



June 1st, 2018

## **Policy Update: Roseburg Terms, Freight Claims, and Customer Arranged (WC) Shipping Policy**

Thank you for becoming a customer of Roseburg Forest Products. As a matter of housekeeping, we are providing copies of our standard terms and conditions of sale, our freight damage claims policy, and our customer-arranged truck shipping policy. The primary purpose of these statements is to clarify our position and ultimately improve our service for you.

**Terms and Conditions of Sale:** Due to the emergence and use of various methods of transactions, we do not provide terms and conditions with each order of goods. Currently, we govern all transactions under the terms and conditions provided unless we have entered into a mutually-executed written agreement which specifies different terms and/or conditions.

**Freight Damage Claims Policy:** The freight damage claims policy below explains how we can assist you in the process of filing such claims. While this is a clarification of existing practices, it is a good reminder of the details and process necessary for a successful outcome.

**General:** Terms of Sale for all Roseburg Forest Products (Roseburg) goods is free on board (FOB) origin. According to §2-319 and §2-504 of the Uniform Commercial Code (UCC), if a shipment is FOB origin, title to the goods and risk of loss or damage in transit passes to the Buyer ("Customer") at the time Roseburg places the goods in the possession of a carrier. This means the Customer legally owns the goods and is obligated to pay Roseburg its full invoice price once the goods are in the carrier's possession.

Roseburg often ships goods "freight prepaid." This does not change the FOB point, ownership, or risk of loss or damage. The Customer is still the owner of the goods once they are in the carrier's possession and has the responsibility to file claims with the carrier if the goods are lost or damaged in transit. The Customer may not deduct claims from moneys due Roseburg.

**Carrier Liability:** Whether shipments are moving on a bill of lading or subject to a contract between Roseburg and the carrier, the same rules governing carrier liability apply. Carrier liability is governed by the Interstate Commerce Act, 49 USC §14706 for trucks and 49 USC§11706 for rail.

The carrier is liable for the actual loss or damage to the goods that occurs in transit, unless it can prove the loss or damage was due to certain events outside the control of the carrier and also prove it was not negligent.

The carrier is not liable for special damages such as loss of sale, change in market price, or lost production; but is liable for costs in mitigating damages.

**Claimant Responsibilities:** The claimant is required to show that the shipment was in good condition at origin and short or damaged at the time of delivery. This makes it critical that the recommended procedures below are followed if the Customer hopes to collect on a cargo claim. A shipment cannot be refused because of damage. The Customer is required to accept the shipment and do whatever is necessary to minimize the damages.

Never make a statement to a carrier that the goods were improperly loaded. The carrier will automatically deny the claim if such statements are made. Roseburg loads railcars in accordance with loading rules and guidelines as published by the Association of American Railroads (AAR), and the railroads regularly inspect Roseburg loads to ensure compliance. If Roseburg loads a truck, it is in accordance with industry standards. The trucker is responsible for ensuring the load is secure, safe, and dry whether loaded by Roseburg or the trucker.

**Recommended Procedures:** As a service to our customers, Roseburg will assist with the claims process if these procedures are followed.

1. Immediately stop unloading if you see any damage or load displacement.
  - a. If carrier is a truck, advise the driver and ensure he/she makes a detailed notation of the damage on the delivery document. Notify the trucking company and offer them the opportunity to inspect the damage. Make note of the date, time, and full name of the person with whom you speak. Also, make note if they decline to inspect or agree to do an inspection at a later date.
  - b. If rail, notify the rail company and offer them the opportunity to inspect the damage. Make note of the date, time, and full name of the person with whom you speak and note if they decline to make an inspection. Save the air bag if it is collapsed or damaged.
2. Take photographs of the goods while they are still in place inside the railcar or truck. Ideally, take these photographs with a color digital camera that can record the time and date
  - a. Take close-ups of the damage and some wider angle shots that provide an overall frame of reference.
  - b. Take a photograph that identifies the railcar or truck on which damage occurred.
    - i. If it is a railcar, make a sign indicating the car number and ensure you take a picture with the load damage and the sign in the same photo.
    - ii. If it is a truck, take a picture of the carrier information as shown on the truck door if possible.
3. Complete unloading the entire shipment, sorting the damaged goods from the undamaged.
4. Notify your Roseburg Sales representative.
5. Complete the Freight Claim Form. (Contact your sales representative for a copy of the Freight Claim Form)
  - a. Make a claim for the value of the damaged or missing goods. Attach a copy of the Roseburg invoice to substantiate the amount.
  - b. Describe the damage in detail. Include pictures, copies of delivery documents with the damage notation, and the record of telephone calls made to the carrier.
  - c. You should also document your expenses directly attributable to the damage, such as the costs of sorting and segregating damaged product and taking photographs. Include time and expense.

6. Forward a copy of your claim to the Roseburg Transportation Department as soon as possible. If you have followed these procedures, Roseburg will help you with your attempts to recover your costs from the carrier. Also, remember your invoice to Roseburg must be paid in full.

**Customer-Arranged Shipping Policy:** For many years Roseburg has allowed customers to arrange their own shipping and we intend to continue that privilege. However, we have been noticing longer and longer delay times between an order's called ready date and pickup. As a manufacturer, we simply do not have the space to inventory product for an extended period of time. We also need to make sure all carriers picking up at Roseburg facilities meet standard safety and insurance requirements. To that end, Roseburg is implementing the following policy for customer arranged pickups.

1. New WC customers must be approved by Roseburg Sales and Roseburg Logistics
  - a. Current WC customers will be grandfathered, subject to adhering to Roseburg WC Policy
2. Only truck orders may be customer arranged (all rail orders must be Roseburg arranged)
3. Customers must ensure carriers comply with Roseburg safety, PPE, and tarping requirements
4. Customers must ensure carriers have a DOT Safety rating of "Satisfactory"
5. Customers must ensure carriers have current insurance meeting the following minimums:
  - a. \$1.0 Mil Gen Liability, \$1.0 Mil Auto Liability, \$100k Cargo Liability, Workers Comp (if required)
6. Customers must ensure carriers arrive prior to their appointment time
7. Customers must ensure carriers pick up orders within five (5) days of the called ready date
  - a. After five (5) days, Roseburg may arrange freight and ship the order at the customer's expense
  - b. If a particular customer continually has late pickups, Roseburg may revoke the privilege of arranging freight for that customer
8. WC customers will not normally be able to switch to Roseburg arranged shipping on short notice. If a customer continually needs to switch to Roseburg arranged trucks, then that customer may lose the ability to arrange their own shipments

Sincerely,

Roseburg Forest Products Company