

**SECURITY AGREEMENT**

**SPECIAL PROVISIONS**

THIS SECURITY AGREEMENT, dated \_\_\_\_\_ (the "Security Agreement"), between \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Shipowner") and THE UNITED STATES OF AMERICA (the "United States"), represented by the Secretary of Transportation, acting by and through the Maritime Administrator (the "Secretary"), pursuant to Title XI of the Act.

**RECITALS:**

A. The Shipowner has entered into the Construction Contract with \_\_\_\_\_, the Shipyard for the Construction of the vessels (when used collectively, the "Vessels"; when used singularly, the "Vessel").

B. On the date hereof, the Secretary entered into, and the Shipowner accepted a Commitment to Guarantee Obligations, Contract No. MA-\_\_\_\_\_, whereby the United States has committed itself to guarantee the payment in full of all the unpaid interest on, and the unpaid principal balance of, Obligations (as defined herein) in the aggregate principal amount equal to \_\_% of the Depreciated Actual Cost or the Actual Cost of the Vessels, as the case may be, on the Closing Date, which amounts are set out in Table A.

C. The Shipowner has entered into the Bond Purchase Agreement providing for the sale and delivery, on the Closing Date, of obligations in the aggregate principal amount of \$\_\_\_\_\_ to be designated "United States Government Guaranteed Export Ship Financing Obligations, \_\_\_\_\_Series" (the "Obligations") having the maturity date and interest rate set forth in the Bond Purchase Agreement, the Indenture and the Obligations.

D. On the date hereof, the Shipowner and \_\_\_\_\_, a \_\_\_\_\_ as Indenture Trustee, executed and delivered the Trust Indenture (the "Indenture") pursuant to which the Shipowner will issue the Obligations.

E. On the date hereof, the Secretary and the Indenture Trustee executed the Authorization Agreement, Contract No. MA- \_\_\_\_\_, which authorizes the Indenture Trustee to endorse, execute, and authenticate the Secretary's Guarantee on each of the Obligations.

F. As security for the due and timely payment of the Secretary's Note, issued this day by the Shipowner, and for the Secretary's issuance of the Guarantees, the Shipowner has executed and delivered the Security Agreement, Contract No. MA- \_\_\_\_\_, the Mortgage, Contract No. MA- \_\_\_\_\_, and the Financial Agreement, Contract No. MA- \_\_\_\_\_, granting the Secretary a security interest in, among other things, the Construction Contract, the Vessels and certain other property, tangible and intangible, which the Shipowner now has or hereafter will acquire, and all of the proceeds thereof.

G. As further security to the Secretary and in consideration of the Secretary's agreeing to issue the Guarantees, the Shipyard has granted the Secretary a security interest in the Vessel, its hull, component parts, machinery, and equipment during the construction period and has executed on this date the Consent of Shipyard to the assignment of the Construction Contract to the Secretary.

H. In order to implement certain aspects of the transactions contemplated by the Security Agreement and the Financial Agreement, the Secretary, the Shipowner and \_\_\_\_\_, a \_\_\_\_\_ (the "Depository") have entered into the Depository Agreement, Contract No. MA- \_\_\_\_\_, on the date hereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and in order to provide security to the Secretary for the Secretary's Note provided for herein, the parties hereto hereby agree as follows:

1. Concerning these Special and General Provisions. This Security Agreement shall consist of two parts: the Special Provisions and the General Provisions attached hereto as Exhibit 1 of the Security Agreement and incorporated herein by reference. In the event of any conflict, or inconsistency between the Special Provisions of this Security Agreement and Exhibit 1, said Special Provisions shall control.

2. Documentation of Vessels - The Vessels shall be documented under and the Mortgage (or mortgage supplement) shall be recorded under the laws of \_\_\_\_\_.

3. The following additions, deletions and amendments are hereby made to the Security Agreement:

(a) Concerning Section 2.05

(1) In connection with the Section 2.05(b)(3) and the last paragraph of Section 2.05(e) the maximum amount of self-insurance permitted to the Shipowner under the last paragraph thereof shall be \$ \_\_\_\_\_ on an annual aggregate basis after application of the \$ \_\_\_\_\_ per accident deductible; and

(2) In connection with clause (ii) of the initial paragraph of Section 2.05(c), the Secretary shall permit payment of losses up to the amount of \$ \_\_\_\_\_ to be made directly to the Shipowner under

the circumstances specified therein.

(b) Concerning Section 9.01. Subject to Section 9.01 of the Security Agreement, any notice, request, demand, direction, consent, waiver, approval or other communication, when given to a party hereto, shall be addressed to:

Secretary as: SECRETARY OF TRANSPORTATION  
c/o Maritime Administrator  
U.S. Department of Transportation  
400 Seventh Street, S.W.  
Washington, D.C. 20590

Shipowner as: \_\_\_\_\_  
\_\_\_\_\_

Indenture Trustee as: \_\_\_\_\_  
\_\_\_\_\_

(c) Governing Law. Pursuant to section 1-105 of the Uniform Commercial Code of the State of \_\_\_\_\_ the United States of America (the "UCC"), the parties hereto agree that the UCC shall govern their respective rights and duties as they relate to the validity and enforceability of the security interests granted under this Security Agreement. If the laws of \_\_\_\_\_ provide for the perfection of a security interest in accounts and general intangibles by filing or recording in that country, then to the extent required by the UCC, the laws of \_\_\_\_\_ shall govern the perfection of accounts and general intangibles hereunder. In all other respects this Agreement and the rights and obligations of the parties hereto shall be construed, enforced, and governed by the laws of the United States of America, but to the extent they are inapplicable, then by the laws of the State of \_\_\_\_\_ of the United States of America without regard to its conflict of laws provision.

(d) Jurisdiction and Consent to Suit. Any proceeding to enforce this Agreement may be brought in the Federal courts of the United States of America located in the State of \_\_\_\_\_ of the United States of America. The Shipowner and the Secretary hereby irrevocably waive any present or future objection to such venue, and for each of itself and in respect of any of their respective properties hereby irrevocably consents and submits unconditionally to the non-exclusive jurisdiction of those courts. The Shipowner further irrevocably waives any claim that any such court is not a convenient forum for any such proceeding. The Shipowner agrees that any service of process, writ, judgment or other notice of legal process shall be deemed and held in every respect to be effectively served upon it in connection with proceedings in the State of \_\_\_\_\_, if delivered to \_\_\_\_\_ (name) \_\_\_\_\_, (address), which it irrevocably designates and appoints as its authorized agent for the service of process in the State and Federal courts in the State of \_\_\_\_\_. Nothing herein shall affect the right of the

Secretary to serve process in any other manner permitted by applicable law. The Shipowner further agrees that final judgment against it in any such action or proceeding arising out of or relating to this Agreement shall be conclusive and may be enforced in any other jurisdiction within or outside the United States of America by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of that fact and of the judgment.

IN WITNESS WHEREOF, this Security Agreement has been executed by the parties as of the day and year first written.

(SEAL)

\_\_\_\_\_  
SHIPOWNER

Attest:

BY: \_\_\_\_\_

\_\_\_\_\_

(SEAL)

UNITED STATES OF AMERICA  
SECRETARY OF TRANSPORTATION  
MARITIME ADMINISTRATOR

Attest:

BY: \_\_\_\_\_

\_\_\_\_\_  
Assistant Secretary  
Maritime Administration

## TABLE A

The aggregate Actual Cost of the Vessels as of the date hereof as determined by the Secretary, namely, (i) the amounts paid by or for the account of the Shipowner as of the date hereof for the Construction of the Vessels, plus (ii) the amount which the Shipowner was on said date obligated under the Construction Contract or otherwise to pay from time to time thereafter for the Construction of the Vessels less the Depreciation of the Vessels as of the date hereof as determined by the Secretary is \$ \_\_\_\_\_, both calculated and itemized for each Vessel as follows:

	<u>Amount Paid</u>	<u>Amount Obligated To be Paid</u>	<u>Total</u>
Contract Price			
Changes and Extras			
Owner Furnished Items			
Engineering & Inspection			
Net Interest During Construction			
Estimated Escalation			
Estimated Guarantee Fee			
Total Actual Cost			
Depreciation from Vessel Delivery date to _____:			
Total Depreciated Actual Cost			