Module One - Start Up

WHAT IS A FREIGHT BROKER?

Freight brokers act as intermediaries by arranging for the transportation of cargo between shippers and motor carriers. The freight broker then receives a commission for his service. The industry of freight brokering is very simple for a person who can multi-task efficiently. The broker simply finds a reputable motor carrier who will transport the cargo according to the requirements set forth by the shipper.

Transportation brokers utilize shipper and carrier databases, and other technological resources to locate those that will benefit from their services. A number of companies find the services provided by freight brokers indispensable. In fact, some companies hire freight brokers to coordinate all of their shipping needs. Many freight brokers gain experience in the industry by working for a shipper or carrier as a freight agent. In this way, an aspiring broker can learn knowledge of the industry, as well as establish a network of business contacts.

INTERMEDIARY

A freight broker plays a pivotal role in the movement of cargo in the U.S.A. The freight broker determines the needs of a shipper and then contracts a carrier willing to transport the items at a fair price to his brokerage. Freight brokers carry insurance to protect their shippers and their own brokerage from loss. Insurance is not a requirement as much a safety net for the freight brokerage. Freight brokers have a value to both shippers and motor carriers.

Freight brokers assist shippers in finding reliable motor carriers that would at times be difficult to locate. Freight Broker's assist carriers in finding loads for their trucks. Freight brokers use their contacts in the shipping industry and other resources to move the freight they have accepted. Many company’s cargo would simply not move without the aid of a freight broker.
WORK FROM HOME OR OFFICE?

Establishing your office is very easy as a freight broker. A freight brokerage is the perfect business to operate within the confines of your home. However, if you wish to increase the size of your brokerage by adding freight agents, you will find an office you will definitely need an office. Whether you are telecommuting to your new office or working at home, running your freight, setting up your office requires some careful thought and planning. You need to consider not only issues with regard to functionality, lighting, and ergonomics, if you want to take a home office deduction on your federal income tax return there are other considerations you need to think through.

For those who work at home, it is the notion they can put in a full eight-hour day and handle their own daycare at the same time. For most people, work and home are as separate as church and state or oil and water. However, for people who have set up shop in a home office, life can intrude on the job environment just as easily as work can spill into home life. Take the barking dog (please!) out of the equations and conduct business, as it should be.

The solution to keeping the two spheres from colliding is deceptively simple, according to the experts. They say it is just a matter of having boundaries as well as the discipline to enforce them. On the physical level, that boundary takes the form of a doorway, and ideally, a room that is for nothing other than work. Having a separate, single-purpose room is also critical in the event of a tax audit, at least for those who take the home-office deduction and pay a percentage of household expenses from the business. While the IRS may have softened a bit on its interpretation of what constitutes a home office as home workers have increased, auditors want to see a space that is not also a playroom or a guest room, for example. Therefore, tax collectors are doing the big favor of helping taxpayers maintain those boundaries.

A separate, business-only phone line is also critical. Either you or your most sober-sounding voicemail announcement answer it in the business name. The point is to impart the air of a professional, not a hobbyist. In addition, by closing that office door at night, you avoid the trap of hearing the fax machine ring at some unspeakable hour, followed by the puzzlement over who could have sent it and why.
Operating Authority - Federal Licensure

FMCSA operating authority is also referred to as an "MC," "FF," or "MX" number, depending on the type of authority that is granted. Unlike the USDOT Number application process, a company may need to obtain multiple operating authorities to support its planned business operations. Operating Authority dictates the type of operation a company may undertake the cargo it may carry, and the geographical area in which it may legally operate.

WHAT IS THE COST FOR OBTAINING AN OPERATING AUTHORITY?

Each individual Operating Authority is $300. You will have to submit separate filing fees with the application at the time of processing for each Authority sought.

FILING FEES ARE NON-REFUNDABLE

1. You can file for the following operating authorities with the OP-1 Application for Motor Property Carrier and Broker Authority:
   2. Broker of Property except Household Goods
   3. Broker of Household Goods

WHAT ARE THE DEFINITIONS OF COMMON, CONTRACT, AND BROKER AUTHORITY?

1. Common carriers provide for-hire truck transportation to the public. Common carriers must file both liability (BI & PD) insurance and cargo insurance.
2. Contract carriers provide for-hire truck transportation to specific, individual shippers, based on contracts. Contract carriers must file only liability (BI & PD) insurance.
3. Brokers arrange for the truck transportation of cargo belonging to others, for compensation, utilizing for-hire carriers to provide the actual truck transportation. Brokers must file either a surety bond or trust fund agreement.

PROPERTY BROKER AUTHORITY REQUIREMENTS

1. A Broker’s Authority, available through the FMCSA for a $300 fee. You will complete Form OP-1 and select the option “Broker of Property (except Household Goods)”.
2. A Surety Bond or Trust Fund, which you can obtain from a bank or bonding company. The cost varies depending on your personal credit. You are required to carry a $75,000 surety bond or trust, but if your credit is good, some companies will put up your bond for you for a fee (normally $3500 per year). The form filed with this is BMC-84 or BMC-85.
3. Processing Agent, which runs approximately $60, with form BOC-3.
4. Universal Carrier Registration Filing - If you arrange for the transportation and movement of freight, you will need to pay an annual fee of $76. You can do this here. http://www.ucr.in.gov

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http://www.freightbrokertrainer.com
SURETY BONDS

Managed by a Surety Company

BMC-84

Managed by a Government Agency

BMC-85

The above illustration shows the difference between the BMC-84 and the BMC-85. Whereas the 85 requires one huge piece of collateral, the 84 can be paid in more manageable annual installments. Which would be tougher to handle on the road?

Beginning October 1, 2013, a broker will need to obtain and file with FMCSA a surety bond or trust fund agreement for $75,000 to comply with FMCSA’s financial security requirements.

Surety Bonds guarantee the performance of an obligation. They are three-party instruments by which one party (the surety bond company) guarantees a second party (the entity requiring the bond) successful performance of a third party.

Surety bonds assure that you or your company will perform in accordance with the terms of a business license, permit, contract, financial obligation (such as sales tax), or court order. Those terms and guarantees are uniquely outline in different surety bond forms.

A Freight Broker Surety Bond is bond required by the Federal Motor Carrier Safety Administration (FMCSA). It is required of any individual or business who wants to operate as a transportation broker for the FMCSA. The bond guarantees that the principal will pay motor carriers if they fail to carry out transportation contracts according to (FMCSA) guidelines.

The **BMC-84 Surety Bond** amount increased from $10,000 to $75,000. The new law requires the surety to pay claims as follows:

1. The broker consents to the payment,
2. The broker does not respond after notice and the surety determines that the claim is valid, or
3. When the claim cannot be resolved and reduced to a judgment.

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BMC - 84

FREIGHT BROKER BOND (FORMERLY KNOWN AS ICC BOND)

This Surety Bond applies to Freight Brokers and Freight Forwarders. This bond must be in place on October 1, 2013. These bonds are commonly known as BMC-84, and property broker surety bonds. The FMCSA also allows brokers to submit a BMC-85 trust fund in place of a bond. I personally only recommend submitting the BMC-85 trust fund if they do not qualify for a BMC-84 freight broker bond. Obtaining this bond will depend on your personal credit history. This bond is available for individuals with credit problems in the past; you will pay a higher premium though.

BMC - 85 (PROPERTY BROKER TRUST FUND)

A freight broker bond is required by the Federal Motor Carrier Safety Administration (FMCSA) in order to legally operate as a transportation broker. Other names for this bond are BMC-84, ICC Bond (this bond was previously a required of the ICC), and a Property Brokers Surety Bond. The FMCSA also allows brokers to submit the BMC-85 trust fund in lieu of a bond. However, most agencies only recommends brokers make use of the BMC-85 trust fund if they do not qualify for the bond.

SURETY BOND

1. **Security.** A property broker must have a surety bond or trust fund in effect for $75,000. The FMCSA will not issue a property broker license until a surety bond or trust fund for the full limits of liability prescribed herein is in effect. The broker license shall remain valid or effective only as long as a surety bond or trust fund remains in effect and shall ensure the financial responsibility of the broker.

2. **Evidence of Security.** Evidence of a surety bond must be filed using the FMCSA’s prescribed Form BMC 84. Evidence of a trust fund with a financial institution must be filed using the FMCSA’s prescribed Form BMC 85. The surety bond or the trust fund shall ensure the financial responsibility of the broker by providing for payments to shippers or motor carriers if the broker fails to carry out its contracts, agreements, or arrangements for the supplying of transportation by authorized motor carriers.

SURETY BOND COMPANIES

1. **JW Bond Consultants Inc.** (888) 592-6631- [http://www.jwsuretybonds.com](http://www.jwsuretybonds.com)
2. **Bryant Surety Bonds, Inc.** (866) 450-3412 - [http://www.bryantsuretybonds.com](http://www.bryantsuretybonds.com)
3. **Pacific Financial Inc.** (800) 595-2615 - [http://www.pac-fin.com](http://www.pac-fin.com)
BOC 3 – PROCESSING AGENT

WHAT IS A PROCESSING AGENT?

A process agent is a representative upon whom court papers may be served in any proceeding brought against a motor carrier, broker, or freight forwarder. Every motor carrier (of property or passengers) shall make a designation for each state in which it is authorized to operate and for each state traversed during such operations.

Freight Brokers are required to list process agents in each state in which they have an office and in which they write contracts. FMCSA Regulation 49 CFR Part 366 details more about The Designation of Process Agents by Motor Carriers and Brokers. Many commercial firms will arrange process agents in any state for a fee.

FEES

Once your “Operating Authority” has been assigned by the FMCSA you will typically be besieged by Processing Agents calling you to offer their services. The fees associated with their service generally range from $45 - $65. This is most often a onetime payment to them. Once you have selected the company that you wish to be your BOC 3 Agent, they will notify the FMCSA and attach there information to your operating authority for public viewing.

BOC - 3 PROCESS AGENTS

UNITED STATES CORPORATION COMPANY
2711 Centerville Road, Suite 400
Wilmington, DE 19808
Phone: (302) 636-5400
Fax: (302) 636-5454
Email: mvrep@cscinfo.com
Web site: www.cscglobal.com

AGENTS OF PROCESS SERVICES
P.O. Box 5627
Norman, OK 73070-5627
Phone: (405) 701-4173
Fax: (405) 310-2784
Email: dotprocessagents@att.net
Web site: www.dotprocessagents.com
RESPONSIBILITIES

MAINTAINING RECORDS

A property broker shall keep a record of each transaction. For purposes of this section, brokers may keep master lists of consignors and the address and registration number of the carrier, rather than repeating this information for each transaction. The record shall show:

1. The name and address of the consignor;
2. The name, address, and registration number of the originating motor carrier;
3. The bill of lading or freight bill number;
4. The amount of compensation received by the broker for the brokerage service performed and the name of the payer;
5. A description of any non-brokerage service performed in connection with each shipment or other activity, the amount of compensation received for the service, and the name of the payer; and
6. The amount of any freight charges collected by the broker and the date of payment to the carrier.

Brokers shall keep the records required by this section for a period of three years. Each party to a brokered transaction has the right to review the record of the transaction required to be kept by these rules.

LEGAL BROKERING GUIDELINES

MISREPRESENTATION

a) A broker shall not perform or offer to perform any brokerage service in any name other than that in which its registration is issued.

b) A broker shall not, directly or indirectly, represent its operations to be that of a carrier. Any advertising shall show the broker status of the operation.

REBATING & COMPENSATION

A broker shall not charge or receive compensation from a motor carrier for brokerage service where:

a) The broker owns or has a material beneficial interest in the shipment.

b) The broker is able to exercise control over the shipment because the broker owns the shipper, the shipper owns the broker, or there is common ownership of the two.

c) A broker shall not give or offer to give anything of value to any shipper, consignor or consignee except inexpensive advertising items.
FREIGHT BILL FACTORING

RECOUERSE FACTORING

When a factoring company advances funds to a business client on their accounts receivable they expect to receive payment from the client’s customer or account debtor. However, if the customer does not pay the invoice then the factor can demand payment from the client with recourse factoring.

Since the factor does not assume the credit risk with recourse, factoring it is generally less expensive than non-recourse factoring. A factor may also demand less control and have fewer requirements pertaining to systems and customers.

Of course, the other side is the business receiving the advance is ultimately at peril for loss from bad debt with recourse factoring. If their customers do not pay on the invoice, they must repay the advance along with any fees to the factor. A factoring company will generally charge back any delinquent invoices to the business client after 90 days, depending on the terms of the agreement.

NON-RECOUERSE FACTORING

The factoring company takes on the risk of bad debt with non-recourse factoring. This means the factor goes after the customer or account debtor for payment on delinquent invoices. The factoring company will generally check credit on account debtors and handle the collection and bookkeeping functions. They tend to underwrite the creditworthiness of the client’s customers more than the client itself does.

While the client may not have to refund the advance to the factor if a customer does not pay for credit reasons, they are still liable for any payment disputes involving the product or service itself.

The use of Non-recourse factoring is by far the most popular type of factoring arrangement. Overall non-recourse factoring accounts for about 85% of transactions with full recourse factoring making up about 10%. The final 5% is a blend of the two with partial recourse to the client.

Rather than a loan, factoring is primarily structured as an outright purchase of accounts receivable on a non-recourse basis. This enables factors to say yes to cash advances on creditworthy invoices when traditional banks say no to business loans.
FINANCING ACCOUNTS

A Freight Brokerage can be an extremely lucrative enterprise. This however is a business that requires a lot of liquid capital and frequent cash infusions. Your freight brokerage credit to carriers depend on making payments to your motor carriers quickly and efficiently. This can occasionally place a strain on operational cost when shippers take up to sixty (60) days to pay you at times.

This is where factoring your freight invoices can be an invaluable asset your company. This will allow to the motor carriers to be paid expeditiously and you to receive additional revenues to help with your operational flow.

Factoring companies are experts at financing start-ups such as freight brokerages with no previous credit or payment history but fantastic future prospects. Fundamentally, the issue eliminates the 30 to 60 days it takes to get your freight bills paid. With factoring, you get your freight bills paid in about two days. That provides you the money you need to satisfy your obligations with drivers and meet other business costs.

Factoring is flexible and grows with your brokerage. As opposed to getting arbitrary limits like enterprise loans or lines of credit, factoring limits are driven by your sales. The more freight you move, the more financing you qualify for.

HOW FACTORING WORKS:

1. You submit a copy of your freight bills to the factoring firm
2. The factoring company advances your freight brokerage 90% to 98% of your freight bills.
3. You have immediate funds to pay carriers.
4. If funds are held as a reserve, the reserve is rebated as quickly as your buyer pays the freight bill.

INVOICE FINANCING FOR FREIGHT BROKERS

- Interstate Capital - http://www.interstatecapital.com
- Steel Head Finance - http://www.steelheadfinance.com
- 1st Commercial Credit - http://www.1stcommercialcredit.com
- Pioneer Factors - http://www.pioneerfactors.com
RECRUITING SALES AGENTS

SALES AGENTS
One of the things that are going to help you become a successful freight broker is by having a good team of agents. Freight broker agents are not easy to find, in fact, it is like finding a needle in a haystack. There are many people who will carry the title of a freight broker agent but few who will actually produce results for you.

Typically, you will find one good sales agent for every fifty people that you have apply for the position. This means that you are going either spend a lot of money on classified advertising or spend a lot of time training someone for mediocre results.

EXPERIENCE COUNTS
Many freight brokers require agents with experience or as the industry refer to it a “Book of Business”. These sales agents have stood the test of time and proven to be profitable for other freight brokerages. They will be an asset to the new agent by passing on the skills needed to succeed.

In order to find these sales agents you have to do an incredible amount of prospecting. It will require you to place advertisements in industry journals and trade publications or possibly contracting out with a logistics recruiter.

RECRUITERS
Logistics Recruiters are “Headhunters”. They use their skills of networking in the supply chain field to recruit sales agents for Freight Brokers, Freight Forwarders and Trucking Companies. These recruiters will deliver a qualified candidate to you that are guaranteed to produce results. The recruiters charge a hefty fee to find experienced salespeople but it can be a very worthy investment in the end.
WHY SHOULD I INCORPORATE?

HOW YOU CAN BENEFIT FROM A CORPORATION OR LLC

There are many benefits to incorporating your business regardless of its size. Advantages of forming a corporation or Limited Liability Company (LLC) include:

Personal asset protection. Both corporations and LLCs allow owners to separate and protect their personal assets in the event of a lawsuit or claims leveled against a business entity. In a properly structured and managed company, owners should have limited liability for business debts and obligations. This remains one of the biggest benefits to incorporating.

1. **Credibility.** Adding "Inc." or "LLC" after your business name can add instant authority. Consumers, vendors, and partners may prefer to do business with an incorporated company.

2. **Name Protection.** In most states, other businesses may not file your exact corporate or LLC name in the same state. Not only can this help protect your company's reputation from being diminished by or confused with another company with a similar sounding name, but this is also one of benefits of incorporating that aids your business in terms of name-recognition, marketing, and branding efforts.

3. **Tax Benefits.** Though profit and loss typically pass through an LLC and get reported on the personal income tax returns of owners, an LLC can also elect to be taxed as a corporation. Likewise, a corporation can avoid double taxation of corporate profits and dividends by electing Subchapter S tax status.

4. **Deductible Expenses.** Both corporations and LLCs may deduct normal business expenses, including salaries, before they allocate income to owners.

5. **Personal Asset Protection.** The benefits to incorporating or forming a Limited Liability Company (LLC) allow you to conduct your business without worrying that you might lose your home, car, or personal savings because of a business liability.
SECURE DOCUMENT IMAGING

TRANSFLO VELOCITY

http://www.pegasustranstech.com

TRANSFLO $Velocity is the consistent method for carriers to electronically submit invoices and load documents to participating brokers to get paid faster.

TRANSFLO $Velocity is the preferred method of delivery for participating brokers. TRANSFLO $Velocity is free to download and easy to use. Carriers are paid faster with same-day electronic billing from TRANSFLO $Velocity.

Brokers gain efficiency with an easy, consistent method of receiving and processing invoices and load documents from carriers. Carriers receive a Confirmation Receipt guaranteeing that documents have been delivered to the broker.

BENEFITS:

✓ **Easy to Use** - carriers download the software and it is ready to use.
✓ **Reduces Errors** - carriers send rate confirmation sheet, invoice and bills of lading together to brokers.
✓ **Cost Effective** - Eliminates the time and cost of mailing or faxing invoices.
✓ **Reduces DSO** - TRANSFLO $Velocity is the fastest way to invoice.
✓ **Gains Efficiency** - Significantly reduces manual processing and cost.

CARRIER PAYMENT SOLUTIONS

COMDATA

http://www.comdata.com

Comdata is widely known as the leading B2B payment solutions provider in trucking. Comdata Cards are the most popular fuel cards in the industry. There are currently more than 7 million cards in circulation, which enable over $31 billion in transactions each year. Freight Brokers who offer ‘Quick Pay” through COMDATA will see an additional 5% profit on the total gross.
OFFICE REQUIREMENTS

In order to get your sales office up and running effectively it will require only minimal expense. You can start with the following;

- High Speed Internet Access
- Dedicated Phone Line
- Mobile Phone
- Fax or Efax
- State of the Art Computer
- Office Software

LOAD BOARD SUBSCRIPTIONS

- Internet Truckstop – http://www.truckstop.com
- Transcore 360 Express - http://express.transcore.com

DISPATCH SOFTWARE

- ITS Dispatch - http://www.itsdispatch.com
- Dr. Dispatch - http://www.drdispatch.com

RECOMMENDED UTILITIES

- Ring Central - Ring Central offers small businesses the type of world-class business functionality that, until recently, was available only to large corporations. Ring Central capabilities include auto-receptionist, flexible extension structure, multiple voicemail boxes, smart call routing, business answering rules, extension dialing, call transfers, and elegant integration with Smartphones. - http://www.ringcentral.com
- Constant Contact - Email marketing is a very cost-effective method for a business to market its products or services to a broad audience. If you can plan an effective email campaign with a quality business email list then you can get great results from it. An important advantage of business email marketing is that it allows you to reach a large audience with minimal effort. It is relatively cheap to launch a business-to-business email marketing campaign. Often, you will already have your own email list that you have compiled from your own client base. - http://www.constantcontact.com
This License is evidence of the applicant's authority, to engage in operations, in interstate or foreign commerce, as a broker, arranging for the transportation (freight except household goods) by motor vehicle.

This authority will be effective as soon as the broker maintains insurance coverage for the protection of the public (49 CFR 387) and the designation of agents upon whom process may be served (49 CFR 366). The applicant shall also render reasonably continuous and adequate service to the public. Failure to maintain compliance will constitute good grounds for revocation of this authority.

Jeffrey L. Secrist, Chief
Information Technology Operations Division
PROPERTY BROKER'S OR HOUSEHOLD GOODS BROKER'S TRUST FUND AGREEMENT UNDER 49 U.S.C. 13906
OR NOTICE OF CANCELLATION OF THE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS, That we _____________________________ (Broker) as TRUSTOR (hereinafter called Trustor), and _____________________________ (Trustee) a financial institution created and existing under the laws of _____________________________ (State) as TRUSTEE (hereinafter called Trustee) hold and are bound to and owe our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents,

WHEREAS, the Trustor is or intends to be a Property Broker or a Household Goods Broker pursuant to the provisions of the Title 49 U.S.C. 13904, and the regulations of the Federal Motor Carrier Safety Administration (FMCSA) relating to insurance or other security for the protection of motor carriers and shippers and has elected to enter into a Trust Fund Agreement as will ensure financial responsibility and the supplying of any Security, subject to the ICC Termination Act of 1995 in accordance with contracts, agreements, or arrangements theretofore made,

WHEREAS, this Trustee is willing to assure compliance by the Trustor as either a licensed Property Broker or a licensed Household Goods Broker of Transportation by motor vehicle with 49 U.S.C. 13906(b), and the regulations of the Federal Motor Carrier Safety Administration, relating to insurance or other security for the protection of motor carriers or shippers, and shall inure to the benefit of any and all motor carriers or shippers to whom the Trustor may be legally liable for any of the damages herein described,

NOW, THEREFORE, the trustor and trustee, to accomplish the above, agree as follows:

1. Trustee agrees that payments made pursuant to the security provided herein to shippers and motor carriers pursuant to this Agreement will be made exclusively and directly to shippers or motor carriers that are parties to contracts, agreements, or arrangements with Trustor.

2. Trustee agrees that the protection afforded to shippers and motor carriers hereby will continue until any and all claims made by shippers or motor carriers for which Trustor may be legally liable have been settled or until the funds deposited by Trustor pursuant to this Agreement have been exhausted, whichever comes first.

3. The parties hereto acknowledge and certify that said Trustee shall exclusively manage the security and trust fund, as herein set forth, and shall have legal title to the security and trust fund, pursuant to the terms and conditions as set forth in this agreement. Further, the parties hereto, and the said Trustee, as evidenced by the signatures to this agreement, acknowledge and certify that (a) said Trustee, neither has nor expects to have any interest, financial, proprietary, or otherwise, whatsoever, in Trustor; and (b) said Trustee, neither has nor expects to have any interest, financial, proprietary, or otherwise, whatsoever, in Trustee.

4. Trustee acknowledges the receipt of the sum of Ten Thousand Dollars ($10,000.00) for a Property Broker or Twenty Five Thousand Dollars ($25,000.00) for a Household Goods Broker, to be held in trust under the terms and conditions set forth herein.

5. Trustee may, within its sole discretion, invest the funds comprising the corpus of this trust fund consistent with its fiduciary obligation under applicable law.

6. Trustee shall pay, up to a limit of Ten Thousand Dollars ($10,000.00) for a Property Broker or Twenty Five Thousand Dollars ($25,000.00) for a Household Goods Broker, directly to a shipper or motor carrier any sum or sums which Trustee, in good faith, determines that the Trustor has failed to pay and would be held legally liable by reason of Trustor's failure to perform faithfully its contracts, agreements, or arrangements for transportation by
authorized motor carriers, made by Trust or while this agreement is in effect, regardless of the financial responsibility or lack thereof, or the solvency or bankruptcy, of Trustor.

7. In the event that the trust fund is drawn upon and the corpus of the trust fund is a sum less than Ten Thousand Dollars ($10,000.00) for Property Brokers or less than Twenty Five Thousand Dollars ($25,000.00) for Household Goods Brokers, Trustor shall, within thirty (30) days, replenish the trust fund up to Ten Thousand Dollars ($10,000.00) for Property Brokers or Twenty Five Thousand Dollars ($25,000.00) for Household Goods Brokers by paying to the Trustee a sum equal to the difference between the existing corpus of the trust fund and Ten Thousand Dollars ($10,000.00) for Property Brokers or Twenty Five Thousand Dollars ($25,000.00) for Household Goods Brokers.

8. Trustee shall immediately give written notice to the FMCSA of all lawsuits filed, judgments rendered, and payments made under this trust agreement and of any failure by Trustor to replenish the trust fund as required herein.

9. This agreement may be canceled at any time upon thirty (30) days written notice by the Trustee or Trustor to the FMCSA on the form printed at the bottom of this agreement. The thirty (30) day notice period shall commence upon actual receipt of a copy of the trust fund agreement with the completed notice of cancellation at the FMCSA’s Washington, DC office. The Trustee and/or Trustor specifically agrees to file such written notice of cancellation.

10. All sums due the Trustee as a result, directly or indirectly, of the administration of the trust fund under this agreement shall be paid directly to Trustor and in no event shall said sums be paid from the corpus of the trust fund herein established.

11. Trustor shall maintain a record of all financial transactions concerning the Fund, which will be available to Trustor upon request and reasonable notice and to the FMCSA upon request.

12. This agreement shall be governed by the laws in the State of ________________ to the extent not inconsistent with the rules and regulations of the FMCSA.

This trust fund agreement is effective the ______ day of __________, 20____, at 12:00 noon, standard time at the address of the Trustor as stated herein and shall continue in force until terminated as hereinafter provided.

Trustor shall not be liable for payments of any of the debts, claims, or demands which arise as the result of any contracts, agreements, undertakings, or arrangements made by the Trustee for the furnishing of transportation after cancellation of this Agreement, as herein provided, but such cancellation shall not affect the liability of the Trustee for any debts, claims, or demands arising as the result of contracts, agreements, or arrangements made by the Trustor for the furnishing of transportation prior to such cancellation becoming effective.

IN WITNESS WHEREOF, the Trustor and Trustee have executed this instrument on the ________________________ day of ________________________

_________________________  ________________________
Trustor  Trustee

Name of Institution  [SEAL]

Company Name  Address

Address  Telephone No.

Telephone No.  (Signature and Title)

(Print Name)  (Signature and Title)

Witness

Witness

Only financial institutions as defined under 49 CFR 387.307(c) may qualify to act as Trustee. Trustee, by the above signature, certifies that it is a financial institution and has legal authority to assume the obligations of Trustee and the financial ability to discharge them.

NOTICE OF CANCELLATION


_________________________  ________________________
DATE SIGNED  SIGNATURE OF AUTHORIZED REPRESENTATIVE OF TRUSTEE OR TRUSTOR