

RE-INSPECTION

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400. GENERAL

Unless otherwise agreed upon between buyer and seller, lumber sold under these rules shall be subject to re-inspection provisions as described herein.

Buyer and seller may agree on the settlement of complaints in accordance with the terms of sale or alternately on any other method with respect to grade moisture content, size, species, manufacture, and tally of a shipment. In the absence of special agreement between buyer and seller, the purchase, sale or shipment of lumber designated by grades described in these rules, NLGA Special Product Standards and Interpretations shall be construed as agreement between buyer and seller to abide by all applicable provisions of these rules and make available the lumber for the purpose of reinspection by a CLSAB / ALSC accredited inspection agency (Herein after referred to as the "Agency") whose grade stamp appears on the lumber or who has supervised the grading of the lumber in question or by their authorized Re-inspection Agency. (See Section Index 13 of these rules for a list of accredited Canadian grading agencies and their grade stamp facsimiles.)

Upon written request by the buyer or seller, re-inspection services shall be made available by the Agency at a reasonable cost.

The Agency assumes no responsibility for, or concern in, arranging or paying for labour or other services necessary in performing the reinspection.

Re-inspection shall also be made available for non-standard grades and non-grade stamped lumber provided the appropriate documentation is made available to the Agency.

The Agency shall re-inspect shipments in the case of complaint for grade, moisture content, size, species, manufacture, measurement or tally. For re-inspection purposes, the following shall apply:

- a) **An item of a shipment:** consists of a grade and size, without reference to lengths.
- b) **Mixed grade shipment:** contains more than one grade. (ie: lumber grade stamped as No. 1 or No. 2 however invoiced as 2 & Btr).



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- In a mixed grade shipment, the buyer and seller shall agree that the grades specified in the mixture are considered as one grade (the lesser of the combination grades invoiced) in determining an item.
 - A shipment that specifies quantities and/or percentages of grades shall not be considered a mixed shipment and each item shall be considered separately.
- c) Buyer and seller shall consent to the method of invoicing prior to shipment.

Unless otherwise agreed to between buyer and seller, reinspection shall be conducted in accordance to the invoice.

401. COMPLAINTS

Unless otherwise specified by the terms of sale or special contract, the grading of lumber is based upon; grade, moisture content, size and manufacture at time of: grading &/or grade stamping, shipment and unloading by the buyer (See Para. 407.1).

For complaints on lumber to be recognized, the lumber shall be in the form in which it was invoiced.

Any subsequent change in manufacture or working or through kiln drying, treatments, fabrication or other use relieves the seller of their responsibility in recognizing any complaint except in cases of prior consent of the parties involved.

In the case of a complaint involving measurement (ie. FBM), tally, or both, the entire item shall be held intact until re-inspected or re-tallied.

In the case of complaint regarding grade, moisture content, size, species or manufacture, but not involving measurement or tally, the buyer shall be required through agreement to accept that portion of the shipment that is of the invoiced grade, moisture content, size, species or manufacture as the case may be.

Upon receipt of complaint from the buyer/seller, the buyer/seller shall either resolve the complaint to the satisfaction of the buyer/seller or shall immediately contact the Agency whose grade stamp appears on the lumber or who supervised the grading of the lumber in question and request that they provide reinspection or re-tally service, as the case may be.

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402. ASSISTANCE

The party calling for the re-inspection, or re-tally shall be responsible to the Agency for payment of expenses associated with the re-inspection or re-tally. Upon mutual agreement, the buyer and seller may share in the payment of expenses of the re-inspection, or re-tally.

In the event buyer/seller are not able to come to a mutual agreement, the payment of expenses for the re-inspection, or re-tally is defined in Para. 411 of these procedures.

The buyer shall promptly provide all reasonable assistance to facilitate the re-inspection or re-tally.

403. BUYER'S RESPONSIBILITIES

Requests for re-inspection or re-tally shall be acknowledged provided:

- a) The buyer holds intact and properly protects that portion of the shipment which is in dispute in accordance with Para. 405.
- b) The lumber which is in dispute and not kept intact shall be considered of the highest invoiced grade specified of the items on which the complaint is made.

Note: *It shall be recognized between buyer and seller that lumber which is in dispute shall be held intact. However, the buyer may in determining whether a complaint is valid examine some or all of the shipment, which may necessitate in the removal of paper wrap and/or strapping.*

The seller shall acknowledge this as a reasonable method of determining whether a complaint exists. It shall be the buyers responsibility to re-pile/repackage the lumber examined, and to identify the disputed lumber to the Agency for verification.

Any action on the part of the buyer in accepting and using that portion of the shipment that is of the grade, size, species, manufacture and moisture content specified shall not be construed as acceptance of the entire shipment.

The buyer shall pay for the lumber in accordance with the terms of the sale for that portion accepted, however acceptance of part of a shipment shall not prejudice the buyer's just claims that any unused lumber conforms to the specifications of the grade, size, species, manufacture or moisture content.



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The buyer shall understand that that portion of lumber which has been accepted, used or not available for re-inspection shall be included in calculating the results of the re-inspection (entire item).

Example:

Item:	100,000 FBM
Accepted and/or used	30,000 FBM
Portion Remaining for re-inspection:	<u>70,000 FBM</u>
Re-inspection Below Grade Results:	5,000 FBM

Note: The 5,000 FBM below grade shall be calculated on the 100,000 FBM (entire item) **NOT** the 70,000 FBM.

404. SELLER'S RESPONSIBILITIES

Unless otherwise settled, the seller, upon receipt of complaint from the buyer, shall immediately request the Agency to provide re-inspection or re-tally, as the case may be, in accordance to the rules in effect at the time of execution of the contract.

Failing action by the seller to execute the request to provide reinspection or re-tally shall be cause for the buyer to request re-inspection or re-tally directly with the Agency. Failure by the seller to execute a request for re-inspection or re-tally shall not relieve the seller of their responsibility in accepting the terms and conditions for re-inspection or re-tally as contained herein.

405. TIME FRAME

The buyer shall file a complaint with the seller within the time limits as specified next:

405.1 FILING OF COMPLAINTS (STORAGE / PROTECTION)

The onus by the buyer to hold the disputed lumber intact and properly protected, shall not exceed **THIRTY (30) CALENDAR DAYS** from the date of filing the request for re-inspection with the seller, unless alternate means of settling the complaint have been mutually agreed to by buyer and seller.

Upon receipt of the complaint from the buyer, the seller shall immediately notify the buyer that arrangements shall be made for re-inspection or re-tally, unless alternate means of settling the complaint have been mutually agreed to by buyer and seller.




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The disputed lumber held in excess of **THIRTY (30) CALENDAR DAYS** shall become the responsibility of the seller to hold intact and properly protect unless alternative arrangements have been agreed to between buyer and seller.


Failure by the seller to make appropriate arrangements to hold intact and properly protect the disputed lumber shall relieve the buyer from the responsibility in accepting any portion of the disputed lumber.

The Agency, upon receipt of the complaint from the buyer or seller, shall when scheduling their availability to perform the reinspection or re-tally be cognizant of the **THIRTY (30) CALENDAR DAY** requirements and make every effort to have the disputed lumber re-inspected or re-tallied within the **THIRTY (30) CALENDAR DAYS**.

405.2 GRADE



Complaints must be filed within **TEN (10) NORMAL WORKING/BUSINESS DAYS** after receipt of the shipment. In the case of shipments composed of wrapped, strapped or packaged units, re-inspection for grade shall be permitted provided the complaint is filed within **NINETY (90) CALENDAR DAYS** after receipt of the shipment.



In either case, re-inspection shall involve only natural grade and manufacturing characteristics which are not altered by time and may include but are not limited to; knots, knot size and placement, manufacture, pitch, wane, and skips. The **NINETY (90) CALENDAR DAY** time limit for filing complaints is provided solely to protect the buyer's claim to a re-inspection until such time as the wrapped, strapped or packaged units are opened, and shall not be construed to permit a delay in payment of invoices.

Complaints on lumber shipped in wrapped or strapped packages shall only be recognized up to **NINETY (90) CALENDAR DAYS** provided:

- a) The lumber is grade stamped or marked in some recognizable manner establishing its identity in a positive way;
- b) There is no evidence of handling abuse or unsatisfactory protection;





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- c) The seller's responsibility for nonconforming lumber shall apply only to that portion of the shipment which is in nonconformance to the grade requirements at the time of shipment as indicated by the Agency's report.

Complaints on warp, splits, stain, fungus and other characteristics which may develop subsequent to arrival at the destination shall not be recognized unless proof can be provided that these characteristics developed prior to the lumber arriving at its destination.

405.3 MOISTURE CONTENT



In case of a complaint involving moisture content, the buyer shall inform the seller of the complaint within **SEVENTY-TWO (72) HOURS** (3 normal working / business days of the buyer; weekends/statutory holidays shall not be included) after the lumber is unloaded in the buyer's yard or their designated location. In such cases, the seller shall respond to the complaint within **SEVENTY-TWO (72) HOURS** (3 normal working / business days; weekends / statutory holidays shall not be included) from receipt of buyer's complaint.

405.4 TALLY, MEASUREMENT MANUFACTURE & SIZE

In cases of complaints involving tally, measurement, species, manufacture or size, the buyer shall hold intact the entire shipment and shall file complaint with the seller within **TEN (10) NORMAL WORKING / BUSINESS DAYS** of receipt of shipment.

405.5 SPECIAL AGREEMENTS BETWEEN BUYER & SELLER

Resolution shall be agreed upon between buyer and seller. This does preclude requesting the Agency to perform a verification or re-inspection of the issue of complaint.

406. PROCEDURES

All requests for re-inspection or re-tally shall be made in writing to the Agency, and shall be accompanied by a copy of the purchase order, buyers acceptance or acknowledgement of the order and a copy of the facilities invoice (Prices may be deleted).




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All pertinent information shall be made available to the Agency including, but not limited to; grading rules, location, reason for reinspection, date of arrival of shipment and date of lodging the complaint plus any other information that may be helpful to the Agency.


407. MOISTURE CONTENT COMPLAINTS

For complaints on moisture content to be recognized, the Agency shall perform its re-inspection in accordance with the following conditions and procedures:

407.1 Restrictions on moisture content shall apply at the time of grading and grade stamping (if applicable), at time of shipment, and at time of unloading by the buyer in accordance with Para. 44, Moisture Content Standards. When lumber is shipped on open transport equipment (ie. rail, truck, boat, etc.) which exposes the lumber to the weather, the seller shall be relieved from responsibility for the re-absorption of moisture after the lumber has been loaded on said equipment provided the seller notifies the buyer, and the buyer consents to the method of shipment.



407.2 Unless otherwise agreed to between buyer and seller, moisture content determinations shall be made with electric resistance type meters correctly calibrated and adjusted for species and wood temperature. Testing shall be conducted in accordance with ASTM D7438 - 08 *Standard Practice for Field Calibration and Application of Hand-Held Moisture Meters* procedures. Para. 44 of these rules shall also be referred to when conducting re-inspections for moisture content.



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407.3 Unless otherwise agreed to between buyer and seller, reinspection shall include testing of all pieces of the item under complaint. All pieces not exceeding the maximum permissible moisture content shall be separated from those in excess of the permissible moisture content.

408. SHORTAGE OR DAMAGE

All claims for shortages or damage shall be supported by an Affidavit from the buyer or his agent, and shall include but are not limited to, piece tallies, numbers off car seals, if any, car numbers and initials, a report from the Transportation Agent at destination, or by an Affidavit that the Transportation Agent was requested to make such a report and refused to do so.



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409. AGENCY RESPONSIBILITY

The responsibility of the Agency on re-inspections or re-tally shall be deemed to have been fulfilled when it has supplied all parties concerned with a report on the results of the re-inspection or re-tally.

The Agency reserves the right to request prepayment of all expenses or a deposit to cover the estimated expenses.


410. SETTLEMENT PROVISIONS

410.1 GRADE



The contractual obligation of the seller shall be deemed to have been fulfilled when each item in the shipment upon re-inspection is found to be 95% or more of the invoiced grade or better.

When, upon re-inspection, the degrades are found to be more than 5% below grade, or when the degrades are found to be more than one grade lower than the grade invoiced, the degrades shall be the property of the seller, while that portion of the shipment which is on or above grade shall be accepted by the buyer as invoiced. Such degrades, if accepted by the buyer, shall be paid at the appropriate grade price.



410.2 MOISTURE CONTENT

The shipment shall be considered as of the moisture content as specified when 95% or more of the FBM (volume) is within the maximum allowable moisture content.

410.3 "OUT OF CONTRACT" SITUATIONS

Throughout the NLGA Grade Rules some characteristics are identified with a percentage of pieces permitted in a shipment.

If the number of pieces in a shipment exceed the allowable percentage permitted even though these pieces are within the grade characteristic limitations for the grade under consideration, an "Out of Contract" situation occurs.

Examples of characteristics that are restricted by percent of pieces in a shipment that are subject to an "Out of Contract" situation if the number of pieces are exceeded include, but are not limited to: "Cutouts" in Para. 112d., "Hit & Miss" skip in Para. 124, "Wane extending partially or completely through the edge" in Para. 750, "Occasional piece" references, etc.



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Other “**Out of Contract**” situations may include, but are not limited to: incorrect size, species, tally and / or manufacture, that differ from the invoice agreed to between buyer and seller.

Grade and moisture content settlement provisions are addressed in Paras. 410.1 and 410.2. respectively and are not considered “Out of Contract” situations.


Settlement of “Out of Contract” situations shall be agreed to between buyer and seller.

410.4 In the case of specially worked lumber refer to Para. 412.


411. COST

The expense of the re-inspection shall be borne by the seller if the item under complaint is found to be less than 95% of the invoiced grade or moisture content.

The expense of re-inspection shall be borne by the buyer, if 95% or more of the shipment is of the invoiced grade or moisture content.



If more than one item is under complaint, the expense of re-inspection shall be pro-rated between buyer and seller in the ratio of the invoiced footage and to items found to be less than 95% on grade to those found to be 95% or more on or above grade.



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412. SPECIALLY WORKED LUMBER

In the case of special grades, when grades are in dispute, or sizes are in dispute, the Agency shall not make re-inspection unless the request is accompanied by the exact specifications under which the product was sold.

Grades of Factory lumber such as Shop, Moulding Stock and Box are designed for remanufacture into special products. Other grades shown herein are primarily designed to be used for the specific purposes and in the sizes shown in the individual grade descriptions. Therefore, when lumber is ordered and invoiced as a specific grade and then remanufactured and the product (“Product of” lumber) shipped, no guarantee of the remanufactured product is made. However, for the purpose of providing a method upon which complaints may be settled the following shall apply:



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412.1 "RESAWN" LUMBER

When lumber is sold on a specific grade and then "resawn" and the product shipped, the product will be considered to be of the grade if fifty percent (50%) or more of it is of the grade invoiced or better unless the purchase agreement specifies otherwise.

412.2 "RIPPED" OR "RUN TO PATTERN" LUMBER

When lumber is sold on a specific grade and to be "ripped" or "run to pattern" lumber and the product shipped, settlement provisions are subject to agreement between buyer and seller.

413. SPECIAL PRODUCT STANDARDS LUMBER



In the event of a complaint on NLGA Special Product Standard lumber grades (such as **SPS 1** or **SPS 2**, etc), reference shall be made to the reinspection clause outlined in the appropriate Special Product Standard for procedures and settlement provisions. Unless otherwise provided for in the re-inspection provisions of the Special Product Standards, the re-inspection provisions listed above shall apply.

