

Lake State Railway

FREIGHT TARIFF LSRC 2000-C **DEMURRAGE, STORAGE, ACCESSORIAL AND SWITCHING**



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SECTION 1 – GENERAL RULES

GENERAL RULES (1.1)

Thank you for partnering with Lake State Railway Company (“LSRC” or “the company”) for your freight and logistics needs. The purpose of this publication is to provide our customers and their customers with a clear understanding of the rules and fees associated with our network, including but not limited to charges for switches, demurrage, weighing, and private railcar storage fees.

The terms and conditions of service published here apply to all transportation services provided by LSRC and all railcars while on our network.

These terms and conditions supersede and replace the former Demurrage Tariff 6000 and Tariff LSRC 2000B and its predecessors. Specific terms and conditions for line-haul transportation, including rates, are published in commodity-specific price lists, price quotes, and contracts. In the event of any conflict between the terms found here and any other LSRC publication or contract, the terms of the other LSRC publication or contract takes precedence.

By arranging for services with LSRC, a Customer, or any third party acting under the direction or on behalf of a Customer, authorizes and accepts all the rules, requirements and applicable charges contained within this publication. In addition, any action taken by a Customer, or any other Carrier, that:

- Initiates,
- Accepts delivery of, or
- Affects a movement or supplemental service in LSRC’s network

...also constitutes acceptance by that Customer or Carrier of all rules, requirements and applicable charges established here. Services expressly described herein are the only common carrier services offered by LSRC.

Applicability and Interpretation (1.1.1)

Unless explicitly stated otherwise in an existing publication or contract, all references made to former Demurrage Tariff 6000 and Tariff LSRC 2000B or its predecessors now refer to the specifics established here.

In these Terms and Conditions:

- References to Section numbers in these Terms and Conditions refer to the content they denote (Specific item numbers that may have been updated or changed are referenced for your convenience in a corollary document on www.lsrc.com)
- Capitalized terms not otherwise defined within these Terms and Conditions are defined in the Glossary appearing in Section 10.
- Anywhere it states that LSRC “may” act, the use of “may” means the action is at LSRC’s discretion

In the event that any term, condition, or requirement of these Terms and Conditions is found to be void or unenforceable, such findings shall not be construed to render any other term, condition, or requirement of these Terms and Conditions either void or unenforceable, and all other terms, conditions, and requirements shall remain in full force and effect.

Application of Increases (1.1.2)

Rates and charges in this tariff are subject to increase upon twenty (20) days notice.

Station Lists and Conditions (1.1.3)

These Terms and Conditions incorporate the Station condition requirements set forth in Tariff OPSTL 6000-Series. These include requirements for:

- Addition and abandonment of Stations
- Changes in Station names
- Restrictions on the acceptance or delivery of freight
- Changes in Station facilities

If a Station is abandoned, the rates to and from that Station are inapplicable on and after that date.

Inclusion of Tariffs, Items, Notes, Rules, etc. (1.1.4)

These Terms and Conditions incorporate the non-conflicting provisions of the Uniform Straight Bill of Lading, as well as LSRC's other rules, all applicable statutes, regulations, AAR and other industry standards, requirements, and procedures that would apply without being specifically listed.

Force Majeure (1.1.5)

LSRC and Customers are excused from their obligations under these Terms and Conditions to the extent prevented or delayed by a Force Majeure Event. The party claiming force majeure must notify all parties as soon as practical upon the beginning and ending of the force majeure condition.

Force Majeure Events include Acts of God, authority of law, labor disputes, weather impediments, fire, explosion, war, insurrection, threatened or actual acts of terrorism or other like causes beyond one's reasonable control. Downturns in the economy and changes in market conditions are NOT considered force majeure conditions.

Electronic Information Sharing and Notices (1.1.6)

LSRC utilizes an online system to help our Customers plan, ship, trace, waybill and release their shipments. Customers needing access to LSRC's online system can contact our Customer Service department at 989.393.9800 or by email at customerservice@lsrc.com. Customers must maintain accurate e-mail addresses on file with LSRC to permit the delivery of electronic notices.

- "In writing" notifications can include e-mail or other electronic communications

Charges in U.S. Dollars (1.1.7)

All charges are in U.S. Dollars.

Charges are Cumulative (1.1.8)

All charges established by these Terms and Conditions are cumulative, and may be assessed in any combination.

Agents (1.1.9)

LSRC may rely on the actions and representations of a Customer's Agents.

Rebilling of Charges (1.1.10)

Occasionally LSRC is billed for charges due to the actions of Customers or other railroads. LSRC may rebill (pass through) such charges to the party responsible for LSRC being billed, and such party is responsible for the payment of those charges.

SERVICE RULES (1.2)

Shipping Instructions (1.2.1)

LSRC accepts Shipping Instructions and accessorial services requested via previously agreed-upon means of Electronic Data Interchange (RVP/EBOL). In emergencies, Customers may email Shipping Instructions to customerservice@lsrc.com at an additional charge of \$100.00 per bill of lading for single carload shipments and \$500.00 per emailed bill of lading for unit trains.

For shipping instructions emailed to LSRC for manual input, shipper assumes all liability on incorrectly billed, and or misrouted shipments whether by LSRC or shipper's incorrect submission.

Line-Haul Transportation Service (1.2.2)

LSRC defines line-haul transportation as the movement of one or more railcars from station to station; the pulling of the railcar(s) from the origin and placement of the railcar(s) at the destination; and includes the movement of an empty Private Car back to its origin or another specified destination if such return movement occurs within six months of the most recent outbound, loaded move. LSRC establishes each location's service schedule.

- Private Cars are automatically reverse routed to their last point of origin or interchange unless instructions to the contrary are submitted in a timely manner
- Changes in routing of empty railcar movements are considered Diversions
- Railcars with more than 1,000 pounds of lading are not considered empty, and may require a separate Shipping Instruction

All line-haul transportation service is provided with reasonable dispatch.

Updates of Universal Machine Language Equipment Register ("UMLER") (1.2.3)

When a Customer tenders a railcar they own or lease to LSRC, the Customer must:

- Update the UMLER to reflect the Customer's interest in the railcar; or
 - Provide real-time access to its system for identifying their railcars to LSRC

Diversion and Other Changes to Shipping Instructions (1.2.4)

In a fluid marketplace, we understand that plans may change and Customers may need to request a Diversion or other changes in their Shipping Instructions. LSRC may charge \$425.00 per railcar for a Reconsignment or a customer requested change LSRC makes to the Shipping Instruction that does not affect the movement of the Shipment. In order to protect the efficiency of our network, LSRC will assess a fee of \$425.00 per railcar diverted or involved in the change of instruction.

- Each Diversion request or other requests for changes in a Shipping Instruction will only be accepted from the Freight Payer or its Agent, and

- The Freight Payer is responsible for any and all additional line-haul and other charges resulting from the Diversion
- In order to serve you with the best possible transportation solution, we will exercise commercially reasonable efforts to execute a Diversion request while the railcar is in our possession. However:
- We reserve the right to refuse a request for Diversion
- We cannot accept Diversion requests when the affected railcar(s) have reached an interchange with another railroad or a serving yard

Diversion orders should be:

- Emailed to customerservice@lsrc.com

Late Delivery of Shipping Instructions (1.2.5)

Customers have the responsibility to accurately and timely submit Shipping Instructions. Loaded railcars moving without Shipping Instructions slow a railroad's efficiency and customer deliveries. If a loaded railcar reaches a LSRC serving yard without complete Shipping Instructions, a late fee of \$500 per railcar may be assessed. For example, such fees may be assessed when such a railcar is moved:

- Pursuant to informal instructions provided by the Consignor
- Because it is mixed in with railcars with complete Shipping Instructions
- Because it is situated in a location that indicates, due to the established practice at the facility, that the Consignor wants LSRC to move the railcar

Any charges that accrue due to incomplete or missing Shipping Instructions are the responsibility of the Consignor and Freight Payer.

Safe Transportation of Food (1.2.6)

Customers have the responsibility to ensure compliance with the obligations, if any, imposed by the Sanitary Food Transportation Act and its implementing regulations, including all the requirements of 15 C.F.R. Subpart O, §§1.900-1.934.

EQUIPMENT RULES (1.3)

In order to provide customers with quality rail service, a railroad must be able to provide customers with railcars promptly and in operational condition. We appreciate your efforts to help us manage and protect our fleet by reserving the number of Carrier Cars you actually need and by returning Carrier Cars in the same clean, functional condition you expect to receive them.

Car Ordering Rules (1.3.1)

Customers should not order more railcars than their facility can accept.

- Railcar orders can be submitted up to six weeks in advance
- Customers must renew orders if expired and railcars are still needed for loading
- To increase or decrease a railcar order less than seven days before the railcar is due, the Customer must submit a change request via email to customerservice@lsrc.com
- LSRC will use commercially reasonable efforts to fulfill a changed railcar order
- No changes to a railcar order can be implemented on the day of the order or processed for the following day

Safe Loading of Railcars (1.3.2)

All railcars must be loaded in a safe and secure manner, in compliance with all laws, and in accordance with Association of American Railroad and LSRC rules and standards. Customers are liable for all damage, including damage to LSRC's track and equipment, that results from the improper loading of a railcar. Customers are also liable for all damage to Carrier Cars while in their possession. Customers are liable for costs associated with adjustment, transfer, or proper disposal of lading that results from defects or failures of privately owned or shipper supplied railcars.

A railcar is unsafely loaded if it exceeds the railcar's physical limits or is unbalanced. If a railcar is unsafely loaded, the Customer may be notified and given an opportunity to take corrective action.

- LSRC may apply a charge of \$750.00 for each unsafely loaded railcar; additional handling fees may also apply
- Unsafely loaded railcars shall be subject to demurrage charges until corrective action is completed
- If an additional railcar is needed to transport part of the unsafely loaded railcars, the rate for transporting that extra railcar will be determined as if it were traveling the originally billed route under the same commodity-specific public price or private contract price as the original unsafely loaded railcar

Cleaning Requirements for Carrier Cars (1.3.3)

With the exception of railroad-owned securement devices, each Carrier Car must be completely unloaded, clean and have all doors and hatch covers properly closed and secured prior to being released as "empty."

Customers are responsible for all charges arising from the Release of a Carrier Car that is not empty and clean, including charges for cleaning the Carrier Car and getting the Carrier Car to the nearest clean-out facility. The minimum charge for services of this type is \$600.

Empty Carrier Cars Ordered and Not Used (1.3.4)

Carrier Cars that are ordered for loading but subsequently refused or cancelled are subject to the following charges:

- LSRC Owned Equipment - \$300/car
- Foreign RR Equipment ordered by LSRC on behalf of the customer - \$600/car

Fees will not be applied to cars ordered and rejected due to mechanical faults, nor in the event that the car type does not match the car type ordered.

Furnishing Carrier Railcars That Subsequently Move on Another Carrier (1.3.5)

LSRC furnishes Carrier Cars with the expectation that Customers will use them to load and tender shipments that include LSRC in the line-haul. When a Customer requests a Carrier Car that LSRC provides, and that Customer tenders to another carrier and the routing does not include the railroad from which the car was ordered, LSRC may charge (and the Customer agrees to pay) a fee of \$3,000.00 per Carrier Car.

Inspections or Adjustments (1.3.6)

If LSRC is requested to do an inspection, or make any mechanical adjustments (including, without limitations, tightening bolts, closing gates/doors/hatches, etc..) LSRC may apply a charge a minimum of \$1000 for each railcar inspected or adjusted.

Limitations on Reloading Carrier Cars (1.3.7)

Carrier Cars may not be reloaded without the prior permission of LSRC.

Treatment of Articulated Cars (1.3.8)

For counting purposes, articulated railcars are considered the number of railcars equal to the number of separate segments (platforms) that have been joined together.

Cars That Must Be Unloaded from A Specific Side (1.3.9)

Loading a railcar in a manner that requires unloading from a single side can be unsafe, and is prohibited unless permitted by applicable AAR rules. For example, AAR rules stipulate that a railcar requiring placement for loading or unloading from a particular side or end must be placarded on both sides and the following written notification must be included on the associated Shipping Instruction: Notice to Carrier – Deliver railcar from side or end specified by placard.

Proper Billing of Hazardous Materials (1.3.10)

Customers and Carriers each have responsibilities for ensuring that the billing information for Hazardous Material cargoes is complete and in compliance with applicable laws. Customers are responsible for providing accurate information describing the Hazardous Materials prior to tendering the railcar to LSRC. Failure to provide such information poses an unacceptable risk to the public, and we may charge \$2,500.00 for each (i) railcar loaded with a Hazardous Material, or (ii) empty railcar that may contain Hazardous Material residue which tendered to LSRC with incomplete or erroneous waybill data, or without all information required by any governmental agency for the safe transportation of Hazardous Materials.

Releases of Non-Hazardous Materials (1.3.11)

When a non-accidental release of a nonhazardous product occurs, LSRC acts promptly to address the situation and may incur environmental or other clean-up costs, including from service disruptions and crew/locomotive expenses from moving affected Railcars to a secure location. LSRC may charge a railroad owner, consignor, or freight payor for any and all costs incurred during the response, clean-up, remediation, and switching or repositioning of Railcars resulting from a non-accidental release. The minimum charge for responding to a non-accidental release, including the switching or repositioning of cars involved in a non-accidental release, is currently \$2,000.00/railcar per event.

Safe Return of Empty Railcars (1.3.12)

All railcars must be returned in a safe and secure manner, in compliance with all laws, and in accordance with Association of American Railroad and LSRC rules and standards, including the closing of all doors and hatches, and the securement of all cables and other dunnage. Customers are liable for all damage, including damage to LSRC's track and equipment, that results from failing to safely return an empty railcar. Customers are also liable for costs associated with adjustment, or securing of cables/doors and dunnage in empty railcars they release to LSRC.

Non-LSRC Served Customer Car Orders (1.3.13)

All requests for railcars should be submitted to the Carrier that delivers railcars to the ordering facility in accordance with AAR Rule 15.

Excessive Private Railcars (1.3.14)

LSRC may send Private Railcars to the storage facility in accordance with AAR Circular OT-57. Any such move shall be subject to empty railcar line-haul, storage fees and other applicable charges. Refer to Circular OT-57 for additional information regarding the application process and other relevant requirements.

Mileage Charges On Privately Owned Equipment (1.3.15)

LSRC will NOT pay mileage charges on privately owned rail car(s) when moving to or from stations served by the LSRC.

RELATIONSHIP WITH OTHER RAIL CARRIERS (1.4)

For the convenience of Customers, LSRC has and will from time-to-time coordinate with other rail carriers for the transportation of cargo. When LSRC coordinates such transportation, whether by contract or pursuant to that rail carrier's tariff, those arrangements are made solely so that our customers do not have to arrange and contract with those rail carriers. In entering such contracts and/or tendering railcars under that tariff, and paying for the services of those rail carriers, LSRC is acting as the disclosed agent of the Customer. LSRC does not seek such transportation on its own behalf, and any such other rail carrier is not LSRC's agent in completing the transportation.

LSRC does not assume or accept any responsibility or liability for the actions of any other rail carrier with regard to the transportation of any cargo. All such liability is solely the responsibility of the rail carrier whose actions give rise to the claimed liability. Each common carrier by rail is only responsible for the transportation services provided on its network.

RECOGNIZED HOLIDAYS (1.5)

- New Year's Day
- Good Friday
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Christmas Day

SECTION 2 - DEMURRAGE AND PRIVATE CAR STORAGE

DEMURRAGE (2.1)

Demurrage and Private Car Storage fees help railroads maintain efficient networks by encouraging the timely loading, unloading and release of railcars.

Demurrage is applied to Carrier Cars that are held for Customer instructions, including those waiting to be loaded or unloaded while at origin or destination. Private Car Storage fees are applied to Private Cars waiting on a railroad's tracks; usually for loading, unloading, or Shipment Instructions. Together, they help prevent railcars that you may need from sitting idly and ensure that our network doesn't become clogged with unused railcars.

Calculating Demurrage (2.1.1)

LSRC calculates and bills Demurrage on a monthly basis using a debit/credit system. Carrier Cars are tracked, calculated, and billed in separate accounts based on whether they are loaded, empty, refrigerated boxcars, heavy duty flat cars, RSSMs, or other Hazardous Material railcars. The company:

- Allows one day credit to load or two days credit to unload a Carrier Car; except that no credits are available for Carrier Cars loaded with RSSM

If LSRC cannot place or pull a railcar due to Customer's failure to facilitate LSRC's access to the railcar, the railcar continues to accrue debits

At the end of each month, credited days and debited days are totaled for each Carrier Car Released at a particular Customer location:

- If total credit days exceed total debit days, no Demurrage accrues
- If total debit days exceed total credit days, Demurrage accrues
- Excess debit days, multiplied by the applicable rate, determine the Demurrage amount billed to the Customer
- Carrier Cars are tracked, calculated, and billed in separate accounts based on whether they are loaded, empty, inbound, or outbound; credits in one account cannot be used to offset debits in the other
- Excess Demurrage credits do not carry over to the next month

Debit days start at 00:01 the next scheduled service day after LSRC notifies the Customer of Constructive Placement of a railcar, or Actual Placement of a railcar. For Customers without scheduled service days, debit days start at 00:01 the day after LSRC notifies the Customer of Constructive Placement of a railcar or places a railcar.

Reloading and Demurrage (2.1.2)

There are times when a Customer may appropriate a railcar for reloading. When this happens, the Demurrage cycle stops on the unloading account (1 credit day) and begins on the loading account (1

credit day). This ensures that you will be credited with the proper amount of time to accomplish the task.

- Railcars that have been emptied and are to be reloaded at the same location must be “appropriated” via email to customerservice@lsrc.com prior to reloading to receive all available Demurrage credits
- Assistance regarding reloading is available by emailing customerservice@lsrc.com or rates@lsrc.com

Additional Charge for Excessive Demurrage of Carrier Cars (2.1.3)

LSRC may charge an additional charge of \$100 per car per day when a specific Carrier Car (identified by car initial and number) is not Released or Ordered within 15 days. This charge is in addition to the basic demurrage charge established by Section 2.1.1 and will apply to only boxcars.

PRIVATE CAR STORAGE (2.2)

Private Car Storage Charges (2.2.1)

Like Demurrage, LSRC calculates and bills for Private Car Storage on a monthly basis using a credit/debit system. The company:

- Allows one day credit for a loaded or empty Private Car; except that no credit days are available for Private Cars carrying RSSM.

Private Car Storage charges are calculated like Demurrage. At the end of each month, credit days and debit days are totaled for each Private Car located on LSRC tracks pending access to a particular Customer facility:

- If total storage credit days exceed total debit days, no charges accrue
- If total storage debit days exceed total credit days, Private Car Storage charges apply
- Excess debit days, multiplied by the applicable rate, determine the Private Car Storage amount billed to the Customer
- Excess storage credits do not carry over to the next month
- Empty and loaded private railcars are tracked and billed in separate accounts; credits in one account cannot be used to offset debits in the other. Cars will be accounted for on a per car basis.

Debit days start at 00:01 the next scheduled service day after LSRC notifies the Customer of Constructive Placement of the Private railcar and stops when the Customer orders the railcar for Actual Placement.

DEMURRAGE AND PRIVATE CAR STORAGE APPLY TO CARS HELD FOR OTHER PURPOSES (2.3)

Demurrage or Private Car Storage charges may also apply to railcars held due to other conditions caused by a Customer, including, but not limited to:

- Empty Railcars placed in industry and released empty
- Railcars tendered to a Consignee and ultimately refused by the Consignee
- Railcars held due to being overloaded
- Railcars held while awaiting any change to the Shipping Instructions
- Railcars held short of destination due to Customer’s inability to accept delivery
- Railcars held for load transfers waiting for private empty equipment

These Demurrage and Private Car storage fees are calculated without credit days. The number of debit days is multiplied by the applicable rate to determine the amount payable to LSRC by the Customer.

DEMURRAGE AND PRIVATE CAR STORAGE RATES (2.4)

DEMURRAGE RAILROAD EQUIPMENT CREDIT (FREE) DAYS	RATE PER DAY	REFRIGERATED CAR & HEAVY DUTY FLAT CAR RATE PER DAY
1-DAY CREDIT FOR LOADING	\$75 per railcar	\$250 per railcar
2-DAY CREDIT FOR UNLOADING	\$75 per railcar	\$250 per railcar
0-DAY CREDIT FOR RAILCARS HELD FOR OTHER PURPOSES	\$75 per railcar	\$250 per railcar
PRIVATE CAR STORAGE CREDIT (FREE) DAYS	RATE PER DAY	
1-DAY CREDIT FOR EMPTY RAILCARS	\$75 per railcar	
1-DAY CREDIT FOR LOADED RAILCARS	\$75 per railcar	
0-DAY CREDIT FOR OVERLOADS	\$75 per railcar	
0-DAY CREDIT FOR RAILCARS HELD FOR OTHER PURPOSES	\$75 per railcar	
HAZARDOUS MATERIAL CREDIT DAYS	RATE PER DAY	TIH/PIH CARS RATE PER DAY
0-DAY CREDIT FOR LOADED RAILCARS	\$250 per railcar	\$1,500 per railcar
0-DAY CREDIT FOR EMPTY RAILCARS	\$75 per railcar	\$150 per railcar

*Credit days for Holidays are not applicable for Hazardous shipments. For LSRC recognized Holidays please see section 1.5.

Cars Released Empty Or Waybilled Prior To Being Physically Ready To Pull Charges (2.4.1)

LSRC may charge up a fee of \$500 per car per incident when cars are released to LSRC and are not physically ready to pull with proper car status.

SECTION 3 - NETWORK

SIDETRACKS (3.1)

In order to ensure the utmost in efficiency and hassle-free transition between different tracks, LSRC observes the following policies and requirements.

Most Customer facilities are accessed via Sidetracks. At LSRC, we expect to operate with a private sidetrack agreement that establishes the responsibilities and processes necessary for use of those tracks, including important issues related to local safety, and operations. In the absence of a private sidetrack agreement, the following terms and conditions govern the use of the Sidetracks. LSRC reserves the right, however, to decline service on a Sidetrack in the absence of a private sidetrack agreement.

Access Right (3.1.1)

When a Customer orders or accepts a Shipment from LSRC, they are representing that they own or have the right to grant LSRC access to the Sidetracks and property leading to and within the Customer facility. This allows LSRC to proceed unimpeded over the Sidetracks.

- LSRC will use the Sidetracks to deliver any railcar directed to the Customer's facility by a valid Shipping Instruction (LSRC is not liable for any costs or losses arising solely from the fact of such delivery)
- LSRC may access and temporarily occupy Customer's Sidetracks when useful in the course of providing local service in the Customer's vicinity
- In the event we deliver a railcar NOT ordered or expected by the Customer, we will use commercially reasonable efforts to promptly remove the railcar

Maintenance (3.1.2)

Customers must, at their own expense, inspect, maintain, and renew Sidetracks consistent with normal operations, and in accordance with:

- The Federal Railroad Administration's Track Safety Standards (49 C.F.R. Part 213)
- Railroad Worker Safety Regulations (49 C.F.R. Part 214)

The Customer must inform LSRC's Customer Service of the dates and amount of time that the Sidetracks will be out of service, whether for maintenance or other reasons.

In addition, Customers must keep Sidetracks free from:

- Debris and weeds
- Potholes and excavations
- Ice and snow
- Temporary or permanent structures and poles
- Other obstructions (i.e., parked vehicles)

LSRC has the right, but not the duty, to inspect Sidetracks.

LSRC will not operate over any Sidetracks that we determine are unsafe.

Close Clearances (3.1.3)

A customer shall not maintain Close Clearances in the area of Sidetracks unless:

- The customer obtains a waiver from any conflicting Governmental Requirements, and
- LSRC approves such Close Clearance in writing

Customers must install, maintain and replace at their expense any warning signs or lighting, or make other adjustments regarding Close Clearances as may be necessary, useful, or required by any Governmental Requirements or LSRC.

Construction (3.1.4)

If a Customer seeks to construct new or additional, or alter existing, Sidetracks without interruption in LSRC service:

- All construction must be done in accordance with the provisions of LSRC's current Standard Guidelines and Specifications for the Design and Construction of Private Sidetracks, and
- Customers must supply LSRC with construction plans for any addition, deletion, or modification to the Sidetracks, and obtain LSRC's written confirmation that LSRC has no objections to the proposed changes prior to making any material alterations to the Sidetrack

To facilitate safe operations and avoid interruptions of service, Customers should notify LSRC not less than 30 days prior to constructing or allowing the construction of any new tracks, public or private road, gate, tunnel, bridge, culvert, pit, gas-line, pipe, or other items on, over, under or along any part of the Sidetrack or right-of-way

Emergency Access Right (3.1.5)

LSRC may use Sidetracks for emergency operating purposes as long as the emergency operations do not materially affect the use of the Sidetracks for rail service to the Customer.

Control over Railcars (3.1.6)

LSRC surrenders possession and control of each railcar, and its contents, consigned to or ordered by the Customer when:

- A railcar has been placed on a Sidetrack, and LSRC's locomotive uncouples from the railcar, or
- LSRC's crew departs from the locomotive if the locomotive is being left with the Customer

LSRC assumes possession and control of a railcar and its contents when:

- LSRC's locomotive is coupled to the railcar, or
- When the locomotive has been left with the Customer, LSRC's crew is onboard the locomotive and has actual control over the train by initiating departure from the Private Track

Customer indemnifies LSRC against any damages that result from failing to secure railcars in their possession.

Hazardous Materials (3.1.7)

Hazardous Materials shall not be placed by anyone:

- On or within the twenty-five feet of Sidetracks, or
- On Customer property within 100 feet of LSRC's connecting mainline track

This does NOT apply to:

- Shipments consigned to, or ordered by, a Customer accessible by such Sidetrack, or

- Existing pipelines for the transportation of Hazardous Materials

Continuation Charge (3.1.8)

If the LSRC traffic on a Sidetrack is insufficient to justify continuing access to the LSRC network, LSRC may offer to keep its access switch in place in exchange for an annual continuation charge.

0-5 Annual Carloads - \$10,000 6-9 Annual Carloads - \$7,500

TEAM TRACKS (3.2)

LSRC generally permits Customers limited access to Team Tracks for the purpose of loading and unloading railcars.

Rules of Access to Team Tracks (3.2.1)

Safety has no exceptions: every Customer and its employees, Agents and subcontractors must comply with applicable laws, regulations, safety rules, and LSRC requirements while using a LSRC Team Track facility. In addition:

- Customers may not store materials or equipment on LSRC's property
- Permission to access the Team Track terminates immediately upon completion of loading or unloading
- Customers shall comply with all LSRC rules and policies relating to the Team Track and the instructions of LSRC's authorized personnel
- Upon completion of loading or unloading of a railcar, Customers shall leave LSRC's property in a safe and clean condition, removing all materials they brought onto LSRC's property or removed from the railcar
- A Customer must immediately vacate LSRC property if so instructed by LSRC personnel
- Crossings of LSRC tracks by trucks or other equipment shall be made solely at public crossings or designated private crossings unless prior alternate arrangements have been made with LSRC's Chief Engineer
- A Customer must immediately report spills of any kind by calling LSRC's Dispatch Center at 989.757.7560 and then work directly with LSRC's environmental team to properly remediate any spill contamination.
- A Customer must properly utilize a Blue Flag prior to accessing a railcar and promptly remove upon completion of work.

We will deny access to a Team Track if, in our discretion, we determine that the Customer's use of the Team Track is negatively affecting the safety of Team Track, other Customers, or our other operations.

Prohibited Materials (3.2.2)

Due to safety concerns, the following materials shall not be placed by anyone on Team Tracks or LSRC property while accessing Team Tracks without prior written authorization.

- Hazardous Materials
- Bulk liquids of any kind

Liability at Team Tracks (3.2.3)

A Customer assumes all risks, and agrees to defend, indemnify, and save harmless LSRC and its employees from and against, all losses, costs, expenses, claims, suits, and judgments, including reasonable investigation and attorney's fees, suffered or incurred in connection with:

- Injury or death of ANY person(s), including but not limited to the agents, employees, and permittees of LSRC and Customer,
- Loss of or damage to ANY property, including but not limited to property owned or in the care, custody, or control of LSRC or Customer, and
- Environmental damage arising from the use by a Customer, its employees, agents or contractors, of a LSRC Team Track or any associated facilities, except to the extent such injury, death, loss or damage is caused by the sole negligence, or by the gross negligence or willful misconduct, of LSRC or its employees. The foregoing obligations on the part of the Customer apply regardless of the cause of such injury, death, loss, or damage, or of any joint or concurring ordinary negligence on the part of LSRC or its employees.

NO RIGHT TO ACCESS LSRC TRACK (3.3)

Protecting our network is essential to maintaining our employees' safety and LSRC's service operations. No one else, including a Customer, is allowed to enter, perform any switching, or otherwise operate on any tracks owned by LSRC. If a Customer accesses LSRC track, Customer assumes all risk of loss and indemnifies LSRC against all damage, cost, liability, judgment, and expense, including attorney's fees, in connection with any personal injury to or death of any persons or loss of/damage to any property, whether employees or property of either Customer, LSRC, or third persons, sustained, incurred, arising, or growing out of operations by Customer or its Agents upon LSRC tracks.

CONSTRUCTION NEAR TRACKS (3.4)

We have learned that a vast majority of commercial general liability insurance policies exclude any location within fifty (50) feet of a railroad track. As such, many of our customers and neighbors need to exercise caution when considering any construction activities in the vicinity of our track, or any railroad tracks. The exclusion arises because of the unusual risks of construction activity in the vicinity or railroad tracks.

Track Protection Services (3.4.1)

LSRC has sole authority to determine the need for track protection required to protect its operations and property. In general, track protection will be required whenever anyone is, or are likely to be, working within fifty (50) feet of live track or other track clearances specified by LSRC, or over tracks.

Anyone performing construction within fifty (50) feet of LSRC's tracks shall reimburse LSRC directly for all costs of track protection that is required on account of construction. Anyone planning such construction activity shall give a minimum of 10 days' advance notice to LSRC Representative for anticipated need for track protection service. No work shall be undertaken until the employee in charge is/are at the job site. LSRC shall not be liable for the cost of delays attributable to obtaining such service.

LSRC shall have the right to assign an individual to any construction site within fifty (50) feet of LSRC's tracks to perform inspection service whenever, in the opinion of LSRC, such inspection may be

necessary. LSRC may charge, and any Customer shall pay, the costs incurred by LSRC for such inspection service. Inspection service shall not relieve anyone from liability for its own construction.

LSRC shall render invoices for, and Customers shall pay for, the actual pay rate of the employee in charge and inspectors used, plus standard additives. If the rate of pay that is to be used for inspector or track protection service is changed before the work is started or during the progress of the work, whether by law or agreement between LSRC and its employees, or if the tax rates on labor are changed, bills will be rendered by LSRC and paid by Customer using the new rates. Customers shall perform their operations that require track protection or inspection service in such a manner and sequence that the cost of such will be as economical as possible.

SECTION 4 – CUSTOMER SWITCHING & SERVICES

CUSTOMER SWITCHING (OTHER THAN RAIL SECURITY-SENSITIVE MATERIALS) (4.1)

Once LSRC delivers a railcar, pursuant to a line-haul move, to a designated origin, destination, or any other agreed upon point for loading or unloading, any subsequent switching movements may be subject to switching charges. Customers can minimize or reduce their charges for additional switching by planning and loading railcars in a manner that minimizes the need for switching railcars. LSRC's charges for additional switching are listed below.

Intra-Plant Switch (IPS) - \$200/car

- Cars switched within same industry from one track to another

Intra-Terminal Switch (ITS) - \$500/car

- Cars switched within the same station
- Rail Security-Sensitive Materials, as defined by 49 C.F.R. §1580.100(b), may not be tendered for Intra-Terminal Switching, but can only move in line-haul service

Cherry Picking - \$250/car

- Cars in storage that are requested by a specific car initial/number that requires additional switching.

The foregoing charges cannot be used for Reciprocal Switching

SWITCHING ORDERS (4.2)

LSRC will accept Customer switching requests by any of the following electronic methods:

- Electronic Data Interchange (EDI)
- Emailing Customerservice@lsrc.com - Service fees may apply

HANDLING OF EMPTY FREIGHT (4.3)

There will be a \$500.00 per car charge for any empty railcar moved without a corresponding revenue loaded move. This charge is in addition to any applicable freight, switching and demurrage charges and is subject to LSRC 7676 FSC.

SECTION 5 – RAIL TO RAIL BILLING

RECIPROCAL SWITCHING SERVICES (5.1)

LSRC works closely with Class I and other shortline railroads to promote the timely, efficient and error-free transfer of railcars and billing for our Customers interline shipments. If you have any questions about the following policies and rates regarding rail-to-rail services, please contact your LSRC account representative.

Application of Reciprocal Switching Charges (5.1.1)

Charges for LSRC Reciprocal Switching are the responsibility of the line-haul carrier handling the loaded railcar from or to the station at which the reciprocal switch occurs

Any charges assessed by an intermediate railroad providing an intermediate switch will be added to the reciprocal switch charges assessed by LSRC

Reciprocal Switching Exceptions (5.1.2)

LSRC does not provide Reciprocal Switching Services for:

- Special train shipments, or dimensional loads
- Traffic consisting of bi-level, or tri-level railcars
- Locomotives or Tenders (STCC 37-411)
- Passenger Train Cars (STCC 37-421)
- Unit trains

Restricted Reciprocal Switching (5.1.3)

When Reciprocal Switching for a given Customer facility is noted as restricted LSRC may require the line-haul carrier to provide sufficient documentation to verify that the shipment is eligible for reciprocal switching before we accept the railcar.

LSRC may audit the line-haul carrier's records to confirm that all cars switched into that Customer's facility were eligible for reciprocal switching

Railcars delivered for reciprocal switching in violation of a restriction shall be subject to LSRC line-haul charges for the railcar's movement

Absorption Of Reciprocal Switching And Unabsorbed Reciprocal Switching Charges (5.1.4)

LSRC pays the Reciprocal Switching charges assessed by other Carriers when they originate or terminate traffic at facilities not otherwise accessible by LSRC.

- Any portion of the Reciprocal Switching charge that is included in LSRC's line-haul rate is the 'absorbed' portion of the switch charge, up to \$390 per railcar
- LSRC will absorb Reciprocal Switch charges, unless otherwise provided in a line-haul pricing document or contract
- The difference between the other Carrier's Reciprocal Switch charge and the amount absorbed by LSRC constitutes the Unabsorbed Reciprocal Switch Charge, which will be invoiced to a Customer separately

Reciprocal Switch Customers On LSRC (5.1.5)

LSRC provides, subject to the exceptions in Section 5.1.2, Reciprocal Switching for these specific Customers, with the identified interchange partners.

Station: Bay City, MI

- Omni Source – 1414 N. Madison Ave, Bay City, MI (HESR)
- SC Johnson – 4868 E Wilder Rd, Bay City, MI (HESR)
- Straits Wood Treating – 4804 Wilder Rd, Bay City, MI (HESR)

Station: Essexville, MI

- Consumers Power Company – 2742 Weadock Hwy, Essexville, MI (HESR)
- Saginaw Bay Fertilizer – 1008 Scheurmann St., Essexville, MI (HESR)

Station: Midland, MI

- Dow Chemical – 2030 Willard H Dow CTR, Midland (HESR)
- Dow Silicones – 3901 S. Saginaw Rd, Midland, MI (HESR)

Station: Saginaw, MI

- Nutrien – 1753 N. 6th Ave, Saginaw, MI (HESR)
- Nexteer – 3900 E. Holland Rd, Saginaw, MI (HESR)

Station: Flint, MI

- General Motors Corp. – 1245 East Coldwater Rd, North Flint, MI (CN)

CAR(S) RECEIVED (INTERCHANGED) IN ERROR (5.2)

In the event LSRC receives cars in error or without necessary forwarding instructions, the AAR's Car Service Rule #7 applies.

Car(s) empty or loaded, delivered to LSRC in error will be subject to a \$500.00 per car switching charge for returning car(s) to carrier responsible for delivery error or forwarding car(s) to proper carrier within the same switching district. Charge for this service will be assessed against the carrier responsible for the car(s) being delivered in error.

If car(s) are held by LSRC awaiting disposition from the carrier making the delivery error, an additional holding charge of \$50.00 per day will be assessed to the responsible carrier for each day, or fraction thereof, car is held beginning with the first full calendar day (00:01) following written notification that car is being held for disposition until disposition is furnished.

SECTION 6 – SPECIAL SERVICES

SPECIAL TRAIN SERVICE (6.1)

The term “Special Train” as used in this tariff means the movement of freight between, or at, stations on the LSRC on Saturday, Sunday, Holidays or at any time Monday through Friday other than normal service times. Special train charges apply to work trains, including but not limited to, ballast trains, rail trains, and material pick-up trains. Special train charges may also apply to freight that requires special handling (heavy, large, or feature a high center of gravity).

Requesting Special Train Service (6.1.1)

The planning required to transport specialized goods can be significant and it can take a fair amount of time to both develop the appropriate route and plan and obtain any necessary approvals. Customers needing special service must submit a Special Train Service Authorization Form to us in order to begin that process. Given the specialized nature of the requested service, and of what may be required to provide it, please give us as much notice and information as possible in making the request for special train service.

LSRC works hard to find a route for your specialized goods. If you decide not to tender a load for movement as a Special Train after submitting a Special Train Service Authorization Form, LSRC may bill you \$7,500 for that effort. If you cancel a Special Train less than five (5) hours before your Special Train is scheduled to depart LSRC’s origin yard, LSRC may bill you \$10,000 for the costs of arranging for your Special Train.

If a Special Train Service route extends beyond the LSRC network, it is the Customer’s responsibility to contact and determine the requirements, limitations, and fees of the other Carrier(s), and to secure permission for access to the other Carrier’s network.

If you believe your freight requires Special Train Service, please contact your LSRC Account Manager or email rates@lsrc.com for further details and specialized quotes.

For dimensional loads, you should start by contacting the LSRC Clearance team at Clearances@lsrc.com

LSRC reserves the right to accept, reject, or condition all requests for special train service within its network

SPECIAL CAR RESTRICTIONS (6.2)

Any car in excess of 10'8" wide or 15'9" high or 73' long for flatcars or 60' for all others and/or in excess of 286,000 lbs gross weight must have written permission from LSRC prior to interchange and will be charged a \$350.00 per car charge.

Any cars received, as described above, without prior authorization will be subject to a \$2,500.00 per car charge. This charge is in addition to any applicable freight, switching and demurrage charges.

Any cars received, as described above, needing special train service will be subject to the above charges in addition to the charges outlined in 6.1.

INTERNATIONAL SHIPMENTS (6.3)

Rules for International Shipments (6.3.1)

The LSRC connects with Class 1 railroads that have access to Canada and Mexico. Customers who plan to ship internationally must comply with all customs laws and obtain any and all approvals for the cross-border transportation of their shipments, including any and all clearances associated with their shipment under import and export laws. All necessary or useful documentation with respect to an international shipment must be provided to LSRC in a timely manner. LSRC fully cooperates with governmental authorities in handling international shipments, but does not provide the services of a licensed customs broker. U.S., Canadian, and Mexican border officials require complete import and export documentation associated with, and access to, all Shipments.

- Empty railcars cannot automatically reverse route across U.S.-Canada borders – they must have a separate Shipping Instruction
- Residual amounts of commodities in railcars may require a customs broker to assist in their transit across the border
- Railcars with residual Hazardous Materials, including chemical tank cars, cannot be identified as empty on the Shipping Instruction

Customs and Fees at International Borders (6.3.2)

Proper paperwork is vital to efficient international transportation. If LSRC or another Carrier is forced to set out a railcar from a trans-border train, or to place a railcar on hold status due to incomplete or incorrect Customs documentation, data quality, or at the request of U.S., Canadian or Mexican Customs for any reason, the Customer is responsible for and will be charged for all associated switching charges and any other costs or fees paid by LSRC.

Fees Relating to Customs Holds (6.3.3)

When LSRC is obliged to hold a railcar awaiting Customs clearance and release, LSRC will assess an additional \$400.00 (U.S.) per railcar hold fee, in addition to any applicable demurrage or storage fees until proper paperwork is received.

TURNING CARS (6.4)

Loading a railcar in a manner that requires unloading from a single side can be unsafe, and is prohibited unless permitted by applicable AAR rules.

For example, AAR rules stipulate that a railcar requiring placement for loading or unloading from a particular side or end must be placarded on both sides and the following written notification must be included on the associated Shipping Instruction:

NOTICE TO CARRIER

Deliver railcar from side or end specified by placard.

If a railcar must be turned, the turning charge will depend on the round-trip distance to and from the turning location. LSRC will assess a \$500/car fee in addition to applicable linehaul charges.

WEIGHING (6.5)

Freight weights are required when used to determine freight charges. LSRC will provide weighing services when acceptable freight weights are not provided by the Customer. When LSRC does not need a weight to determine freight charges and a Customer nevertheless requests that a railcar be weighed, fees are based on where the weighing takes place, as follows:

- Private scales at the facilities of the party requesting the weighing: \$200.00/railcar
- Railroad or other scales not at the facilities of the party requesting the weighing: \$500.00/railcar

Customers may be charged switch charges or line-haul transportation charges for railcars moved to and from scales in addition to the weighing charges.

Once weighed, the gross, tare, and net weights used for billing purposes will be provided to parties named on the Shipping Instructions.

Certifying Customer Scales (6.5.1)

All scales used for weighing railcars must conform to the requirements of the AAR Scale Handbook and LSRC practices and procedures.

Accepting Customer Weights (6.5.2)

A Customer railcar weight will be accepted when the weight meets the requirements of this Section and is included on the Shipping Instruction or transmitted to LSRC on a weight certificate. LSRC will also accept weights pursuant to a separate agreement. All weights are subject to verification by the participating Carriers. Customer must furnish the weight to LSRC via:

- EDI
- By email to customerservice@lsrc.com

Weight Overloads (6.5.3)

Maximum weights and the procedures for handling overloaded railcars are established by AAR. A railcar is overloaded if it exceeds the railcar's limit or that of any line segment along the route between origin and destination. If a railcar is overloaded, to the extent practicable, the Consignor may be notified and given an opportunity to take corrective action.

- LSRC may apply a charge of \$750.00 for each overloaded railcar; additional handling fees may also apply
- Overloaded railcars shall be subject to demurrage charges until corrective action is completed

- If an additional railcar is needed to transport part of the overload, the rate for transporting that extra railcar will be determined as if it were traveling the originally billed route under the same commodity-specific public price or private contract price as the originally overloaded railcar

UNIT TRAINS (6.6)

Holding of Equipment (6.6.1)

When LSRC's locomotives or unit trains are held other than for LSRC's convenience, LSRC may assess the responsible customer a charge of \$1,800 per locomotive per day, in addition to applicable holding/demurrage railcar fees.

Recrewing (6.6.2)

When customer actions result in LSRC having to recrew a unit train, LSRC may charge the customer a recrew charge of \$2,400.

SECTION 7 -PAYMENT

CREDIT TERM, PAYMENT OF CHARGES AND FINANCE CHARGES (7.1)

Payment of Charges – Non-Credit Customers (7.1.1)

Customers who have not applied for and received credit approval with LSRC, or who have had their credit suspended by LSRC, must pay line-haul freight charges and other applicable fees IN FULL:

- Prior to LSRC's acceptance of a Shipment at origin if tendered 'prepaid' or
- Prior to placement of a Shipment at destination if tendered 'collect'

LSRC may transport or tender Shipments for Non-Credit Customers prior to receipt of payment of charges as otherwise specified here. In those instances, all charges are due upon receipt of the associated bill or invoice. Customers that fail to pay by the date specified will be assessed late fees and finance charges.

Establishment of Credit and Credit Agreement (7.1.2)

LSRC offers credit agreements to qualifying Customers. To apply, or to make arrangements for the electronic transfer and payment of charges, please contact accountsreceivable@lsrc.com.

Applications may be requested in writing by contacting:

Lake State Railway
Attn: Accounts Receivable
750 N. Washington Ave
Saginaw MI 48607

LSRC reserves the right, in its sole discretion, to establish or not establish credit for any Customer.

Cancellation of Credit (7.1.3)

LSRC reserves the right, in its sole discretion, to maintain or cancel credit for any Customer.

Credit Term (7.1.4)

Payment in full of all line-haul freight charges, switching charges and accessorial charges must be received by LSRC from Customers within 15 days of the date of the applicable LSRC bill.

No Set Off of Charges (7.1.5)

Customers may not set off or otherwise withhold payment of any LSRC charge due to any alleged overcharge, freight damage or other dispute with LSRC.

Finance Charges (7.1.6)

LSRC may assess a finance charge of 18% per year (1.5% monthly) on charges that are not received by LSRC when due. The finance charge:

- WILL NOT apply against disputed charges that are found by LSRC to have been billed incorrectly. Finance charges will, however, be assessed if a corrected invoice is not paid within terms from the date of that corrected invoice

- WILL be assessed on the unpaid balance of any charge from the first day following the due date through the date of receipt of payment in full
- WILL be billed monthly for all charges that were paid late in the prior calendar month

Late Payments (7.1.7)

Late payments are subject to a 1.5% monthly fee on the outstanding balance of any charge that is not received by LSRC when due. The late fee:

- Is assessed in addition to the finance charge outlined above
- Will not apply against any disputed charge found by LSRC to have been incorrectly billed

Usury Law Compliance (7.1.8)

LSRC's policies on finance charges and late payment fees are designed to comply with usury laws. If either charge, or the combination of finance charge and late fees, exceeds allowable limits, then the applicable rate(s) will be automatically reduced to the maximum allowed.

Collection Costs (7.1.9)

Customers are expected to pay all of the costs billed to them. All expenses incurred by LSRC to collect money owed, including, but not limited to, attorneys' fees, investigation and expert fees, and the costs of litigation shall be paid by the Customer.

PROCEDURES FOR DISPUTING INVOICES (7.2)

LSRC is committed to resolving disputed invoices fairly and efficiently. A Customer who wishes to dispute a charge should submit their dispute electronically via email at accountsreceivable@lsrc.com. In order to be processed, a dispute should be submitted within 15 days, and must be:

- Clearly and fully described
- Specific in identifying the reasons for the claim
- Complete in the supporting documentation provided

Once filed, a LSRC Customer Account Associate will investigate and report the company's acceptance or denial of the claim in writing. Customers must pay all undisputed portions of the bill as stated.

OVERCHARGE CLAIMS (7.3)

Overcharge Claims must be filed within one year of original invoice.

CASH APPLICATION (7.4)

Customers are required to specify the invoice being paid when tendering payment to LSRC. If a Customer tenders payment without identifying an accompanying invoice for the application of payment, LSRC will take the following steps:

- Review the Customer's outstanding invoices to determine if there is an invoice with an amount due equal to the payment amount. If such an invoice is identified, the payment will be applied to that invoice.
- If no such invoice is identified, LSRC will contact the Customer once by phone and/or email to obtain the Customer's preferred invoice(s) for application of payment.

If a Customer does not respond to LSRC's request for clarification within ten (10) business days, the payment will be applied in the order specified below. Payments applied according to this policy will not be reversed or reallocated.

1. Undisputed, past due line-haul invoices, from oldest to most recent
2. Undisputed, past due supplemental invoices or other miscellaneous charges, from oldest to most recent
3. Undisputed, outstanding late fees and finance charges, from oldest to most recent
4. Undisputed, outstanding line-haul invoices, from oldest to most recent
5. Undisputed, outstanding supplemental invoices or other miscellaneous charges, from oldest to most recent

SECTION 8 - CLAIMS FOR DAMAGE, LOSS, OR DELAY OF FREIGHT

LSRC is committed to serving our Customers with safe, reliable rail transportation. In the event that freight is damaged or misplaced, and LSRC is the delivering carrier we will promptly address your concerns as described below. All claims should be filed with delivering carrier on the waybill for investigation and resolution.

Report any loss or damage through Customerservice@lsrc.com

TIME LIMITS FOR FILING CLAIMS AND LAWSUITS (8.1)

LSRC liability for loss, delay, and damage is contingent upon LSRC, or the railroad delivering interline Shipments, receiving immediate notification of all noted visible losses or damages discovered during the unloading of a railcar.

- Loss or damage discovered other than between 8:00 a.m. and 5:00 p.m., Monday-Friday shall be reported no later than 24 hours following unloading from the railcar
- Saturdays, Sundays and Holidays are excluded
- Concealed damage must be reported immediately upon discovery and made available for inspection at point of delivery
- Any claim for loss or damage must be filed within nine months of the date the shipment was delivered, or in the case of failure to make delivery, then within nine months after a reasonable time for delivery

MITIGATION OF DAMAGES; SET OFF (8.2)

Customers have the responsibility to exercise reasonable and good faith efforts to mitigate their damages. Mitigation may include salvage sale; however, in the event that Customers are unable or unwilling to do so, the damaged freight shall be offered to LSRC for salvage.

LSRC reserves the right to set off any amounts owed to a Customer due to a claim for loss or damage to freight against any and all amounts that Customer owes to LSRC.

RIGHT TO SELL ABANDONED, REFUSED, OR UNCLAIMED PROPERTY (8.3)

Freight that is:

- Abandoned by the Consignor and Consignee
- Refused by the Consignor and the Consignee
- Unclaimed within 15 days after notice is issued to the Consignor and Consignee

...may be sold by LSRC in accordance with applicable law. The proceeds of any sale will be applied to the payment of all transportation and other lawful charges and expenses incurred by LSRC and any balance will be paid to the owner of the freight sold by LSRC.

CARGO SEALS (8.4)

LSRC does not furnish, apply, verify, or inspect cargo seals.

- When seals are applied, all doors, hatches, valves and other openings on the railcar must be sealed
- Consignor must include each seal number and the name of the employee applying the seal(s) in its Shipping Instructions
- LSRC will not honor claims for loss, damage, or contamination of railcar contents based solely on the absence of one or more seals at the time of delivery at destination
- Claims for loss or damage are honored only when there is clear and convincing evidence of actual loss, damage, or contamination other than the mere absence of one or more seals, or apparent compromise of a seal that was applied before movement
- LSRC reserves the right to audit, at LSRC's expense, the Consignor's on-site seal records.

GENERAL DEFENSES (8.5)

Improper Loading (8.5.1)

A Customer's failure to comply with requirements of the Uniform Freight Classification and AAR loading provisions constitutes a complete defense to any claim for damage.

Bill of Lading and other Traditional Defenses (8.5.2)

LSRC shall not be liable for any loss, damage or delay caused by:

- An act of God
- The public enemy
- The authority of law
- The act or default of the shipper or owner
- Natural shrinkage of product
- Riots or strikes
- A defect or vice in the property

LSRC's liability shall be that of a warehouseman for loss, damage, or delay occurring:

- After Actual or Constructive Placement of the property at destination, or
- After any other tender of delivery of the property to the party entitled to receive it

Except in the case of a breach by LSRC of the Contract of Carriage, LSRC shall not be liable for loss, damage or delay occurring while the property is stopped and held in transit upon the request of the shipper, owner or party entitled to make such request.

LSRC's liability shall be that of a warehouseman for loss, damage, or delay caused by fire occurring after the expiration of the free time allowed by these Terms and Conditions after notice of the arrival of the property at destination or at the port of export has been sent and given, and after placement of the property for delivery at destination, or tender of delivery of the property to the party entitled to receive it, has been made.

SPECIAL AND CONSEQUENTIAL DAMAGES (8.6)

To the maximum extent permitted by applicable law, LSRC is not liable for special or consequential damages, including market decline claims, products deterioration, or other such claims based on delay in transportation, punitive damages or attorney fees.

ADDITIONAL LIMITATIONS FOR SHIPMENTS THROUGH MEXICO (8.7)

For any Shipment with either a rail origin or rail destination in Mexico which moves over LSRC:

- LSRC is not responsible for any loss of or damage to the cargo occurring in Mexico.
- LSRC is not responsible for unlocated loss of or damage to the lading unless the claimant can show by preponderance of the evidence that the loss of or damage to the lading occurred in the United States and is otherwise compensable under this Section 7.
- All claims for loss of or damage to lading occurring in Mexico must be presented to the Mexican rail carrier. Filing of a claim with the Mexican rail carrier does not constitute filing of a claim with LSRC.
- LSRC is not responsible for any expenses or losses incurred by a Customer from delays and problems in clearing Customs.

SPECIAL LIMITATIONS FOR SHIPMENTS OF VEHICLES (8.8)

Any loose items or uninstalled vehicle components in any vehicle transported by LSRC are tendered to LSRC at the sole risk of loss of shipper.

Only one claim may be filed for any individual vehicle.

SECTION 9 - APPENDIX

GLOSSARY (9.1)

The following definitions are provided solely as a reference to certain words and phrases used in relation to these Terms and Conditions.

AAR – The Association of American Railroads is the industry’s leading trade organization, and is dedicated to improving the efficiency, safety and service of the railroad industry.

Actual Placement – The placement of a railcar at origin or destination, or any other agreed upon point, for loading or unloading.

Agent – Any third party performing an obligation of a Customer under these Terms and Conditions or a contract with LSRC.

Carrier – LSRC and any other participating rail common carrier.

Carrier Car – Any railcar owned or leased by a rail common carrier.

Close Clearance – Any track clearance not in compliance with the requirements of LSRC’s current Standard Guidelines and Specifications for the Design and Construction of Private Sidetracks.

Closed Gate – A Station is considered ‘Closed Gate’ with regards to railcars that will remain in LSRC’s serving yard until the Customer provided specific placement instruction to LSRC. A Station may be Open Gate for some commodities or railcars and Closed Gate for other commodities or railcars.

Consignee – The party to whom a shipment is consigned. The Consignee is usually, but does not have to be, the Receiver.

Consignor – The party in whose name a railcar is ordered for loading; the party consigning a shipment; or the party who furnishes forwarding instructions. The Consignor is often, but not always, the Freight Payer.

Constructive Placement – The holding of a railcar on LSRC’s tracks when Actual Placement of the railcar is not possible due to causes attributable to the Customer, in whole or in part.

Contract of Carriage – the contract or quasi-contract for transportation established by the Shipping Instruction, whether pursuant to common carrier pricing or a commercial contract between LSRC and a Customer.

Customer – Any Consignor, Consignee, Receiver, or Freight Payer.

Day – A twenty-four (24) hour period (calendar day), or part thereof.

Demurrage – The fee imposed for the extended usage of a LSRC asset, or Foreign RR marked equipment, attributable to the Customer.

Dimensional Load – A Shipment that exceeds LSRC’s standard published clearances for a specific route of movement.

Diversion – An order provided by a Freight Payer or its Agent instructing that a railcar be delivered to a location other than the one indicated on the original Shipping Instruction.

Force Majeure Event – The following conditions are, or are deemed to be Force Majeure Events: Act of God; authority of law; labor dispute; weather impediments; fire explosion; war; Insurrection; threatened or actual act of terrorism; or other like causes beyond one’s reasonable control. Downturns in the economy and changes in market conditions are NOT considered force majeure conditions. Force majeure cannot excuse non-compliance with safety requirements and regulations.

Freight Payer – The Customer primarily responsible for paying the line-haul freight charges for transportation provided by LSRC.

Governmental Requirements – Any and all laws, regulations, governmental rules, and orders.

Hazardous Materials – Materials categorized as hazardous materials by the U.S. Department of Transportation under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801, et seq.)

Intermediate Switch – The movement of railcars in switch service from the interchange tracks of one carrier to the interchange tracks of another carrier at the same station.

Intra-District Switch – The movement of railcars by one carrier from one location to another within the switching limits of a station or switching district.

Intra-Plant Switch – A switching movement from one location to another location within the confines of a Customer facility.

Joint Terminal – A terminal at a station served by LSRC that is operated jointly by LSRC and another railroad.

Lease Track – Track leased to a Customer through a written lease agreement.

Loading – The complete or partial loading of a railcar in conformity with loading and clearance rules.

Loaded Railcar – A railcar that is completely or partially loaded.

Locomotive Switch – A movement of a locomotive within a switch district, wherein the locomotive moves on its own wheels but not under its own power.

Open Gate – A Station is considered ‘Open Gate’ with regards to railcars that LSRC will deliver upon determining that the Station has space to receive the railcar. No specific placement instruction will be accepted for Open Gate railcars. A Station may be Open Gate for some commodities or railcars and Closed Gate for other commodities or railcars.

Order Date – The date for which a Customer requests a railcar to be furnished for loading or unloading.

Placement – Refers to either Constructive Placement or Actual Placement.

Private Car – A railcar that is not owned or leased by a rail common carrier.

Private Car Storage – The fee imposed for the occupation of LSRC’s owned or controlled tracks by a Private Car.

Private Track – Tracks that are not owned or leased by LSRC.

Receiver – The party to whom the Shipment is to be physically delivered.

Reciprocal Switch – The movement in switching service for loading or unloading, immediately preceding or following a line-haul movement in revenue service over another railroad, from or to the point of interchange with the connecting railroad.

Reconsignment – The issuance of a new Shipping Instruction by the Freight Payer that changes the Consignee of a railcar, or a change in the Freight Payer of a Shipment.

Release – Occurs when LSRC is advised that a railcar, identified by number and location, is empty, or when new Shipping Instructions are received. Railcars may only be released when it is accessible to LSRC’s crew to pull.

Reloading – When a railcar that has been unloaded by a Customer is held for loading by the same Customer.

Shipment – Any railcar(s) Tendered to LSRC for transportation.

Shipping Instruction – A Uniform Straight Bill of Lading or Electronic Data Interchange packet in a form acceptable to LSRC.

Sidetrack – any Private Track that provides access to a Customer facility.

Station – Any location included in the Tariff OPSL 6000-Series.

Team Track – Any tracks owned or controlled by LSRC that are designated by LSRC as team tracks where railcars may be loaded and unloaded by multiple third parties.

Tender – The notification of arrival or Constructive Placement, or the Actual Placement, of an empty or loaded railcar at a Customer facility; or the notification, by a Consignor or Consignee to a Carrier, that a railcar is ready for pick-up.

Tolerance – The greatest acceptable difference in weights due to variation in scales or weighing technique.