

**FIRST PREFERRED FLEET MORTGAGE**

(The Format of this document will vary depending upon the foreign country's mortgage laws)

THIS FIRST PREFERRED FLEET MORTGAGE, dated \_\_\_\_\_ by \_\_\_\_\_, a \_\_\_\_\_ (the "Shipowner" and "Mortgagor") located at \_\_\_\_\_, to the UNITED STATES OF AMERICA (the "United States"), represented by the Secretary of Transportation, acting by and through the Maritime Administrator (the "Secretary" and "Mortgagee") located at the U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590.

WHEREAS, pursuant to the conditions and understandings set forth in the Recitals to the Security Agreement executed this date, the Shipowner has authorized the issuance of Obligations designated "United States Government Guaranteed Export Ship Financing Obligations \_\_\_\_\_ Series" in an aggregate principal amount not to exceed \$ \_\_\_\_\_ to finance the construction of the following Vessels: \_\_\_\_\_ Official Number \_\_\_\_\_; \_\_\_\_\_ Official Number \_\_\_\_\_; \_\_\_\_\_ Official Number \_\_\_\_\_, and \_\_\_\_\_ Official Number \_\_\_\_\_;

WHEREAS, the Shipowner is the sole owner of the whole of each of said Vessel(s);

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

That, in consideration of the premises and of the additional covenants herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and as security for the Guarantees and in order to secure the payment of the above-mentioned interest on and principal of the Secretary's Note and all other sums that may be secured by the Mortgage and the Security Agreement, and to secure the due performance and observance of all the agreements and covenants in the Secretary's Note and herein contained, the Shipowner has granted, conveyed, mortgaged, pledged, confirmed, assigned, transferred and set over, and by these presents does grant, convey, mortgage, pledge, confirm, assign, transfer and set over unto the Mortgagee a hundred percent interest in the whole of the each of said Vessels which Vessel(s) have their home port at the Port of \_\_\_\_\_ and are more fully described in their respective certificates of documentation, together with all of their boilers, engines, machinery, masts, spares, rigging, boats, anchors, cables, chains, tackle, tools, pumps and pumping equipment, apparel, furniture, fittings and equipment, spare parts and all other appurtenances to said Vessels appertaining or belonging, whether now owned or hereafter acquired whether on board or not and all additions, improvements, renewals and replacements hereafter made in or to said Vessels or said appurtenances; provided that, the term "Vessel," whenever used, shall apply with equal force to each of the Vessels.

TO HAVE AND TO HOLD, all and singular, the above mortgaged and described property unto

the Mortgagee, to its own use, benefit and behoof forever;

PROVIDED, HOWEVER, and these presents are upon the condition that, if the above-mentioned principal of and interest on the Secretary's Note are paid or satisfied in accordance with the terms thereof, the Security Agreement and this Mortgage, and all other obligations and liabilities that may be secured by the Security Agreement and this Mortgage are paid in accordance with their terms, then this Mortgage and the estate and rights hereunder shall cease, determine and be void, otherwise to remain in full force and effect.

The Shipowner hereby agrees with the Mortgagee that the Vessels now or at any time subject to the lien of this mortgage are to be held by the Mortgagee subject to the further agreements and conditions hereinafter set forth.

## **ARTICLE FIRST**

**SECTION 1.** All of the Shipowner's covenants and agreements including, without limitation, those relating to: maintenance of United States citizenship; organization and existence of the Shipowner; title to and possession of each Vessel; sale, transfer or charter of each Vessel; taxes; liens; documentation of each Vessel; material changes in each Vessel; compliance with applicable laws; maintenance of marine insurance; requisition of title; and compliance with the Admiralty laws of \_\_\_\_\_ and Chapter 313, insofar as they relate to the validity and enforceability of this Mortgage, set forth in, and all of the Secretary's rights, immunities, powers and remedies provided for in the Security Agreement, except for the Granting Clause thereof, together with all other provisions of the Security Agreement, are incorporated herein by reference with the same force and effect as though set forth at length in this Mortgage, and true copies of the form of the Security Agreement are annexed hereto.

**SECTION 2.** A Default pursuant to the provisions of the Security Agreement shall constitute a default hereunder, and shall give the Mortgagee the rights and remedies provided by the laws of \_\_\_\_\_ and by Chapter 313, and as provided in the Security Agreement.

## **ARTICLE SECOND**

**SECTION 1.** This Mortgage may be executed in any number of counterparts all in English and all such counterparts executed and delivered each as an original shall constitute but one and the same instrument and the English version of this mortgage shall control, notwithstanding any translation filed in connection with the registration of the Mortgage required pursuant to the laws of \_\_\_\_\_. The Shipowner agrees that, in the event of a Default hereunder and in the event that the Mortgagee brings legal action to enforce its rights hereunder in court under United States jurisdiction, the Mortgage may be introduced as conclusive evidence of sufficient compliance with the applicable provisions of 46 USC 31301(6)(B), 31325 and 31326 and the mortgage laws of \_\_\_\_\_ without further proof.

**SECTION 2.** All of the Shipowner’s covenants, promises, stipulations and agreements in this Mortgage shall bind the Shipowner and its successors and assigns, and shall inure to the benefit of the Mortgagee and its successors and assigns, and all of the Mortgagee’s covenants, promises, stipulations and agreements in this Mortgage, shall bind the Mortgagee and its successors and assigns, and shall inure to the benefit of the Shipowner and its successors and assigns, whether so expressed or not.

**SECTION 3.** All capitalized terms used herein shall have the meaning specified in Schedule X to the Security Agreement, unless the context otherwise requires.

**SECTION 4.** No provision of this Mortgage or of the Security Agreement shall be deemed to constitute a waiver by the Mortgagee of the preferred status of the Mortgage given by 46 U.S.C. 31301(6)(B), and any provision of this Mortgage or of the Security Agreement which would otherwise constitute such a waiver, shall to such extent be of no force and effect.

**SECTION 5.** Once the Mortgage shall have become null and void, the Secretary, on request of the Shipowner and at the Shipowner's cost and expense, shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon its and other appropriate records, and shall execute and deliver to the Shipowner such instruments as may be necessary, duly acknowledging the satisfaction and discharge of this Mortgage.

**SECTION 6.** The terms “U.S. Currency” and “Dollars” or the symbol “\$” as used herein shall mean dollars in any coin or currency of the United States of America which, at the time of payment, shall be legal tender for public and private debts under the laws of the United States of America.

### **ARTICLE THIRD**

The total principal amount of the obligations that is secured by this First Preferred Fleet Mortgage is \_\_\_\_\_ AND NO/100's (\$) excluding interest, expenses, fees and performance of mortgage covenants. The date of discharge for each of the Vessels is: \_\_\_\_\_.

IN WITNESS WHEREOF, this instrument has been executed on the date below indicated, and effective as of the day and year first above written.

(SEAL)

Attest:

\_\_\_\_\_

\_\_\_\_\_  
SHIPOWNER

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

Date Signed: \_\_\_\_\_

CONSENTED TO:

UNITED STATES OF AMERICA  
SECRETARY OF TRANSPORTATION  
acting by and through the  
MARITIME ADMINISTRATOR

BY: \_\_\_\_\_  
Secretary, Maritime Administration

*\*If required-use foreign country's acknowledgement.*