

CO-BROKERAGE AGREEMENT BETWEEN LICENSED TRANSPORTATION BROKERS

This Agreement (Agreement) is made and intended to be effective on this _____ day of _____, 200__ by and between **L&M Transportation Services, Inc., aka LMTS** with offices located at **2925 Huntleigh Drive, Suite 104, Raleigh, NC 27604**, a corporation), (“MC#168116”), and _____, (a corporation), (LLC), (“MC# _____”) with offices located at _____, (collectively, the "Parties"). PARTIES for purposes of this Agreement shall include the divisions, subsidiaries, and affiliates of the PARTIES identified herein.

RECITALS

- A) The Parties are licensed property brokers as noted above, and authorized by the FMCSA (Federal Motor Carrier Safety Administration, U.S. Department of Transportation) to arrange for the transportation of freight by motor vehicles (including draymen) and/or railroad intermodal service and desire to work with each other to arrange the transportation of freight on behalf of shipper customers and
- B) This Agreement shall apply to transactions where the broker providing the shipping customer(s) whose freight is to be transported, is designated as Broker A, and the broker who contracts with motor carriers (including draymen), and/or rail carriers to transport freight, is designated as Broker B; and
- C) The terms of this Agreement are intended to apply to all co-brokered transactions between the Parties, where either of them may be acting in either capacity, as BROKER A or B.
- D) The licenses of the Parties are not subject to threatened, or pending revocation or suspension; each Party has and will maintain during the term of this Agreement the surety bond required of property brokers to be on file with the FMCSA; and the Parties are, and will be during the term of this Agreement, in compliance with all applicable state and federal regulations pertaining to the operation of their businesses.
- E) The persons signing this Agreement are authorized to do so and intend to bind their respective Parties.

NOW, THEREFORE, in consideration of the terms, covenants and conditions herein set forth, it is agreed:

- 1) Broker B Responsibilities: BROKER B shall be solely responsible for exercising due diligence in selecting carriers for the performance of this Agreement, which includes, but is not limited to: verifying the carrier's operating authority (state and/or federal), obtaining proof of the carrier's insurance coverage, with coverage not less than

\$1,000,000.00 for General Liability, \$ 1,000,000.00 Auto Liability; and \$ __100,000.00 cargo, verifying the carrier does not have an "Unsatisfactory" safety rating with the FMCSA, executing a written contract with carriers, which includes carriers representation of compliance with all applicable state and federal safety regulations, and for intermodal shipments, contracting only with motor carriers who have executed, and represent that they are in compliance with the terms of a current Uniform Intermodal Interchange Agreement (UIIA).

Broker B Insurance: BROKER B, shall procure and maintain its own insurance coverage and shall provide BROKER A with proof of insurance satisfactory to BROKER A.

2) Prohibition Against Re-Brokering: BROKER B shall not, nor allow a carrier to, re-broker, sub-broker, subcontract, assign, interline, or warehouse any shipments hereunder without the prior written consent of BROKER A.

3) Billings and Payments: BROKER A is authorized to, and shall be responsible for, billing and collection from shippers, consignees, and third parties responsible for payment of its charges. BROKER A shall pay BROKER B for agreed upon charges (commissions and carrier charges as specified by rate schedule or load confirmations, which are hereby incorporated by reference) within ___ days of receipt of BROKER B's invoice and proof of delivery. BROKER B shall pay the motor carrier(s)/railroads as required under its written contract(s) with such carrier(s) regardless of whether BROKER A timely pays BROKER B. In the event that payments to carrier(s) are not made in accordance with the payment terms of the BROKER B/carrier agreement(s), and the carrier is in compliance with that agreement, BROKER A may pay the delivering carrier(s) directly upon written notification to BROKER B and, in so doing, shall discharge its entire obligation to pay BROKER B. BROKER B shall not bill or collect freight charges from BROKER A's customers/shippers, consignees, or other parties responsible for payment, provided BROKER A has complied with the terms of this Agreement.

4) Minimum Shipments: BROKER A shall offer at least one (1) shipment per year to BROKER B.

5) Confidentiality: The Parties agree that they shall not use or disclose any of the contents of this Agreement including but not limited to, all sales and marketing information received from each other or from shipper customers or carriers providing transportation services to them, financial information received, brokerage fees charged and received, non-brokerage fees charged and received, amounts charged to and paid by shippers, consignees or others responsible for payment, amounts of freight charges billed and received, and motor carrier rates, given or exchanged with any person or entity except as necessary to conduct the business contemplated hereunder.

6) No Back-Solicitation: In recognition of the fact that each of the Parties has invested substantial effort and money in developing its customers and each Party may separately procure new accounts during the term of this Agreement, the Parties expressly agree that: a) BROKER B shall not solicit business from nor perform brokerage services directly or indirectly on behalf of any shipper/consignee/third parties first introduced to it by BROKER A, or through the performance of this Agreement. However, if Broker B has conducted business with such shippers/consignees/third parties prior to entering into this Agreement then Broker B can continue to solicit those traffic lanes previously served.

"Traffic lanes" for purposes of this Agreement shall mean origination locations to destination locations for both truckload and LTL shipments.

b) It is further agreed that this non-solicitation provision shall be in force and effect during the term of this Agreement and for a period of one (1) year from the date of the termination of this Agreement for any reason.

c) In the event of non-compliance with the specific provisions of this paragraph, BROKER B shall, upon discovery of breach by BROKER A, be liable to BROKER A for twenty-five percent (25%) of the gross transportation revenue received by BROKER B from said shipper(s) within one (1) year after the date of termination of this Agreement.

7) Term: Termination: This Agreement shall be in effect for a period of one year beginning with the date of signing by both Parties and shall be automatically renewed for like periods unless terminated by either Party for any reason, upon at least thirty (30) days advance written notice. Termination of this Agreement shall not relieve either Party from completing and performing their obligations to each other and to carriers and/or shipper customers, or any of the obligations arising out of the terms contained in this Agreement. Unless otherwise provided herein, or agreed in writing in advance, neither Party shall be liable to the other for consequential damages of any kind.

8) Indemnification:

a) BROKER A shall defend, indemnify, and hold BROKER B and its carrier(s) harmless from any and all claims, loss, damage, expenses, or liability, including reasonable attorney's fees, arising out of BROKER A's performance of this Agreement, or any violation by BROKER A of any of the terms of this Agreement or caused by Broker A's shipper customer.

b) BROKER B shall defend, indemnify, and hold BROKER A and its shipper, consignee, or third parties responsible for payment, harmless from any and all claims, loss, damage, expenses, or liability, including reasonable attorney's fees, arising out of BROKER B's and/or its carrier's performance of this Agreement, or any violation by BROKER B of any of the terms of this Agreement.

c) Unless the Parties notify each other in writing prior to transportation of any shipment, of greater freight values, the Parties indemnification obligations for freight loss and damage shall not exceed \$100,000.00 for any one shipment.

9) Notice of Claims: The Parties shall provide each other with immediate notice of any cargo loss or damage claims as well as any other claims arising out of this Agreement and will cooperate with each other in resolution of any such claim(s).

10) Disputes: In the event of a dispute arising out of this Agreement the Parties shall provide each other with **15 days** prior detailed written notice in which to "cure" any alleged default. If no "cure" is completed (or is not substantially in process), legal proceedings may be commenced in not more than two (2) years from date of the last occurrence of default, in the state(s) in which either of them have their principal offices. The prevailing Party in any legal proceeding shall be entitled to recover reasonable attorney fees. Unless preempted or controlled by federal transportation law and regulations, the laws of the state of the Party commencing legal proceedings shall be controlling without regard to conflicts of laws principles. The Parties wave all objections to venue and jurisdiction in those states.

11) No Assignment: This Agreement may not be transferred, assigned, or pledged by either Party without the prior written consent of the other Party. This Agreement shall be

binding upon and shall inure to the benefit of the Parties, their heirs, executors administrators, successors and assigns.

12) 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 (certified US mail, return receipt requested, or fax with machine imprint on paper acknowledging successful transmission) and shall be addressed as shown in the signature lines below.

13) Validity/Survival: If any provision of the Agreement shall be held invalid, illegal or unenforceable, the remainder of this Agreement shall not be affected and shall remain in full effect. The representations, rights and obligations of the Parties shall survive termination of this Agreement for any reason.

14) Waiver: No waiver of any provision of this Agreement, or of the breach thereof, shall be construed as a continuing waiver or shall constitute a waiver of any other provision or breach. This Agreement is for specified services pursuant to 49 USC 14101 (b). To the extent that the provisions herein are inconsistent with Part (b), Subtitle IV, of Title 49 USC (ICC Termination Act of 1995) the Parties expressly waive all rights and remedies they may have under the Act.

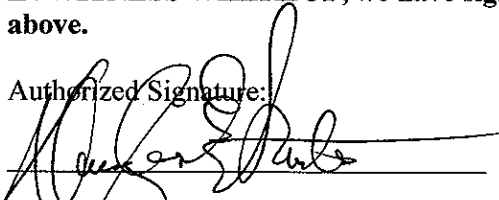
15) Independent Contractors: The relationship of the Parties to each other shall at all times be that of independent contractors.

16) Recitals: Headings: The Recitals above are contractual as well as recital. Paragraph headings are intended for convenience only, and shall not be considered substantive.

17) Integration: This Agreement contains the entire understanding of the Parties with respect to the subject matter contained herein, and supersedes all prior Agreements and understandings, verbal and/or written between the Parties with respect to such subject matter. The Parties intend that no extrinsic evidence may be introduced to reform this Agreement in any legal or equitable proceeding. This Agreement does not supersede any agreement that either Broker has with any shipper or carrier.

IN WITNESS WHEREOF, we have signed this Agreement the date and year first shown above.

Authorized Signature:



Authorized Signature:

Printed Name:

Douglas E. Stoiber

Printed Name:

Title:

Vice President

Title:

Company Address:

2925 Huntleigh Drive, Suite 104
Raleigh, NC 27604

Company Address:

Phone:

(919) 876-5942

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