

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by The Baltic and International Maritime Council (BIMCO) in 1956.

Code-name

SALEFORM 1987

Revised 1966, 1983 and 1986.

Dated:

hereinafter called the Sellers, have today sold, and

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hereinafter called the Buyers, have today bought

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Classification:

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Built: by:

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Flag: Place of Registration:

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Call sign: Register tonnage:

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Register number:

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on the following conditions:

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1. Price

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Price:

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2. Deposit

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As a security for the correct fulfilment of this contract, the Buyers shall pay a deposit of 10 % —
ten per cent — of the Purchase Money within banking days from the date of this
agreement. This amount shall be deposited with

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and held by them in a joint account for the Sellers and the Buyers. Interest, if any, to be credited the
Buyers. Any fee charged for holding said deposit shall be borne equally by the Sellers and the Buyers.

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3. Payment

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The said Purchase Money shall be paid free of bank charges to

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on delivery of the vessel, but not later than three banking days after the vessel is ready for delivery
and written or telexed notice thereof has been given to the Buyers by the Sellers.

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4. Inspections

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The Buyers shall have the right to inspect the vessel's classification records and declare whether
same are accepted or not within

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The Sellers shall provide for inspection of the vessel at/in

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The Buyers shall undertake the inspection without undue delay to the vessel. Should the Buyers
cause such delay, they shall compensate the Sellers for the losses thereby incurred.

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The Buyers shall inspect the vessel afloat without opening up and without cost to the Sellers. Du-
ring the inspection, the vessel's log books for engine and deck shall be made available for the Buyers'
examination. If the vessel is accepted after such afloat inspection, the purchase shall become definite
— except for other possible subjects in this contract — provided the Sellers receive written or telexed
notice from the Buyers within 48 hours after completion of such afloat inspections. Should notice of
acceptance of the vessel's classification records and of the vessel not be received by the Sellers as
aforesaid, the deposit shall immediately be released, whereafter this contract shall be considered null
and void.

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5. Place and time of delivery

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The vessel shall be delivered and taken over at/in

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Expected time of delivery:

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Date of cancelling (see clause 14):

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The Sellers shall keep the Buyers well posted about the vessel's itinerary and estimated time and
place of drydocking.

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Should the vessel become a total or constructive total loss before delivery the deposit shall immedi-
ately be released to the Buyers and the contract thereafter considered null and void.

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6. Drydocking

In connection with the delivery the Sellers shall place the vessel in drydock at the port of delivery for inspection by the Classification Society of the bottom and other underwater parts below the Summer Load Line. If the rudder, propeller, bottom or other underwater parts below the Summer Load Line be found broken, damaged or defective, so as to affect the vessel's clean certificate of class, such defects shall be made good at the Sellers' expense to 1)

satisfaction without qualification on such underwater parts. 2)

Whilst the vessel is in drydock, and if required by the Buyers or the representative of the Classification Society, the Sellers shall arrange to have the tail-end shaft drawn. Should same be condemned or found defective so as to affect the vessel's clean certificate of class, it shall be renewed or made good at the Sellers' expense to the Classification Society's satisfaction without qualification.

The expenses of drawing and replacing the tail-end shaft shall be borne by the Buyers unless the Classification Society requires the tail-end shaft to be drawn (whether damaged or not), renewed or made good in which event the Sellers shall pay these expenses.

The expenses in connection with putting the vessel in and taking her out of drydock, including drydock dues and the Classification Surveyor's fees shall be paid by the Sellers if the rudder, propeller, bottom, other underwater parts below the Summer Load Line or the tail-end shaft be found broken, damaged or defective as aforesaid, or if the Classification Society requires the tail-end shaft to be drawn (whether damaged or not). In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.

During the above mentioned inspections by the Classification Society the Buyers' representative shall have the right to be present in the drydock but without interfering with the Classification Surveyor's decisions.

The Sellers shall bring the vessel to the drydock and from the drydock to the place of delivery at their own expense.

7. Spares/bunkers etc.

The Sellers shall deliver the vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s), if any, belonging to the vessel at the time of inspection, used or unused, whether on board or not shall become the Buyers' property, but spares on order to be excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s) which are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment, if same is the property of the Sellers.

The Sellers have the right to take ashore crockery, plate, cutlery, linen and other articles bearing the Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., exclusively for use in the Sellers' vessels, shall be excluded without compensation. Captain's, Officers' and Crew's personal belongings including slop chest to be excluded from the sale, as well as the following additional items:

The Buyers shall take over remaining bunkers, unused lubricating oils and unused stores and provisions and pay the current market price at the port and date of delivery of the vessel.

Payment under this clause shall be made at the same time and place and in the same currency as the Purchase Money.

8. Documentation

In exchange for payment of the Purchase Money the Sellers shall furnish the Buyers with legal Bill of Sale of the said vessel free from all encumbrances and maritime liens or any other debts whatsoever, duly notarially attested and legalised by the consul together with a certificate stating that the vessel is free from registered encumbrances. On delivery of the vessel the Sellers shall provide for the deletion of the vessel from the Registry of Vessels and deliver a certificate of deletion to the Buyers. The deposit shall be placed at the disposal of the Sellers as well as the balance of the Purchase Money, which shall be paid as agreed together with payment for items mentioned in clause 7 above.

The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates as well as all plans etc. which are onboard the vessel. Other technical documentation which may be in the Sel-

lers' possession shall promptly upon the Buyers' instructions be forwarded to the Buyers. The Sellers may keep the log books, but the Buyers to have the right to take copies of same.

9. Encumbrances

The Sellers warrant that the vessel, at the time of delivery, is free from all encumbrances and maritime liens or any other debts whatsoever. Should any claims which have been incurred prior to the time of delivery be made against the vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims.

10. Taxes etc.

Any taxes, fees and expenses connected with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges connected with the closing of the Sellers' register shall be for the Sellers' account.

11. Condition on delivery

The vessel with everything belonging to her shall be at the Sellers' risk and expense until she is delivered to the Buyers, but subject to the conditions of this contract, she shall be delivered and taken over as she is at the time of inspection, fair wear and tear excepted.

However, the vessel shall be delivered with present class free of recommendations. The Sellers shall notify the Classification Society of any matters coming to their knowledge prior to delivery which upon being reported to the Classification Society would lead to the withdrawal of the vessel's class or to the imposition of a recommendation relating to her class.

12. Name/markings

Upon delivery the Buyers undertake to change the name of the vessel and alter funnel markings.

13. Buyers' default

Should the deposit not be paid as aforesaid, the Sellers have the right to cancel this contract, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest at the rate of 12% per annum.

Should the Purchase Money not be paid as aforesaid, the Sellers have the right to cancel this contract, in which case the amount deposited together with interest earned, if any, shall be forfeited to the Sellers. If the deposit does not cover the Sellers' losses, they shall be entitled to claim further compensation for their losses and for all expenses together with interest at the rate of 12% per annum.

14. Sellers' default

If the Sellers fail to execute a legal transfer or to deliver the vessel with everything belonging to her in the manner and within the time specified in line 38, the Buyers shall have the right to cancel this contract in which case the deposit in full shall be returned to the Buyers together with interest at the rate of 12% per annum. The Sellers shall make due compensation for the losses caused to the Buyers by failure to execute a legal transfer or to deliver the vessel in the manner and within the time specified in line 38, if such are due to the proven negligence of the Sellers.

15. Arbitration

If any dispute should arise in connection with the interpretation and fulfilment of this contract, same shall be decided by arbitration in the city of 3) and shall be referred to a single Arbitrator to be appointed by the parties hereto. If the parties cannot agree upon the appointment of the single Arbitrator, the dispute shall be settled by three Arbitrators, each party appointing one Arbitrator, the third being appointed by 4)

If either of the appointed Arbitrators refuses or is incapable of acting, the party who appointed him, shall appoint a new Arbitrator in his place.

If one of the parties fails to appoint an Arbitrator — either originally or by way of substitution — for two weeks after the other party having appointed his Arbitrator has sent the party making default notice by mail, cable or telex to make the appointment, the party appointing the third Arbitrator shall, after application from the party having appointed his Arbitrator, also appoint an Arbitrator on behalf of the party making default.

The award rendered by the Arbitration Court shall be final and binding upon the parties and may if necessary be enforced by the Court or any other competent authority in the same manner as a judgement in the Court of Justice.

This contract shall be subject to the law of the country agreed as place of arbitration.

- 1) *The name of the Classification Society to be inserted.*
- 2) *Notes, if any, in the Surveyor's report which are accepted by the Classification Society are not to be taken into account.*
- 3) *The place of arbitration to be inserted. If this line is not filled in, it is understood that arbitration will take place in London in accordance with the English law.*
- 4) *If this line is not filled in it is understood that the third Arbitrator shall be appointed by the London Maritime Arbitrators' Association in London.*

Appendix to Memorandum of Agreement code-name **SALEFORM 1987** -dated
