

MEMORANDUM OF AGREEMENT

Norwegian Shipbrokers' Association's
Memo-randum of Agreement for sale and
purchase of ships. Adopted by The Baltic and
International Maritime Council (BIMCO) in
1956.
Code-name
SALEFORM 1993
Revised 1966, 1983 and 1986/87.

Dated: _____

_____ hereinafter called the Sellers, have agreed to sell, and _____ 1
hereinafter called the Buyers, have agreed to buy 2
Name: _____ 3
Classification Society/Class: _____ 4
Built: _____ By: _____ 5
Flag: _____ Place of Registration: _____ 6
Call Sign: _____ Grt/Nrt: _____ / _____ 7
Register Number: _____ 8
hereinafter called the Vessel, on the following terms and conditions. _____ 9

Definitions 10

"Banking days" are days on which banks are open both in the country of the currency 11
stipulated for the Purchase Price in [Clause 1](#) and in the place of closing stipulated in [Clause 8](#). 12

"In writing" or "written" means a letter handed over from the Sellers to the Buyers or vice versa, 13
a registered letter, telex, telefax or other modern form of written communication. 14

"Classification Society" or "Class" means the Society referred to in [line 4](#). 15

1. Purchase Price _____ 16

2. Deposit 17

As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10 % 18
(ten per cent) of the Purchase Price within _____ banking days from the date of this 19
Agreement. This deposit shall be placed with _____ 20
and held by them in a joint account for the Sellers and the Buyers, to be released in accordance 21
with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the 22
Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the 23
Buyers. 24

3. Payment 25

The said Purchase Price shall be paid in full free of bank charges to _____ 26
on delivery of the Vessel, but not later than 3 banking days after the Vessel is in every respect 27
physically ready for delivery in accordance with the terms and conditions of this Agreement and 28
Notice of Readiness has been given in accordance with [Clause 5](#). 29

4. Inspections 30

a)* The Buyers have inspected and accepted the Vessel's classification records. The Buyers 31
have also inspected the Vessel at/in _____ on _____ 32
and have accepted the Vessel following this inspection and the sale is outright and definite, 33
subject only to the terms and conditions of this Agreement. 34

b)* The Buyers shall have the right to inspect the Vessel's classification records and declare 35
whether same are accepted or not within _____ 36

The Sellers shall provide for inspection of the Vessel at/in _____ 37

The Buyers shall undertake the inspection without undue delay to the Vessel. Should the 38

Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred. 39

The Buyers shall inspect the Vessel without opening up and without cost to the Sellers. 40

During the inspection, the Vessel's deck and engine log books shall be made available for 41

examination by the Buyers. If the Vessel is accepted after such inspection, the sale shall become outright and definite, subject only to the terms and conditions of this Agreement, provided the Sellers receive written notice of acceptance from the Buyers within 72 hours after completion of such inspection.
Should notice of acceptance of the Vessel's classification records and of the Vessel not be received by the Sellers as aforesaid, the deposit together with interest earned shall be released immediately to the Buyers, whereafter this Agreement shall be null and void.

* 4 a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 4a) to apply.

5. Notices, time and place of delivery

a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall provide the Buyers with _____, _____, and _____ days notice of the estimated time of arrival at the

intended place of drydocking/underwater inspection/delivery. When the Vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at/in _____ in the Sellers' option.

Expected time of delivery: _____

Date of cancelling (see [Clauses 5 c\)](#), [6 b\) \(iii\)](#) and [14](#)): _____

c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the Vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when they anticipate that the Vessel will be ready for delivery and propose a new cancelling date. Upon receipt of such notification the Buyers shall have the option of either cancelling this Agreement in accordance with [Clause 14](#) within 7 running days of receipt of the notice or of accepting the new date as the new cancelling date. If the Buyers have not declared their option within 7 running days of receipt of the Sellers' notification or if the Buyers accept the new date, the date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in [line 61](#).

If this Agreement is maintained with the new cancelling date all other terms and conditions hereof including those contained in [Clauses 5 a\)](#) and [5 c\)](#) shall remain unaltered and in full force and effect. Cancellation or failure to cancel shall be entirely without prejudice to any claim for damages the Buyers may have under [Clause 14](#) for the Vessel not being ready by the original cancelling date.

d) Should the Vessel become an actual, constructive or compromised total loss before delivery the deposit together with interest earned shall be released immediately to the Buyers whereafter this Agreement shall be null and void.

6. Drydocking/Divers Inspection

a)** The Sellers shall place the Vessel in drydock at the port of delivery for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.

b)** (i) The Vessel is to be delivered without drydocking. However, the Buyers shall have the right at their expense to arrange for an underwater inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. The Sellers shall at their cost make the Vessel available for such inspection. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the port of delivery are unsuitable for such inspection, the Sellers shall make the Vessel available at a suitable alternative place near to the delivery port.

(ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line

are found broken, damaged or defective so as to affect the Vessel's class, then unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules. If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, such defects shall be made good by the Sellers at their expense to the satisfaction of the Classification Society without condition/recommendation*. In such event the Sellers are to pay also for the cost of the underwater inspection and the Classification Society's attendance.	97 98 99 100 101 102 103 104 105 106
(iii) If the Vessel is to be drydocked pursuant to Clause 6 b) (ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5 b) . Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5 b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the cancelling date provided for in Clause 5 b) shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of 14 running days.	107 108 109 110 111 112 113 114
c) If the Vessel is drydocked pursuant to Clause 6 a) or 6 b) above	115
(i) the Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the right to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' expense to the satisfaction of the Classification Society without condition/recommendation*.	116 117 118 119 120 121 122 123 124 125 126 127
(ii) the expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out, in which case the Sellers shall pay these expenses. The Sellers shall also pay the expenses if the Buyers require the survey and parts of the system are condemned or found defective or broken so as to affect the Vessel's class*.	128 129 130 131 132
(iii) the expenses in connection with putting the Vessel in and taking her out of drydock, including the drydock dues and the Classification Society's fees shall be paid by the Sellers if the Classification Society issues any condition/recommendation* as a result of the survey or if it requires survey of the tailshaft system. In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.	133 134 135 136 137
(iv) the Buyers' representative shall have the right to be present in the drydock, but without interfering with the work or decisions of the Classification surveyor.	138 139
(v) the Buyers shall have the right to have the underwater parts of the Vessel cleaned and painted at their risk and expense without interfering with the Sellers' or the Classification surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and the Buyers shall be obliged to take delivery in accordance with Clause 3 , whether the Vessel is in drydock or not and irrespective of Clause 5 b) .	140 141 142 143 144 145 146 147 148 149
* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.	150 151
** <i>6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 6 a) to apply.</i>	152 153

7. Spares/bunkers, etc. 154

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 155
156

propeller(s)/propeller blade(s), if any, belonging to the Vessel at the time of inspection used or 157
unused, whether on board or not shall become the Buyers' property, but spares on order are to be 158
excluded. Forwarding charges, if any, shall be for the Buyers' account. The Sellers are not required to 159
replace spare parts including spare tail - end shaft(s) and spare propeller(s)/propeller blade(s) which 160
are taken out of spare and used as replacement prior to delivery, but the replaced items shall be the 161
property of the Buyers. The radio installation and navigational equipment shall be included in the sale 162
without extra payment if they are the property of the Sellers. Unused stores and provisions shall be 163
included in the sale and be taken over by the Buyers without extra payment. 164

The Sellers have the right to take ashore crockery, plates, cutlery, linen and other articles bearing the 165
Sellers' flag or name, provided they replace same with similar unmarked items. Library, forms, etc., 166
exclusively for use in the Sellers' vessel(s), shall be excluded without compensation. Captain's, 167
Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, 168
as well as the following additional items (including items on hire): _____ 169

The Buyers shall take over the remaining bunkers and unused lubricating oils in storage tanks and 170
sealed drums and pay the current net market price (excluding barging expenses) at the port and date 171
of delivery of the Vessel. 172

Payment under this Clause shall be made at the same time and place and in the same currency as 173
the Purchase Price. 174

8. Documentation 175

The place of closing: _____ 176

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery 177
documents, namely: 178

- a) Legal Bill of Sale in a form recordable in _____ (the country in which the Buyers are 179
to register the Vessel), warranting that the Vessel is free from all encumbrances, mortgages 180
and maritime liens or any other debts or claims whatsoever, duly notarially attested and 181
legalized by the consul of such country or other competent authority. 182
- b) Current Certificate of Ownership issued by the competent authorities of the flag state of 183
the Vessel. 184
- c) Confirmation of Class issued within 72 hours prior to delivery. 185
- d) Current Certificate issued by the competent authorities stating that the Vessel is free from 186
registered encumbrances. 187
- e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of 188
deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the 189
registry does not as a matter of practice issue such documentation immediately, a written 190
undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a 191
Certificate or other official evidence of deletion to the Buyers promptly and latest within 4 192
(four) weeks after the Purchase Price has been paid and the Vessel has been delivered. 193
- f) Any such additional documents as may reasonably be required by the competent authorities 194
for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such 195
documents as soon as possible after the date of this Agreement. 196

At the time of delivery the Buyers and Sellers shall sign and deliver to each other a Protocol of 197
Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the 198
Buyers. 199

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all 200
plans etc., which are on board the Vessel. Other certificates which are on board the Vessel shall also 201
be handed over to the Buyers unless the Sellers are required to retain same, in which case the 202
Buyers to have the right to take copies. Other technical documentation which may 203
be in the Sellers' possession shall be promptly forwarded to the Buyers at their expense, if they so 204
request. The Sellers may keep the Vessel's log books but the Buyers to have the right to take 205
copies of same. 206

9. Encumbrances 207

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters, encumbrances, 208
mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake 209
to indemnify the Buyers against all consequences of claims made against the Vessel which have 210

been incurred prior to the time of delivery.	211
10. Taxes, etc.	212
Any taxes, fees and expenses in connection with the purchase and registration under the Buyers' flag shall be for the Buyers' account, whereas similar charges in connection with the closing of the Sellers' register shall be for the Sellers' account.	213 214 215
11. Condition on delivery	216
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 terms and conditions of this Agreement she shall be delivered and taken over as she was at the time of inspection, fair wear and tear excepted.	217 218 219
However, the Vessel shall be delivered with her class maintained without condition/recommendation*, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and unextended without condition/recommendation* by Class or the relevant authorities at the time of delivery.	220 221 222 223 224
"Inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4 a) or 4 b) , if applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.	225 226 227
* Notes, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.	228 229
12. Name/markings	230
Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.	231
13. Buyers' default	232
Should the deposit not be paid in accordance with Clause 2 , the Sellers have the right to cancel this Agreement, and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.	233 234 235
Should the Purchase Price not be paid in accordance with Clause 3 , the Sellers have the right to cancel the Agreement, in which case the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest.	236 237 238 239
14. Sellers' default	240
Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have the option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 3 banking days after Notice of Readiness has been given to make arrangements for the documentation set out in Clause 8 . If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in line 61 and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit together with interest earned shall be released to them immediately.	241 242 243 244 245 246 247 248 249 250
Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for their loss and for all expenses together with interest if their failure is due to proven negligence and whether or not the Buyers cancel this Agreement.	251 252 253 254
15. Buyers' representatives	255
After this Agreement has been signed by both parties and the deposit has been lodged, the Buyers have the right to place two representatives on board the Vessel at their sole risk and expense upon arrival at _____ on or about _____	256 257 258
These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.	259 260 261
16. Arbitration	262

a)*	This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of this Agreement shall be referred to arbitration in London in accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or re-enactment thereof for the time being in force, one arbitrator being appointed by each party. On the receipt by one party of the nomination in writing of the other party's arbitrator, that party shall appoint their arbitrator within fourteen days, failing which the decision of the single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree they shall appoint an umpire whose decision shall be final.	263 264 265 266 267 268 269 270
b)*	This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Law of the State of New York and should any dispute arise out of this Agreement, the matter in dispute shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for purpose of enforcing any award, this Agreement may be made a rule of the Court. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc. New York.	271 272 273 274 275 276 277 278
c)*	Any dispute arising out of this Agreement shall be referred to arbitration at _____, subject to the procedures applicable there. The laws of _____ shall govern this Agreement.	279 280 281
*	<i>16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of deletions, alternative 16 a) to apply.</i>	282 283

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