. Disputes	10

1. Introduction

HREW, LLC (“HREW”) is a Centralized Examination Station (“CES”) contracted with U.S. Customs and Border Protection (“CBP”) in accordance with 19 U.S.C §§66, 1499, 1623-24. The CES is a privately-operated facility, not in the charge of a CBP Officer, where merchandise is made available to agency officers for physical examination. The CES provides a site for CBP and other relevant federal agencies to promptly and safely examine cargo. The CES facility will unload (de-van) your shipment from its shipping container and will reload it after the exam. The right to conduct these examinations is found at 19 U.S.C. 1467 and spelled out in the Code of Federal regulations at 19 C.F.R Part 118. Household effects are not exempt from examination. No distinction is made between commercial and personal shipments. It is important to understand that the law provides that CBP has the right to examine any international shipment imported into or exported from the United States and that the shipper must bear the costs of such cargo exams and make the goods available for inspection. “The importer shall bear any expense involved in preparing the merchandise for CBP examination and in the closing of packages.” (19 CFR 151.6). The program was expanded to include export exams in 1998.

HREW’s FEE SCHEDULE and TERMS and CONDITIONS for CES OPERATION, (“FEE SCHEDULE”) is regulated by CBP and provisional changes are published and subjected to a public comment period. The publication is intended to provide all users with detailed information on the fees and associated terms and conditions that may apply to examinations conducted at HREW. The current FEE SCHEDULE is available on the HREW Website.

This FEE SCHEDULE often refers exclusively to CBP, but other Government agencies (OGA’s) may be involved and may use the premises for their investigation of the imported/exported cargo. Such other agencies may include Office of Export Enforcement, the Bureau of Industry, the Department of Agriculture, the Drug Enforcement Administration, the Department of Defense, and the Department of Justice. See Export Administration Act of 1979, as amended, cnf. The International Emergency Economic Powers Act, as amended. See also 15 CFR 757.7

2. Consent

Those whose cargo is designated for examination by the CBP are held to have consented to the terms and conditions of this FEE SCHEDULE which is an implied contract and agreement on the part of the cargo owner, consignee, owners and agents, foreign freight forwarders and customs house brokers and all other users of those facilities to be governed by the provisions of this FEE SCHEDULE and to pay HREW all applicable charges.

3. Intended Third Party Beneficiary

Users whose cargo is ordered to HREW for examination are intended third party beneficiaries of the contract between CBP and HREW and the associated FEE SCHEDULE approved by CBP. The Users are entitled to the limited rates and bound by the associated terms and conditions contained in the FEE SCHEDULE.

4. Schedule of Rates: De-Vanning, Facility Charge, Drayage and Storage Fees

A. Charges for Devanning Containerized Cargo, Placing Cargo on Warehouse Floor for Agency Exam and Reloading Cargo:

Full Container Loads of Cargo in boxes or on pallets

	<u>Container Length</u>		
	20 ft	40ft	45 ft
<u>Type of Exam</u>			
NII Exam	\$245	\$245	\$245
Tail Gate Exam	\$360	\$360	\$360
Partial Strip (Up to 25 cartons or 2 pallets)	\$595	\$595	\$595
Full Strip-Palletized	\$870	\$1040	\$1145
Full Strip-Floor Loaded	\$1130	\$1325	\$1425

1) Small Cartons: Above fees for Full Strip-Floor Loaded Exam covers up to 2000 pieces in a 20 ft, 3000 pieces in a 40 ft and 3300 pieces in a 45 ft container. Any overage will be invoiced at \$.32 each.

2) Less Than Container Loads: \$3.25 per CWT with a \$170 minimum charge

3) Garment on Hanger: \$.32 per piece with Minimum and Maximum as below

		<u>Container Length</u>	
		20 ft	40ft
Minimum		\$1020	\$1360
Max	\$1615		\$2260

4) Reefer Cargo Surcharge and Terms:

- a) HREW charges \$85 per day each day a reefer unit is on its premises to monitor the fuel and temperature of each unit once daily.

- b) Perishable cargo is subject to an exam surcharge: An additional 50% of the standard per container CES exam charges
- c) It is the responsibility of the cargo owner or its agents to provide HREW with an emergency contact telephone number which is monitored on a 24-hour per day basis.
- d) If HREW notices or reasonably suspects a problem with reefer operation, it will notify the emergency contact provided by the owner. HREW may, but is not obligated to, provide for emergency repair or recovery service. If HREW does contact a repair agency, then the owner will be responsible for all costs reasonably incurred to repair, cleanup, recover or preserve the cargo or the environment plus an additional cost of 15%.
- e) Hook-Up Availability: HREW, if requested in writing, will provide electrical hook-up for shore power for an added fee of \$320 per day.
- f) If HREW notices reefer fuel level measuring less than 1/8 tank on week- days (or 1/4 tank before weekend or holiday) than HREW may, but is not required to, hook the reefer up to shore power and assess a daily fee as listed above.

5) Hazardous Cargo Surcharge and Terms:

- a. \$270 per MSDS in addition to the per container fees
- b. Placarding (if required) \$25 each
- c. If Merchandise is found to be hazardous after arrival at CES there is a \$50 fee per MSDS to assemble and distribute the required information.
- d. If Hazardous Material is found to be damaged upon arrival at the CES, all charges related to clean up and disposal including environmental remediation, and any government-imposed fines will be assessed plus an additional 15%

6) Sorting: Any sorting or segregation of cargo will be charged as Additional Labor.

7) Vehicle Surcharge: \$135 per vehicle in addition to per container fees. Offloading of Personal items from vehicles will be charged as Additional Labor.

8) Loose Furniture not in boxes such as wicker, rattan and antiques and fragile cargo: \$375 per container surcharge in addition to the per container fee.

9) Flatbed Loading: \$165 per load in addition to per container fees.

10) Bulk Cargos such as scrap metal, loose auto parts, stone etc.: HREW applies a labor surcharge of \$535 to cover the initial 24 hours of labor involved in the offload. Any labor

over the 24-hour allowance will be invoiced as Additional Labor. Any specialized equipment will be billed at cost plus 15%.

11) Additional Exam Support: Occasionally HREW is requested to provide support beyond simply making cargo available on the warehouse floor. These extra services include, but are not limited to, such things as opening cartons or Household Lift Vans, offloading personal items from vehicles or moving individual cases for x-ray examination. HREW charges \$5 to open each box and \$70 to open and re-band each lift van. Charges for other services will be assessed at the Additional Labor Rate.

12) Damaged Cargo: If a container arrives with damaged cargo and must be cleaned or is packed in such a manner that it requires extra labor or materials before it can be safely off loaded or if additional bracing or other means are necessary to re-stow the cargo then the container is subject to charges for Additional Labor, Material and Equipment.

13) Empty Container Return: Sweeping or removing nails to allow for the return of an empty container to Terminal will be charged as Additional Labor.

14) Disposal of dunnage, cargo or damaged goods will be billed at cost of disposal plus 15%.

15) Sampling: HREW can accommodate sampling if requested prior to the exam which will be billed as Additional Labor.

16) Additional Labor: The billing rate for Additional Labor, when required, will be charged at the rate of \$70 per man hour with a 2-hour minimum.

17) Additional Material: Any additional materials, when required, are charged at cost plus 15%.

18) Specialized Equipment: Any HREW services requiring the rental of equipment not required to be maintained by the CBP contract will be billed at the rate charged by the rental company (including delivery and return fees) plus 15%.

19) Overtime: Regular work hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday except for any federally mandated time off. Overtime rates of 150% regular charges apply before 8:00 a.m. and after 5:00 p.m. on weekdays, and for all hours on weekends and all federal holidays. Portions of an hour will count for a full hour.

20) Supplemental Administration Fees:

- A) Coordination of Multiple Agency Exams; \$135 when notified before the initial exam. (If the initial exam has been completed then each examination will be charged individually.)
- B) Re-billing Invoice: \$32 each
- C) Reworks requiring legal consent are assessed a fee of \$165 for documentation.

B: Facility Charge:

The Facility Charge is \$240/exam and applies to all examinations to cover costs incurred at the CES for security, inbound and outbound interchanges, yard switching and storage of cargo until the expiration of free time. This fee is in **addition to** the listed charges for De-vanning, Storage and Transportation. The Facility charge above includes an added \$35 per exam to cover cost of seized merchandise.

C: Storage Charges and Free Time:

HREW charges an itemized storage fee for any cargo remaining on site after “Free Time” has expired. “Free Time” is the period that begins when the cargo arrives at HREW and ends three days after HREW has made the cargo available for the exam. Storage beyond “Free Time” until the time the container has been released, by CBP, all fees have been received, and the container can be returned to the Ocean Terminal is charged as follows:

- 1) Cargo held in Containers: Each Container
 - Per calendar day for the next ten (10) days: \$100
 - Per additional calendar day: \$185
- 2) Cargo held on the warehouse floor: Each Pallet
 - Per calendar day for the next ten (10) days: \$13
 - Per additional calendar day: \$23
- 3) Please note that chassis charges and reefer monitoring fees are not storage fees and are not subject to any “Free Time”. Charges for these services begin when the container is picked up from the ocean terminal or rail yard.

D: Transportation Charges:

- 1) Drayage from point of discharge to HREW \$250
- 2) Drayage from HREW back to point of discharge \$250

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| 3) Drayage to railroad | \$250 |
| 4) Fuel Surcharge | HREW does not assess FSC |
| 5) Tolls* | \$35/load |
| 6) Drayage – Hazardous Cargo Surcharge | \$250 |
| 7) Drayage – Refrigerated Surcharge | \$125 |
| 8) Drayage Overweight Surcharge | \$125 plus tri-axle fees if needed |
| 9) Chassis Usage: | \$25/day or \$90/day for triaxle |
| 10) Terminal Congestion Fee: The standard dray rates include up to 2 hours of waiting time at the Terminals. In extraordinary conditions, HREW imposes a congestion fee of an additional \$175 for the next two hours of waiting time and then \$225 for every two-hour increment after that. | |

Please Note that Tolls will be adjusted on January 1 of each year based on the percentage increase published by ERT for that year.

5. Payment of Invoices

- A. Payment of charges must be made prior to the release of cargo.
- B. A returned check charge of \$65.00 shall be assessed for each time a check is returned for any reason.
- C. HREW reserves the right to apply any payment received against the oldest outstanding invoices.
- D. In the event HREW is required to resort to legal action to compel payment of sums due pursuant to the FEE SCHEDULE, the debtor will be responsible for all cost and expenses of the proceedings, plus reasonable attorney's fees.

6. Vendors

Whenever an outside party requests permission of HREW to perform work at our premises, the initiating firm must sign a "Hold Harmless and Indemnity Agreement" and provide a Certificate of Insurance from an insurance firm licensed to do business in the Commonwealth of Virginia showing the minimum comprehensive general liability as follows: Bodily Injury - \$1,000,000 each person and \$1,500,000 each occurrence; Property Damage Liability - \$500,000 each occurrence. Certificate shall also show a contractual liability endorsement.

7. Notification of Disputed Charges

Questions regarding the validity of invoices must be submitted in writing to HREW within thirty (30) days after the issuance of the invoice. Invoices not questioned with this 30-day period will be considered valid.

8. Limitation of Liability

- A. As stated above, HREW provides a CES to enable U.S. Customs and Border Protection (“CBP”) to examine cargo before it can be released into commerce in the United States or exported from the United States. HREW maintains custody of the cargo until its release is authorized by both the CBP and the importing ocean carrier **or** the cargo is ordered returned to the ocean terminal or rail yard by CBP. On behalf of carriers, HREW retains cargo until the ocean carrier’s charges are collected or guaranteed. Also, to international cargo, HREW asserts, as an integral part of its conditions and terms of service, any and all defenses, limitations to claims and provisions for notice contained in the ocean carrier’s Bill of Lading covering the cargo.
- B. HREW, for any services performed under this Fee Schedule and Tariff whether imported or exported cargo, assumes no liability for loss or damage to freight or cargo handled or transshipped through its terminal, including but not limited to, loss or damage caused by strikes, fires, water, action of the elements, theft, delay or other causes.
- C. **HREW, in any event for any cargo, shall be liable only for damages resulting from its failure to exercise reasonable care in performing its services and affording the facilities provided for herein. In no case shall HREW be liable for a sum in excess of \$500 per container, van or other form of cargo unitization unless the shipper, consignees, trucker, railroad, other inland carrier, or their representatives, declares in advance of HREW’s receipt of cargo that shipper wishes to extend liability to a maximum of the full value of the cargo or \$100,000 per container (whichever is less) and pays to the terminal operator a \$1000 per container for each day a container remains at the CES location as an additional assessment for enhanced maximum liability value. Nothing in this provision extends HREW’s liability beyond its obligation to exercise reasonable care for cargo in its custody, it merely allows for a higher liability limit in return for payment of an additional fee.**
- D. Claims for loss or damage must be submitted immediately upon discovery in writing to HREW, and in no event more than thirty (30) days from the date that CBP or other agency authorizes release of the cargo. Written notice must include a complete copy of the relevant ocean bill of lading as well as all available pictures and indications of loss taken before the cargo is offloaded. Lack of timely notification and compliant documentation shall be cause for denial of claim. In any event, HREW shall be discharged from all liability for loss or damage unless suit is brought within one year of occurrence in accordance with the terms of Paragraph 14 below.
- E. Liability for consequential damages – HREW shall not be liable for any loss of profit or special, indirect, or consequential damages of any kind to either the cargo or the container.

9. **Waiver of Sovereign Immunity**

Any user of HREW, in consideration for services performed, waives any defense of sovereign immunity to charges, fees or damages sought to be recovered by HREW.

10. Hold Harmless

Except as may be caused by HREW's primary negligence, vessel operators, their owners, or agents, and all other shippers and users of the CES facilities agree to defend, indemnify and save harmless HREW from and against all losses, claims, demands and suits for damages, including death and personal injury, including costs and reasonable attorneys' fees, incident to or resulting from their operations at the CES and/or use of the CES equipment and facilities.

11. Damaged Container

HREW, if its management becomes aware of container damage, and believes that the cargo carried therein is at significant risk, will contact the ocean carrier to arrange for repairs.

12. Security

HREW is a federally mandated secure site. All visitors must comply with posted security regulations and must, at all times, comply with security guard instructions.

13. Labor

In the event of a port strike or labor action which stops or delays traffic into or out of the port's terminal facilities, HREW reserves the right to delay or abate inspection activity while attempting to maintain a regular schedule.

14. Applicable Law

The validity, performance, and construction of this FEE SCHEDULE shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

15. Disputes

In the event of a dispute arising out of or related to the services described in this FEE SCHEDULE the matter will first be referred to a qualified mediator located in the Hampton Roads area. If mediation is unsuccessful, any litigation will be instituted in the General District or Circuit Court of the City of Chesapeake and shall be controlled by the laws of the Commonwealth of Virginia.