



**BIMCO STANDARD BAREBOAT CHARTER
CODE NAME: "BARECON 2001" PART I**

1. Shipbroker		2. Place and date	
3. Owners/Place of business (Cl. 1)		4. Bareboat Charterers/Place of business (Cl. 1)	
5. Vessel' s name, call sign and flag (Cl. 1 and 3)		6. Type of Vessel	
7. GT/NT		8. When/Where built	
9. Total DWT (abt.) in metric tons on summer freeboard		11. Date of last special survey by the Vessel' s classification society	
10. Classification Society (Cl. 3)		12. Further particulars of Vessel (also indicate minimum number of months' validity of class certificates agreed acc. to Cl. 3)	
13. Port or Place of delivery (Cl. 3)		14. Time for delivery (Cl. 4)	
15. Cancelling date (Cl. 5)		16. Port or Place of redelivery (Cl. 15)	
17. No. of months' validity of trading and class certificates upon redelivery (Cl. 15)			
18. Running days' notice if other than stated in Cl. 4			
19. Frequency of dry-docking (Cl. 10(g))			
20. Trading limits (Cl. 6)		21. Charter period (Cl. 2)	
		22. Charter hire (Cl. 11)	
23. New class and other safety requirements (state percentage of Vessel' s insurance value acc. to Box 29)(Cl. 10(a)(ii))		24. Rate of interest payable acc. to Cl. 11(f) and, if applicable, acc. To PART IV	
25. Currency and method of payment (Cl. 11)		26. Place of payment; also state beneficiary and bank account (Cl. 11)	
27. Bank guarantee/bond (sum and place)(Cl. 24)(optional)			
28. Mortgage(s), if any (state whether 12(a) or (b) applies; if 12(b) applies state date of Financial Instrument and name of Mortgagee(s)/Place of business)(Cl. 12)		29. Insurance (hull and machinery and war risks)(state value acc. to Cl. 13(f) or, if applicable, acc. to Cl. 14(k))(also state if Cl. 14 applies)	

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- 30. Additional insurance cover, if any, for Owners' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))
- 31. Additional insurance cover, if any, for Charterers' account limited to (Cl. 13(b) or, if applicable, Cl. 14(g))
- 32. Latent defects (only to be filled in if period other than stated in Cl. 3)
- 33. Brokerage commission and to whom payable (Cl. 27)
- 34. Grace period (state number of clear banking days)(Cl. 28)
- 35. Dispute Resolution (state 30(a), 30(b) or 30(c); if 30(c) agreed Place of Arbitration must be stated (Cl. 30)

36. War cancellation (indicate countries agreed)(Cl. 26(f))
37. Newbuilding Vessel (indicate with "yes" or "no" whether PART III applies)(optional)
38. Name and place of Builders (only to be filled in if PART III applies)
39. Vessel' s Yard Building No. (only to be filled in if PART III applies)
40. Date of Building Contract (only to be filled in if PART III applies)
- ô
41. Liquidated damages and costs shall accrue to (state party acc. to Cl. 1)
- a)
b)
c)
42. Hire/Purchase agreement (indicate with "yes" or "no" whether PART IV applies)(optional)
43. Bareboat Charter Registry (indicate "yes" or "no" whether PART V applies)(optional)
44. Flag and Country of the Bareboat Charter Registry (only to be filled in if PART V applies)
- ô
45. Country of the Underlying Registry (only to be filled in if PART V applies)
- ô
46. Number of additional clauses covering special provisions, if agreed

PREAMBLE - It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and only form part of this Charter if expressly agreed and stated in the Boxes 37, 42 and 43. If PART III and/or PART IV and/or PART V apply, it is further agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

Signature (Owners)

Signature (Charterers)

PART II "BARECON 2001" Standard Bareboat Charter

- 1 **1. Definitions**
- 2 In this Charter, the following terms shall have the
- 3 meanings hereby assigned to them:
- 4 "*The Owners*" shall mean the party identified in Box 3;
- 5 "*The Charterers*" shall mean the party identified in Box 4;
- 6 "*The Vessel*" shall mean the vessel named in Box 5 and
- 7 with particulars as stated in Boxes 6 to 12.
- 8 "*Financial Instrument*" means the mortgage, deed of
- 9 covenant or other such financial security instrument as
- 10 annexed to this Charter and stated in Box 28.
- 11 **2. Charter Period**
- 12 In consideration of the hire detailed in Box 22, the
- 13 Owners have agreed to let and the Charterers have
- 14 agreed to hire the Vessel for the period stated in Box 21
- 15 ("The Charter Period").
- 16 **3. Delivery**
- 17 *(not applicable when Part III applies, as indicated in Box 37)*

18 (a) The Owners shall before and at the time of delivery
19 exercise due diligence to make the Vessel seaworthy
20 and in every respect ready in hull, machinery and
21 equipment for service under this Charter.
22 The Vessel shall be delivered by the Owners and taken
23 over by the Charterers at the port or place indicated in
24 Box 13 in such ready safe berth as the Charterers may
25 direct.
26 (b) The Vessel shall be properly documented on
27 delivery in accordance with the laws of the flag State
28 indicated in Box 5 and the requirements of the
29 classification society stated in Box 10. The Vessel upon
30 delivery shall have her survey cycles up to date and
31 trading and class certificates valid for at least the number
32 of months agreed in Box 12.
33 (c) The delivery of the Vessel by the Owners and the
34 taking over of the Vessel by the Charterers shall
35 constitute a full performance by the Owners of all the
36 Owners' obligations under this Clause 3, and thereafter
37 the Charterers shall not be entitled to make or assert
38 any claim against the Owners on account of any
39 conditions, representations or warranties expressed or
40 implied with respect to the Vessel but the Owners shall
41 be liable for the cost of but not the time for repairs or
42 renewals occasioned by latent defects in the Vessel,
43 her machinery or appurtenances, existing at the time of
44 delivery under this Charter, provided such defects have
45 manifested themselves within twelve (12) months after
46 delivery unless otherwise provided in Box 32.

47 **4. Time for Delivery**

48 *(not applicable when Part III applies, as indicated in Box 37)*
49 The Vessel shall not be delivered before the date
50 Indicated in Box 14 without the Charterers' consent and
51 the Owners shall exercise due diligence to deliver the
52 Vessel not later than the date indicated in Box 15.
53 Unless otherwise agreed in Box 18, the Owners shall
54 give the Charterers not less than thirty (30) running days'
55 preliminary and not less than fourteen (14) running days'
56 definite notice of the date on which the Vessel is
57 expected to be ready for delivery.
58 The Owners shall keep the Charterers closely advised
59 of possible changes in the Vessel' s position.

60 **5. Cancelling**

61 *(not applicable when Part III applies, as indicated in Box 37)*
62 (a) Should the Vessel not be delivered latest by the
63 cancelling date indicated in Box 15, the Charterers shall
64 have the option of cancelling this Charter by giving the
65 Owners notice of cancellation within thirty-six (36)
66 running hours after the cancelling date stated in Box
67 15, failing which this Charter shall remain in full force
68 and effect.
69 (b) If it appears that the Vessel will be delayed beyond
70 the cancelling date, the Owners may, as soon as they
71 are in a position to state with reasonable certainty the
72 day on which the Vessel should be ready, give notice
73 thereof to the Charterers asking whether they will
74 exercise their option of cancelling, and the option must
75 then be declared within one hundred and sixty-eight
76 (168) running hours of the receipt by the Charterers of
77 such notice or within thirty-six (36) running hours after
78 the cancelling date, whichever is the earlier. If the
79 Charterers do not then exercise their option of cancelling,
80 the seventh day after the readiness date stated in the
81 Owners' notice shall be substituted for the cancelling

82 date indicated in Box 15 for the purpose of this Clause 5.
83 (c) Cancellation under this Clause 5 shall be without
84 prejudice to any claim the Charterers may otherwise
85 have on the Owners under this Charter.

86 **6. Trading Restrictions**

87 The Vessel shall be employed in lawful trades for the
88 carriage of suitable lawful merchandise within the trading
89 limits indicated in Box 20.

90 The Charterers undertake not to employ the Vessel or
91 suffer the Vessel to be employed otherwise than in
92 conformity with the terms of the contracts of insurance
93 (including any warranties expressed or implied therein)
94 without first obtaining the consent of the insurers to such
95 employment and complying with such requirements as
96 to extra premium or otherwise as the insurers may
97 prescribe.

98 The Charterers also undertake not to employ the Vessel
99 or suffer her employment in any trade or business which
100 is forbidden by the law of any country to which the Vessel
101 may sail or is otherwise illicit or in carrying illicit or
102 prohibited goods or in any manner whatsoever which
103 may render her liable to condemnation, destruction,
104 seizure or confiscation.

105 Notwithstanding any other provisions contained in this
106 Charter it is agreed that nuclear fuels or radioactive
107 products or waste are specifically excluded from the
108 cargo permitted to be loaded or carried under this
109 Charter. This exclusion does not apply to radio-isotopes
110 used or intended to be used for any industrial,
111 commercial, agricultural, medical or scientific purposes
112 provided the Owners' prior approval has been obtained
113 to loading thereof.

114 **7. Surveys on Delivery and Redelivery**

115 *(not applicable when Part III applies, as indicated in Box 37)*

116 The Owners and Charterers shall each appoint
117 surveyors for the purpose of determining and agreeing
118 in writing the condition of the Vessel at the time of
119 delivery and redelivery hereunder. The Owners shall
120 bear all expenses of the On-hire Survey including loss
121 of time, if any, and the Charterers shall bear all expenses
122 of the Off-hire Survey including loss of time, if any, at
123 the daily equivalent to the rate of hire or pro rata thereof.

124 **8. Inspection**

125 The Owners shall have the right at any time after giving
126 reasonable notice to the Charterers to inspect or survey
127 the Vessel or instruct a duly authorised surveyor to carry
128 out such survey on their behalf:-

129 **a)** to ascertain the condition of the Vessel and satisfy
130 themselves that the Vessel is being properly repaired
131 and maintained. The costs and fees for such inspection
132 or survey shall be paid by the Owners unless the Vessel
133 is found to require repairs or maintenance in order to
134 achieve the condition so provided;

135 **(b)** in dry-dock if the Charterers have not dry-docked
136 her in accordance with Clause 10(g). The costs and fees
137 for such inspection or survey shall be paid by the
138 Charterers; and

139 **(c)** for any other commercial reason they consider
140 necessary (provided it does not unduly interfere with
141 the commercial operation of the Vessel). The costs and
142 fees for such inspection and survey shall be paid by the
143 Owners.

144 All time used in respect of inspection, survey or repairs

145 shall be for the Charterers' account and form part of the
146 Charter Period.
147 The Charterers shall also permit the Owners to inspect
148 the Vessel' s log books whenever requested and shall
149 whenever required by the Owners furnish them with full
150 information regarding any casualties or other accidents
151 or damage to the Vessel.

152 **9. Inventories, Oil and Stores**

153 A complete inventory of the Vessel' s entire equipment,
154 outfit including spare parts, appliances and of all
155 consumable stores on board the Vessel shall be made
156 by the Charterers in conjunction with the Owners on
157 delivery and again on redelivery of the Vessel. The
158 Charterers and the Owners, respectively, shall at the
159 time of delivery and redelivery take over and pay for all
160 bunkers, lubricating oil, unbroached provisions, paints,
161 ropes and other consumable stores (excluding spare
162 parts) in the said Vessel at the then current market prices
163 at the ports of delivery and redelivery, respectively. The
164 Charterers shall ensure that all spare parts listed in the
165 inventory and used during the Charter Period are
166 replaced at their expense prior to redelivery of the
167 Vessel.

168 **10. Maintenance and Operation**

- 169 **(a)(i) Maintenance and Repairs** - During the Charter
170 Period the Vessel shall be in the full possession
171 and at the absolute disposal for all purposes of the
172 Charterers and under their complete control in
173 every respect. The Charterers shall maintain the
174 Vessel, her machinery, boilers, appurtenances and
175 spare parts in a good state of repair, in efficient
176 operating condition and in accordance with good
177 commercial maintenance practice and, except as
178 provided for in Clause 14(l), if applicable, at their
179 own expense they shall at all times keep the
180 Vessel' s Class fully up to date with the Classification
181 Society indicated in Box 10 and maintain all other
182 necessary certificates in force at all times.
- 183 **(ii) New Class and Other Safety Requirements** - In the
184 event of any improvement, structural changes or
185 new equipment becoming necessary for the
186 continued operation of the Vessel by reason of new
187 class requirements or by compulsory legislation
188 costing (excluding the Charterers' loss of time)
189 more than the percentage stated in Box 23, or if
190 Box 23 is left blank, 5 per cent. of the Vessel' s
191 insurance value as stated in Box 29, then the
192 extent, if any, to which the rate of hire shall be varied
193 and the ratio in which the cost of compliance shall
194 be shared between the parties concerned in order
195 to achieve a reasonable distribution thereof as
196 between the Owners and the Charterers having
197 regard, inter alia, to the length of the period
198 remaining under this Charter shall, in the absence
199 of agreement, be referred to the dispute resolution
200 method agreed in Clause 30.
- 201 **(iii) Financial Security** - The Charterers shall maintain
202 financial security or responsibility in respect of third
203 party liabilities as required by any government,
204 including federal, state or municipal or other division
205 or authority thereof, to enable the Vessel, without
206 penalty or charge, lawfully to enter, remain at, or
207 leave any port, place, territorial or contiguous
208 waters of any country, state or municipality in

209 performance of this Charter without any delay. This
210 obligation shall apply whether or not such
211 requirements have been lawfully imposed by such
212 government or division or authority thereof.

213 The Charterers shall make and maintain all arrangements
214 by bond or otherwise as may be necessary to
215 satisfy such requirements at the Charterers' sole
216 expense and the Charterers shall indemnify the Owners
217 against all consequences whatsoever (including loss of
218 time) for any failure or inability to do so.

219 **(b) Operation of the Vessel** - The Charterers shall at
220 their own expense and by their own procurement man,
221 victual, navigate, operate, supply, fuel and, whenever
222 required, repair the Vessel during the Charter Period
223 and they shall pay all charges and expenses of every
224 kind and nature whatsoever incidental to their use and
225 operation of the Vessel under this Charter, including
226 annual flag State fees and any foreign general
227 municipality and/or state taxes. The Master, officers and
228 crew of the Vessel shall be the servants of the Charterers
229 for all purposes whatsoever, even if for any reason
230 appointed by the Owners.

231 Charterers shall comply with the regulations regarding
232 officers and crew in force in the country of the Vessel's
233 flag or any other applicable law.

234 **(c)** The Charterers shall keep the Owners and the
235 mortgagee(s) advised of the intended employment,
236 planned dry-docking and major repairs of the Vessel,
237 as reasonably required.

238 **(d) Flag and Name of Vessel** - During the Charter
239 Period, the Charterers shall have the liberty to paint the
240 Vessel in their own colours, install and display their
241 funnel insignia and fly their own house flag. The
242 Charterers shall also have the liberty, with the Owners'
243 consent, which shall not be unreasonably withheld, to
244 change the flag and/or the name of the Vessel during
245 the Charter Period. Painting and re-painting, instalment
246 and re-instalment, registration and re-registration, if
247 required by the Owners, shall be at the Charterers'
248 expense and time.

249 **(e) Changes to the Vessel** - Subject to Clause 10(a)(ii),
250 the Charterers shall make no structural changes in the
251 Vessel or changes in the machinery, boilers, appurtenances
252 or spare parts thereof without in each instance
253 first securing the Owners' approval thereof. If the Owners
254 so agree, the Charterers shall, if the Owners so require,
255 restore the Vessel to its former condition before the
256 termination of this Charter.

257 **(f) Use of the Vessel's Outfit, Equipment and**
258 **Appliances** - The Charterers shall have the use of all
259 outfit, equipment, and appliances on board the Vessel
260 at the time of delivery, provided the same or their
261 substantial equivalent shall be returned to the Owners
262 on redelivery in the same good order and condition as
263 when received, ordinary wear and tear excepted. The
264 Charterers shall from time to time during the Charter
265 Period replace such items of equipment as shall be so
266 damaged or worn as to be unfit for use. The Charterers
267 are to procure that all repairs to or replacement of any
268 damaged, worn or lost parts or equipment be effected
269 in such manner (both as regards workmanship and
270 quality of materials) as not to diminish the value of the
271 Vessel. The Charterers have the right to fit additional
272 equipment at their expense and risk but the Charterers
273 shall remove such equipment at the end of the period if
274 requested by the Owners. Any equipment including radio

275 equipment on hire on the Vessel at time of delivery shall
276 be kept and maintained by the Charterers and the
277 Charterers shall assume the obligations and liabilities
278 of the Owners under any lease contracts in connection
279 therewith and shall reimburse the Owners for all
280 expenses incurred in connection therewith, also for any
281 new equipment required in order to comply with radio
282 regulations.
283 **(g) Periodical Dry-Docking** - The Charterers shall dry-dock
284 the Vessel and clean and paint her underwater
285 parts whenever the same may be necessary, but not
286 less than once during the period stated in Box 19 or, if
287 Box 19 has been left blank, every sixty (60) calendar
288 months after delivery or such other period as may be
289 required by the Classification Society or flag State.

290 **11. Hire**

291 **(a)** The Charterers shall pay hire due to the Owners
292 punctually in accordance with the terms of this Charter
293 in respect of which time shall be of the essence.
294 **(b)** The Charterers shall pay to the Owners for the hire
295 of the Vessel a lump sum in the amount indicated in
296 Box 22 which shall be payable not later than every thirty
297 (30) running days in advance, the first lump sum being
298 payable on the date and hour of the Vessel' s delivery to
299 the Charterers. Hire shall be paid continuously
300 throughout the Charter Period.
301 **(c)** Payment of hire shall be made in cash without
302 discount in the currency and in the manner indicated in
303 Box 25 and at the place mentioned in Box 26.
304 **(d)** Final payment of hire, if for a period of less than
305 thirty (30) running days, shall be calculated proportionally
306 according to the number of days and hours remaining
307 before redelivery and advance payment to be effected
308 accordingly.
309 **(e)** Should the Vessel be lost or missing, hire shall
310 cease from the date and time when she was lost or last
311 heard of. The date upon which the Vessel is to be treated
312 as lost or missing shall be ten (10) days after the Vessel
313 was last reported or when the Vessel is posted as
314 missing by Lloyd' s, whichever occurs first. Any hire paid
315 in advance to be adjusted accordingly.
316 **(f)** Any delay in payment of hire shall entitle the
317 Owners to interest at the rate per annum as agreed in
318 Box 24. If Box 24 has not been filled in, the three months
319 interbank offered rate in London (LIBOR or its successor)
320 for the currency stated in Box 25, as quoted by the British
321 Bankers' Association (BBA) on the date when the hire
322 fell due, increased by 2 per cent., shall apply.
323 **(g)** Payment of interest due under sub-clause 11(f)
324 shall be made within seven (7) running days of the date
325 of the Owners' invoice specifying the amount payable
326 or, in the absence of an invoice, at the time of the next
327 hire payment date.

328 **12. Mortgage**

329 *(only to apply if Box 28 has been appropriately filled in)*

330 *) **(a)** The Owners warrant that they have not effected
331 any mortgage(s) of the Vessel and that they shall not
332 effect any mortgage(s) without the prior consent of the
333 Charterers, which shall not be unreasonably withheld.
334 *) **(b)** The Vessel chartered under this Charter is financed
335 by a mortgage according to the Financial Instrument.
336 The Charterers undertake to comply, and provide such
337 information and documents to enable the Owners to
338 comply, with all such instructions or directions in regard

339 to the employment, insurances, operation, repairs and
340 maintenance of the Vessel as laid down in the Financial
341 Instrument or as may be directed from time to time during
342 the currency of the Charter by the mortgagee(s) in
343 conformity with the Financial Instrument. The Charterers
344 confirm that, for this purpose, they have acquainted
345 themselves with all relevant terms, conditions and
346 provisions of the Financial Instrument and agree to
347 acknowledge this in writing in any form that may be
348 required by the mortgagee(s). The Owners warrant that
349 they have not effected any mortgage(s) other than stated
350 in Box 28 and that they shall not agree to any
351 amendment of the mortgage(s) referred to in Box 28 or
352 effect any other mortgage(s) without the prior consent
353 of the Charterers, which shall not be unreasonably
354 withheld.

355 *) *(Optional, Clauses 12(a) and 12(b) are alternatives;*
356 *indicate alternative agreed in Box 28).*

357 **13. Insurance and Repairs**

358 (a) During the Charter Period the Vessel shall be kept
359 insured by the Charterers at their expense against hull
360 and machinery, war and Protection and Indemnity risks
361 (and any risks against which it is compulsory to insure
362 for the operation of the Vessel, including maintaining
363 financial security in accordance with sub-clause
364 10(a)(iii)) in such form as the Owners shall in writing
365 approve, which approval shall not be un-reasonably
366 withheld. Such insurances shall be arranged by the
367 Charterers to protect the interests of both the Owners
368 and the Charterers and the mortgagee(s) (if any), and
369 the Charterers shall be at liberty to protect under such
370 insurances the interests of any managers they may
371 appoint. Insurance policies shall cover the Owners and
372 the Charterers according to their respective interests.
373 Subject to the provisions of the Financial Instrument, if
374 any, and the approval of the Owners and the insurers,
375 the Charterers shall effect all insured repairs and shall
376 undertake settlement and reimbursement from the
377 insurers of all costs in connection with such repairs as
378 well as insured charges, expenses and liabilities to the
379 extent of coverage under the insurances herein provided
380 for.

381 The Charterers also to remain responsible for and to
382 effect repairs and settlement of costs and expenses
383 incurred thereby in respect of all other repairs not
384 covered by the insurances and/or not exceeding any
385 possible franchise(s) or deductibles provided for in the
386 insurances.

387 All time used for repairs under the provisions of sub-clause
388 13(a) and for repairs of latent defects according
389 to Clause 3(c) above, including any deviation, shall be
390 for the Charterers' account.

391 (b) If the conditions of the above insurances permit
392 additional insurance to be placed by the parties, such
393 cover shall be limited to the amount for each party set
394 out in Box 30 and Box 31, respectively. The Owners or
395 the Charterers as the case may be shall immediately
396 furnish the other party with particulars of any additional
397 insurance effected, including copies of any cover notes
398 or policies and the written consent of the insurers of
399 any such required insurance in any case where the
400 consent of such insurers is necessary.

401 (c) The Charterers shall upon the request of the
402 Owners, provide information and promptly execute such
403 documents as may be required to enable the Owners to

404 comply with the insurance provisions of the Financial
405 Instrument.
406 **(d)** Subject to the provisions of the Financial Instru-
407 ment, if any, should the Vessel become an actual,
408 constructive, compromised or agreed total loss under
409 the insurances required under sub-clause 13(a), all
410 insurance payments for such loss shall be paid to the
411 Owners who shall distribute the moneys between the
412 Owners and the Charterers according to their respective
413 interests. The Charterers undertake to notify the Owners
414 and the mortgagee(s), if any, of any occurrences in
415 consequence of which the Vessel is likely to become a
416 total loss as defined in this Clause.
417 **(e)** The Owners shall upon the request of the
418 Charterers, promptly execute such documents as may
419 be required to enable the Charterers to abandon the
420 Vessel to insurers and claim a constructive total loss.
421 **(f)** For the purpose of insurance coverage against hull
422 and machinery and war risks under the provisions of
423 sub-clause 13(a), the value of the Vessel is the sum
424 indicated in Box 29.

425 **14. Insurance, Repairs and Classification**

426 *(Optional, only to apply if expressly agreed and stated*
427 *in Box 29, in which event Clause 13 shall be considered*
428 *deleted).*

429 **(a)** During the Charter Period the Vessel shall be kept
430 insured by the Owners at their expense against hull and
431 machinery and war risks under the form of policy or
432 policies attached hereto. The Owners and/or insurers
433 shall not have any right of recovery or subrogation
434 against the Charterers on account of loss of or any
435 damage to the Vessel or her machinery or appurtenances
436 covered by such insurance, or on account of
437 payments made to discharge claims against or liabilities
438 of the Vessel or the Owners covered by such insurance.
439 Insurance policies shall cover the Owners and the
440 Charterers according to their respective interests.

441 **(b)** During the Charter Period the Vessel shall be kept
442 insured by the Charterers at their expense against
443 Protection and Indemnity risks (and any risks against
444 which it is compulsory to insure for the operation of the
445 Vessel, including maintaining financial security in
446 accordance with sub-clause 10(a)(iii)) in such form as
447 the Owners shall in writing approve which approval shall
448 not be unreasonably withheld.

449 **(c)** In the event that any act or negligence of the
450 Charterers shall vitiate any of the insurance herein
451 provided, the Charterers shall pay to the Owners all
452 losses and indemnify the Owners against all claims and
453 demands which would otherwise have been covered by
454 such insurance.

455 **(d)** The Charterers shall, subject to the approval of the
456 Owners or Owners' Underwriters, effect all insured
457 repairs, and the Charterers shall undertake settlement
458 of all miscellaneous expenses in connection with such
459 repairs as well as all insured charges, expenses and
460 liabilities, to the extent of coverage under the insurances
461 provided for under the provisions of sub-clause 14(a).
462 The Charterers to be secured reimbursement through
463 the Owners' Underwriters for such expenditures upon
464 presentation of accounts.

465 **(e)** The Charterers to remain responsible for and to
466 effect repairs and settlement of costs and expenses
467 incurred thereby in respect of all other repairs not
468 covered by the insurances and/or not exceeding any

469 possible franchise(s) or deductibles provided for in the
470 insurances.

471 **(f)** All time used for repairs under the provisions of
472 sub-clauses 14(d) and 14(e) and for repairs of latent
473 defects according to Clause 3 above, including any
474 deviation, shall be for the Charterers' account and shall
475 form part of the Charter Period.

476 The Owners shall not be responsible for any expenses
477 as are incident to the use and operation of the Vessel
478 for such time as may be required to make such repairs.

479 **(g)** If the conditions of the above insurances permit
480 additional insurance to be placed by the parties such
481 cover shall be limited to the amount for each party set
482 out in Box 30 and Box 31, respectively. The Owners or
483 the Charterers as the case may be shall immediately
484 furnish the other party with particulars of any additional
485 insurance effected, including copies of any cover notes
486 or policies and the written consent of the insurers of
487 any such required insurance in any case where the
488 consent of such insurers is necessary.

489 **(h)** Should the Vessel become an actual, constructive,
490 compromised or agreed total loss under the insurances
491 required under sub-clause 14(a), all insurance payments
492 for such loss shall be paid to the Owners, who shall
493 distribute the moneys between themselves and the
494 Charterers according to their respective interests.

495 **(i)** If the Vessel becomes an actual, constructive,
496 compromised or agreed total loss under the insurances
497 arranged by the Owners in accordance with sub-clause
498 14(a), this Charter shall terminate as of the date of such
499 loss.

500 **(j)** The Charterers shall upon the request of the
501 Owners, promptly execute such documents as may be
502 required to enable the Owners to abandon the Vessel
503 to the insurers and claim a constructive total loss.

504 **(k)** For the purpose of insurance coverage against hull
505 and machinery and war risks under the provisions of
506 sub-clause 14(a), the value of the Vessel is the sum
507 indicated in Box 29.

508 **(l)** Notwithstanding anything contained in sub-clause
509 10(a), it is agreed that under the provisions of Clause
510 14, if applicable, the Owners shall keep the Vessel's
511 Class fully up to date with the Classification Society
512 indicated in Box 10 and maintain all other necessary
513 certificates in force at all times.

514 **15. Redelivery**

515 At the expiration of the Charter Period the Vessel shall
516 be redelivered by the Charterers to the Owners at a
517 safe and ice-free port or place as indicated in Box 16, in
518 such ready safe berth as the Owners may direct. The
519 Charterers shall give the Owners not less than thirty
520 (30) running days' preliminary notice of expected date,
521 range of ports of redelivery or port or place of redelivery
522 and not less than fourteen (14) running days' definite
523 notice of expected date and port or place of redelivery.
524 Any changes thereafter in the Vessel's position shall be
525 notified immediately to the Owners.

526 The Charterers warrant that they will not permit the
527 Vessel to commence a voyage (including any preceding
528 ballast voyage) which cannot reasonably be expected
529 to be completed in time to allow redelivery of the Vessel
530 within the Charter Period. Notwithstanding the above,
531 should the Charterers fail to redeliver the Vessel within
532 the Charter Period, the Charterers shall pay the daily
533 equivalent to the rate of hire stated in Box 22 plus 10

534 per cent. or to the market rate, whichever is the higher,
535 for the number of days by which the Charter Period is
536 exceeded. All other terms, conditions and provisions of
537 this Charter shall continue to apply.
538 Subject to the provisions of Clause 10, the Vessel shall
539 be redelivered to the Owners in the same or as good
540 structure, state, condition and class as that in which she
541 was delivered, fair wear and tear not affecting class
542 excepted.
543 The Vessel upon redelivery shall have her survey cycles
544 up to date and trading and class certificates valid for at
545 least the number of months agreed in Box 17.

546 **16. Non-Lien**

547 The Charterers will not suffer, nor permit to be continued,
548 any lien or encumbrance incurred by them or their
549 agents, which might have priority over the title and
550 interest of the Owners in the Vessel. The Charterers
551 further agree to fasten to the Vessel in a conspicuous
552 place and to keep so fastened during the Charter Period
553 a notice reading as follows:
554 "This Vessel is the property of (name of Owners). It is
555 under charter to (name of Charterers) and by the terms
556 of the Charter Party neither the Charterers nor the
557 Master have any right, power or authority to create, incur
558 or permit to be imposed on the Vessel any lien
559 whatsoever."

560 **17. Indemnity**

561 (a) The Charterers shall indemnify the Owners against
562 any loss, damage or expense incurred by the Owners
563 arising out of or in relation to the operation of the Vessel
564 by the Charterers, and against any lien of whatsoever
565 nature arising out of an event occurring during the
566 Charter Period. If the Vessel be arrested or otherwise
567 detained by reason of claims or liens arising out of her
568 operation hereunder by the Charterers, the Charterers
569 shall at their own expense take all reasonable steps to
570 secure that within a reasonable time the Vessel is
571 released, including the provision of bail.
572 Without prejudice to the generality of the foregoing, the
573 Charterers agree to indemnify the Owners against all
574 consequences or liabilities arising from the Master,
575 officers or agents signing Bills of Lading or other
576 documents.
577 (b) If the Vessel be arrested or otherwise detained by
578 reason of a claim or claims against the Owners, the
579 Owners shall at their own expense take all reasonable
580 steps to secure that within a reasonable time the Vessel
581 is released, including the provision of bail.
582 In such circumstances the Owners shall indemnify the
583 Charterers against any loss, damage or expense
584 incurred by the Charterers (including hire paid under
585 this Charter) as a direct consequence of such arrest or
586 detention.

587 **18. Lien**

588 The Owners to have a lien upon all cargoes, sub-hires
589 and sub-freights belonging or due to the Charterers or
590 any sub-charterers and any Bill of Lading freight for all
591 claims under this Charter, and the Charterers to have a
592 lien on the Vessel for all moneys paid in advance and
593 not earned.

594 **19. Salvage**

595 All salvage and towage performed by the Vessel shall

596 be for the Charterers' benefit and the cost of repairing
597 damage occasioned thereby shall be borne by the
598 Charterers.

599 **20. Wreck Removal**

600 In the event of the Vessel becoming a wreck or
601 obstruction to navigation the Charterers shall indemnify
602 the Owners against any sums whatsoever which the
603 Owners shall become liable to pay and shall pay in
604 consequence of the Vessel becoming a wreck or
605 obstruction to navigation.

606 **21. General Average**

607 The Owners shall not contribute to General Average.

608 **22. Assignment, Sub-Charter and Sale**

609 (a) The Charterers shall not assign this Charter nor
610 sub-charter the Vessel on a bareboat basis except with
611 the prior consent in writing of the Owners, which shall
612 not be unreasonably withheld, and subject to such terms
613 and conditions as the Owners shall approve.
614 (b) The Owners shall not sell the Vessel during the
615 currency of this Charter except with the prior written
616 consent of the Charterers, which shall not be unreason-ably
617 withheld, and subject to the buyer accepting an
618 assignment of this Charter.

619 **23. Contracts of Carriage**

620 *) (a) The Charterers are to procure that all documents
621 issued during the Charter Period evidencing the terms
622 and conditions agreed in respect of carriage of goods
623 shall contain a paramount clause incorporating any
624 legislation relating to carrier' s liability for cargo
625 compulsorily applicable in the trade; if no such legislation
626 exists, the documents shall incorporate the Hague-Visby
627 Rules. The documents shall also contain the New Jason
628 Clause and the Both-to-Blame Collision Clause.
629 *) (b) The Charterers are to procure that all passenger
630 tickets issued during the Charter Period for the carriage
631 of passengers and their luggage under this Charter shall
632 contain a paramount clause incorporating any legislation
633 relating to carrier' s liability for passengers and their
634 luggage compulsorily applicable in the trade; if no such
635 legislation exists, the passenger tickets shall incorporate
636 the Athens Convention Relating to the Carriage of
637 Passengers and their Luggage by Sea, 1974, and any
638 protocol thereto.
639 *) *Delete as applicable.*

640 **24. Bank Guarantee**

641 *(Optional, only to apply if Box 27 filled in)*
642 The Charterers undertake to furnish, before delivery of
643 the Vessel, a first class bank guarantee or bond in the
644 sum and at the place as indicated in Box 27 as guarantee
645 for full performance of their obligations under this
646 Charter.

647 **25. Requisition/Acquisition**

648 (a) In the event of the Requisition for Hire of the Vessel
649 by any governmental or other competent authority
650 (hereinafter referred to as "Requisition for Hire")
651 irrespective of the date during the Charter Period when
652 "Requisition for Hire" may occur and irrespective of the
653 length thereof and whether or not it be for an indefinite
654 or a limited period of time, and irrespective of whether it
655 may or will remain in force for the remainder of the

656 Charter Period, this Charter shall not be deemed thereby
657 or thereupon to be frustrated or otherwise terminated
658 and the Charterers shall continue to pay the stipulated
659 hire in the manner provided by this Charter until the time
660 when the Charter would have terminated pursuant to
661 any of the provisions hereof always provided however
662 that in the event of "Requisition for Hire" any Requisition
663 Hire or compensation received or receivable by the
664 Owners shall be payable to the Charterers during the
665 remainder of the Charter Period or the period of the
666 "Requisition for Hire" whichever be the shorter.
667 **(b)** In the event of the Owners being deprived of their
668 ownership in the Vessel by any Compulsory Acquisition
669 of the Vessel or requisition for title by any governmental
670 or other competent authority (hereinafter referred to as
671 "Compulsory Acquisition"), then, irrespective of the date
672 during the Charter Period when "Compulsory Acquisition"
673 may occur, this Charter shall be deemed
674 terminated as of the date of such "Compulsory
675 Acquisition". In such event Charter Hire to be considered
676 as earned and to be paid up to the date and time of
677 such "Compulsory Acquisition".

678 **26. War**

679 **(a)** For the purpose of this Clause, the words "War
680 Risks" shall include any war (whether actual or
681 threatened), act of war, civil war, hostilities, revolution,
682 rebellion, civil commotion, warlike operations, the laying
683 of mines (whether actual or reported), acts of piracy,
684 acts of terrorists, acts of hostility or malicious damage,
685 blockades (whether imposed against all vessels or
686 imposed selectively against vessels of certain flags or
687 ownership, or against certain cargoes or crews or
688 otherwise howsoever), by any person, body, terrorist or
689 political group, or the Government of any state
690 whatsoever, which may be dangerous or are likely to be
691 or to become dangerous to the Vessel, her cargo, crew
692 or other persons on board the Vessel.
693 **(b)** The Vessel, unless the written consent of the
694 Owners be first obtained, shall not continue to or go
695 through any port, place, area or zone (whether of land
696 or sea), or any waterway or canal, where it reasonably
697 appears that the Vessel, her cargo, crew or other
698 persons on board the Vessel, in the reasonable
699 judgement of the Owners, may be, or are likely to be,
700 exposed to War Risks. Should the Vessel be within any
701 such place as aforesaid, which only becomes dangerous,
702 or is likely to be or to become dangerous, after her
703 entry into it, the Owners shall have the right to require
704 the Vessel to leave such area.
705 **(c)** The Vessel shall not load contraband cargo, or to
706 pass through any blockade, whether such blockade be
707 imposed on all vessels, or is imposed selectively in any
708 way whatsoever against vessels of certain flags or
709 ownership, or against certain cargoes or crews or
710 otherwise howsoever, or to proceed to an area where
711 she shall be subject, or is likely to be subject to a
712 belligerent's right of search and/or confiscation.
713 **(d)** If the insurers of the war risks insurance, when
714 Clause 14 is applicable, should require payment of
715 premiums and/or calls because, pursuant to the
716 Charterers' orders, the Vessel is within, or is due to enter
717 and remain within, any area or areas which are specified
718 by such insurers as being subject to additional premiums
719 because of War Risks, then such premiums and/or calls
720 shall be reimbursed by the Charterers to the Owners at

721 the same time as the next payment of hire is due.
722 **(e)** The Charterers shall have the liberty:
723 **(i)** to comply with all orders, directions, recommend-ations
724 or advice as to departure, arrival, routes,
725 sailing in convoy, ports of call, stoppages,
726 destinations, discharge of cargo, delivery, or in any
727 other way whatsoever, which are given by the
728 Government of the Nation under whose flag the
729 Vessel sails, or any other Government, body or
730 group whatsoever acting with the power to compel
731 compliance with their orders or directions;
732 **(ii)** to comply with the orders, directions or recom-mendations
733 of any war risks underwriters who have
734 the authority to give the same under the terms of
735 the war risks insurance;
736 **(iii)** to comply with the terms of any resolution of the
737 Security Council of the United Nations, any
738 directives of the European Community, the effective
739 orders of any other Supranational body which has
740 the right to issue and give the same, and with
741 national laws aimed at enforcing the same to which
742 the Owners are subject, and to obey the orders
743 and directions of those who are charged with their
744 enforcement.
745 **(f)** In the event of outbreak of war (whether there be a
746 declaration of war or not) (i) between any two or more
747 of the following countries: the United States of America;
748 Russia; the United Kingdom; France; and the People' s
749 Republic of China, (ii) between any two or more of the
750 countries stated in Box 36, both the Owners and the
751 Charterers shall have the right to cancel this Charter,
752 whereupon the Charterers shall redeliver the Vessel to
753 the Owners in accordance with Clause 15, if the Vessel
754 has cargo on board after discharge thereof at
755 destination, or if debarred under this Clause from
756 reaching or entering it at a near, open and safe port as
757 directed by the Owners, or if the Vessel has no cargo
758 on board, at the port at which the Vessel then is or if at
759 sea at a near, open and safe port as directed by the
760 Owners. In all cases hire shall continue to be paid in
761 accordance with Clause 11 and except as aforesaid all
762 other provisions of this Charter shall apply until
763 redelivery.

764 **27. Commission**

765 The Owners to pay a commission at the rate indicated
766 in Box 33 to the Brokers named in Box 33 on any hire
767 paid under the Charter. If no rate is indicated in Box 33,
768 the commission to be paid by the Owners shall cover
769 the actual expenses of the Brokers and a reasonable
770 fee for their work.
771 If the full hire is not paid owing to breach of the Charter
772 by either of the parties the party liable therefor shall
773 indemnify the Brokers against their loss of commission.
774 Should the parties agree to cancel the Charter, the
775 Owners shall indemnify the Brokers against any loss of
776 commission but in such case the commission shall not
777 exceed the brokerage on one year' s hire.

778 **28. Termination**

779 **(a) Charterers' Default**
780 The Owners shall be entitled to withdraw the Vessel from
781 the service of the Charterers and terminate the Charter
782 with immediate effect by written notice to the Charterers if:
783 **(i)** the Charterers fail to pay hire in accordance with
784 Clause 11. However, where there is a failure to

785 make punctual payment of hire due to oversight,
786 negligence, errors or omissions on the part of the
787 Charterers or their bankers, the Owners shall give
788 the Charterers written notice of the number of clear
789 banking days stated in Box 34 (as recognised at
790 the agreed place of payment) in which to rectify
791 the failure, and when so rectified within such
792 number of days following the Owners' notice, the
793 payment shall stand as regular and punctual.
794 Failure by the Charterers to pay hire within the
795 number of days stated in Box 34 of their receiving
796 the Owners' notice as provided herein, shall entitle
797 the Owners to withdraw the Vessel from the service
798 of the Charterers and terminate the Charter without
799 further notice;

800 **(ii)** the Charterers fail to comply with the requirements of:
801 **(1)** Clause 6 (Trading Restrictions)
802 **(2)** Clause 13(a) (Insurance and Repairs)
803 provided that the Owners shall have the option, by
804 written notice to the Charterers, to give the
805 Charterers a specified number of days grace within
806 which to rectify the failure without prejudice to the
807 Owners' right to withdraw and terminate under this
808 Clause if the Charterers fail to comply with such
809 notice;

810 **(iii)** the Charterers fail to rectify any failure to comply
811 with the requirements of sub-clause 10(a)(i)
812 (Maintenance and Repairs) as soon as practically
813 possible after the Owners have requested them in
814 writing so to do and in any event so that the Vessel's
815 insurance cover is not prejudiced.

816 **(b)** Owners' Default
817 If the Owners shall by any act or omission be in breach
818 of their obligations under this Charter to the extent that
819 the Charterers are deprived of the use of the Vessel
820 and such breach continues for a period of fourteen (14)
821 running days after written notice thereof has been given
822 by the Charterers to the Owners, the Charterers shall
823 be entitled to terminate this Charter with immediate effect
824 by written notice to the Owners.

825 **(c)** Loss of Vessel
826 This Charter shall be deemed to be terminated if the
827 Vessel becomes a total loss or is declared as a
828 constructive or compromised or arranged total loss. For
829 the purpose of this sub-clause, the Vessel shall not be
830 deemed to be lost unless she has either become an
831 actual total loss or agreement has been reached with
832 her underwriters in respect of her constructive,
833 compromised or arranged total loss or if such agreement
834 with her underwriters is not reached it is adjudged by a
835 competent tribunal that a constructive loss of the Vessel
836 has occurred.

837 **(d)** Either party shall be entitled to terminate this
838 Charter with immediate effect by written notice to the
839 other party in the event of an order being made or
840 resolution passed for the winding up, dissolution,
841 liquidation or bankruptcy of the other party (otherwise
842 than for the purpose of reconstruction or amalgamation)
843 or if a receiver is appointed, or if it suspends payment,
844 ceases to carry on business or makes any special
845 arrangement or composition with its creditors.

846 **(e)** The termination of this Charter shall be without
847 prejudice to all rights accrued due between the parties
848 prior to the date of termination and to any claim that
849 either party might have.

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29. Repossession

In the event of the termination of this Charter in accordance with the applicable provisions of Clause 28, the Owners shall have the right to repossess the Vessel from the Charterers at her current or next port of call, or at a port or place convenient to them without hindrance or interference by the Charterers, courts or local authorities. Pending physical repossession of the Vessel in accordance with this Clause 29, the Charterers shall hold the Vessel as gratuitous bailee only to the Owners. The Owners shall arrange for an authorised representative to board the Vessel as soon as reasonably practicable following the termination of the Charter. The Vessel shall be deemed to be repossessed by the Owners from the Charterers upon the boarding of the Vessel by the Owners' representative. All arrangements and expenses relating to the settling of wages, disembarkation and repatriation of the Charterers' Master, officers and crew shall be the sole responsibility of the Charterers.

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30. Dispute Resolution

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- *) (a) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced. The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator. In cases where neither the claim nor any counterclaim exceeds the sum of US\$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.
- *) (b) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract 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

915 of them shall be final, and for the purposes of enforcing
916 any award, judgement may be entered on an award by
917 any court of competent jurisdiction. The proceedings
918 shall be conducted in accordance with the rules of the
919 Society of Maritime Arbitrators, Inc.
920 In cases where neither the claim nor any counterclaim
921 exceeds the sum of US\$50,000 (or such other sum as
922 the parties may agree) the arbitration shall be conducted
923 in accordance with the Shortened Arbitration Procedure
924 of the Society of Maritime Arbitrators, Inc. current at
925 the time when the arbitration proceedings are commenced.

926 *) (c) This Contract shall be governed by and construed
927 in accordance with the laws of the place mutually agreed
928 by the parties and any dispute arising out of or in
929 connection with this Contract shall be referred to
930 arbitration at a mutually agreed place, subject to the
931 procedures applicable there.

932 (d) Notwithstanding (a), (b) or (c) above, the parties
933 may agree at any time to refer to mediation any
934 difference and/or dispute arising out of or in connection
935 with this Contract.

936 In the case of a dispute in respect of which arbitration
937 has been commenced under (a), (b) or (c) above, the
938 following shall apply:-

939 i) Either party may at any time and from time to time
940 elect to refer the dispute or part of the dispute to
941 mediation by service on the other party of a written
942 notice (the "Mediation Notice") calling on the other
943 party to agree to mediation.

944 (ii) The other party shall thereupon within 14 calendar
945 days of receipt of the Mediation Notice confirm that
946 they agree to mediation, in which case the parties
947 shall thereafter agree a mediator within a further
948 14 calendar days, failing which on the application
949 of either party a mediator will be appointed promptly
950 by the Arbitration Tribunal ("the Tribunal") or such
951 person as the Tribunal may designate for that
952 purpose. The mediation shall be conducted in such
953 place and in accordance with such procedure and
954 on such terms as the parties may agree or, in the
955 event of disagreement, as may be set by the
956 mediator.

957 (iii) If the other party does not agree to mediate, that
958 fact may be brought to the attention of the Tribunal
959 and may be taken into account by the Tribunal when
960 allocating the costs of the arbitration as between
961 the parties.

962 (iv) The mediation shall not affect the right of either
963 party to seek such relief or take such steps as it
964 considers necessary to protect its interest.

965 (v) Either party may advise the Tribunal that they have
966 agreed to mediation. The arbitration procedure shall
967 continue during the conduct of the mediation but
968 the Tribunal may take the mediation timetable into
969 account when setting the timetable for steps in the
970 arbitration.

971 (vi) Unless otherwise agreed or specified in the
972 mediation terms, each party shall bear its own costs
973 incurred in the mediation and the parties shall share
974 equally the mediator's costs and expenses.

975 (vii) The mediation process shall be without prejudice
976 and confidential and no information or documents
977 disclosed during it shall be revealed to the Tribunal
978 except to the extent that they are disclosable under
979 the law and procedure governing the arbitration.

980 *(Note: The parties should be aware that the mediation*

981 *process may not necessarily interrupt time limits.)*
982 **(e)** If Box 35 in Part I is not appropriately filled in, sub-clause
983 30(a) of this Clause shall apply. Sub-clause 30(d) shall
984 apply in all cases.
985 ***)** *Sub-clauses 30(a), 30(b) and 30(c) are alternatives;*
986 *indicate alternative agreed in Box 35.*

987 **31. Notices**

988 **(a)** Any notice to be given by either party to the other
989 party shall be in writing and may be sent by fax, telex,
990 registered or recorded mail or by personal service.
991 **(b)** The address of the Parties for service of such
992 communication shall be as stated in Boxes 3 and 4
993 respectively.

PART III
PROVISIONS TO APPLY FOR NEWBUILDING VESSELS ONLY
(Optional, only to apply if expressly agreed and stated in Box 37)

- 1 **1. Specifications and Building Contract**
2 **(a)** The Vessel shall be constructed in accordance with
3 the Building Contract (hereafter called "the Building
4 Contract") as annexed to this Charter, made between the
5 Builders and the Owners and in accordance with the
6 specifications and plans annexed thereto, such Building
7 Contract, specifications and plans having been counter-signed
8 as approved by the Charterers.
9 **(b)** No change shall be made in the Building Contract or
10 in the specifications or plans of the Vessel as approved by
11 the Charterers as aforesaid, without the Charterers'
12 consent.
13 **(c)** The Charterers shall have the right to send their
14 representative to the Builders' Yard to inspect the Vessel
15 during the course of her construction to satisfy themselves
16 that construction is in accordance with such approved
17 specifications and plans as referred to under sub-clause
18 (a) of this Clause.
19 **(d)** The Vessel shall be built in accordance with the
20 Building Contract and shall be of the description set out
21 therein. Subject to the provisions of sub-clause 2(c)(ii)
22 hereunder, the Charterers shall be bound to accept the
23 Vessel from the Owners, completed and constructed in
24 accordance with the Building Contract, on the date of
25 delivery by the Builders. The Charterers undertake that
26 having accepted the Vessel they will not thereafter raise
27 any claims against the Owners in respect of the Vessel's
28 performance or specification or defects, if any.
29 Nevertheless, in respect of any repairs, replacements or
30 defects which appear within the first 12 months from
31 delivery by the Builders, the Owners shall endeavour to
32 compel the Builders to repair, replace or remedy any defects
33 or to recover from the Builders any expenditure incurred in
34 carrying out such repairs, replacements or remedies.
35 However, the Owners' liability to the Charterers shall be
36 limited to the extent the Owners have a valid claim against
37 the Builders under the guarantee clause of the Building
38 Contract (a copy whereof has been supplied to the
39 Charterers). The Charterers shall be bound to accept such
40 sums as the Owners are reasonably able to recover under
41 this Clause and shall make no further claim on the Owners
42 for the difference between the amount(s) so recovered and
43 the actual expenditure on repairs, replacement or
44 remedying defects or for any loss of time incurred.
45 Any liquidated damages for physical defects or deficiencies
46 shall accrue to the account of the party stated in Box 41(a)
47 or if not filled in shall be shared equally between the parties.
48 The costs of pursuing a claim or claims against the Builders
49 under this Clause (including any liability to the Builders)
50 shall be borne by the party stated in Box 41(b) or if not
51 filled in shall be shared equally between the parties.
- 52 **2. Time and Place of Delivery**
53 **(a)** Subject to the Vessel having completed her
54 acceptance trials including trials of cargo equipment in
55 accordance with the Building Contract and specifications
56 to the satisfaction of the Charterers, the Owners shall give
57 and the Charterers shall take delivery of the Vessel afloat
58 when ready for delivery and properly documented at the
59 Builders' Yard or some other safe and readily accessible
60 dock, wharf or place as may be agreed between the parties

61 hereto and the Builders. Under the Building Contract the
62 Builders have estimated that the Vessel will be ready for
63 delivery to the Owners as therein provided but the delivery
64 date for the purpose of this Charter shall be the date when
65 the Vessel is in fact ready for delivery by the Builders after
66 completion of trials whether that be before or after as
67 indicated in the Building Contract. The Charterers shall not
68 be entitled to refuse acceptance of delivery of the Vessel
69 and upon and after such acceptance, subject to Clause
70 1(d), the Charterers shall not be entitled to make any claim
71 against the Owners in respect of any conditions,
72 representations or warranties, whether express or implied,
73 as to the seaworthiness of the Vessel or in respect of delay
74 in delivery.
75 **(b)** If for any reason other than a default by the Owners
76 under the Building Contract, the Builders become entitled
77 under that Contract not to deliver the Vessel to the Owners,
78 the Owners shall upon giving to the Charterers written
79 notice of Builders becoming so entitled, be excused from
80 giving delivery of the Vessel to the Charterers and upon
81 receipt of such notice by the Charterers this Charter shall
82 cease to have effect.
83 **(c)** If for any reason the Owners become entitled under
84 the Building Contract to reject the Vessel the Owners shall,
85 before exercising such right of rejection, consult the
86 Charterers and thereupon
87 **(i)** if the Charterers do not wish to take delivery of the Vessel
88 they shall inform the Owners within seven (7) running days
89 by notice in writing and upon receipt by the Owners of such
90 notice this Charter shall cease to have effect; or
91 **(ii)** if the Charterers wish to take delivery of the Vessel
92 they may by notice in writing within seven (7) running days
93 require the Owners to negotiate with the Builders as to the
94 terms on which delivery should be taken and/or refrain from
95 exercising their right to rejection and upon receipt of such
96 notice the Owners shall commence such negotiations and/
97 or take delivery of the Vessel from the Builders and deliver
98 her to the Charterers;
99 **(iii)** in no circumstances shall the Charterers be entitled to
100 reject the Vessel unless the Owners are able to reject the
101 Vessel from the Builders;
102 **(iv)** if this Charter terminates under sub-clause (b) or (c) of
103 this Clause, the Owners shall thereafter not be liable to the
104 Charterers for any claim under or arising out of this Charter
105 or its termination.
106 **d)** Any liquidated damages for delay in delivery under the
107 Building Contract and any costs incurred in pursuing a claim
108 therefor shall accrue to the account of the party stated in
109 Box 41(c) or if not filled in shall be shared equally between
110 the parties.

111 **3. Guarantee Works**

112 If not otherwise agreed, the Owners authorise the
113 Charterers to arrange for the guarantee works to be
114 performed in accordance with the building contract terms,
115 and hire to continue during the period of guarantee works.
116 The Charterers have to advise the Owners about the
117 performance to the extent the Owners may request.

118 **4. Name of Vessel**

119 The name of the Vessel shall be mutually agreed between
120 the Owners and the Charterers and the Vessel shall be
121 painted in the colours, display the funnel insignia and fly
122 the house flag as required by the Charterers.

123 **5. Survey on Redelivery**

124 The Owners and the Charterers shall appoint surveyors
125 for the purpose of determining and agreeing in writing the
126 condition of the Vessel at the time of re-delivery.
127 Without prejudice to Clause 15 (Part II), the Charterers
128 shall bear all survey expenses and all other costs, if any,
129 including the cost of docking and undocking, if required,
130 as well as all repair costs incurred. The Charterers shall
131 also bear all loss of time spent in connection with any
132 docking and undocking as well as repairs, which shall be
133 paid at the rate of hire per day or pro rata.

PART IV
HIRE/PURCHASE AGREEMENT

(Optional, only to apply if expressly agreed and stated in Box 42)

1 On expiration of this Charter and provided the Charterers
2 have fulfilled their obligations according to Part I and II
3 as well as Part III, if applicable, it is agreed, that on
4 payment of the final payment of hire as per Clause 11
5 the Charterers have purchased the Vessel with
6 everything belonging to her and the Vessel is fully paid
7 for.

8 *In the following paragraphs the Owners are referred to*
9 *as the Sellers and the Charterers as the Buyers.*

10 The Vessel shall be delivered by the Sellers and taken
11 over by the Buyers on expiration of the Charter.

12 The Sellers guarantee that the Vessel, at the time of
13 delivery, is free from all encumbrances and maritime
14 liens or any debts whatsoever other than those arising
15 from anything done or not done by the Buyers or any
16 existing mortgage agreed not to be paid off by the time
17 of delivery. Should any claims, which have been incurred
18 prior to the time of delivery be made against the Vessel,
19 the Sellers hereby undertake to indemnify the Buyers
20 against all consequences of such claims to the extent it
21 can be proved that the Sellers are responsible for such
22 claims. Any taxes, notarial, consular and other charges
23 and expenses connected with the purchase and
24 registration under Buyers' flag, shall be for Buyers'
25 account. Any taxes, consular and other charges and
26 expenses connected with closing of the Sellers' register,
27 shall be for Sellers' account.

28 In exchange for payment of the last month' s hire
29 instalment the Sellers shall furnish the Buyers with a
30 Bill of Sale duly attested and legalized, together with a
31 certificate setting out the registered encumbrances, if
32 any. On delivery of the Vessel the Sellers shall provide
33 for deletion of the Vessel from the Ship' s Register and
34 deliver a certificate of deletion to the Buyers.

35 The Sellers shall, at the time of delivery, hand to the
36 Buyers all classification certificates (for hull, engines,
37 anchors, chains, etc.), as well as all plans which may
38 be in Sellers' possession.

39 The Wireless Installation and Nautical Instruments,
40 unless on hire, shall be included in the sale without any
41 extra payment.

42 The Vessel with everything belonging to her shall be at
43 Sellers' risk and expense until she is delivered to the
44 Buyers, subject to the conditions of this Contract and
45 the Vessel with everything belonging to her shall be
46 delivered and taken over as she is at the time of delivery,
47 after which the Sellers shall have no responsibility for
48 possible faults or deficiencies of any description.

49 The Buyers undertake to pay for the repatriation of the
50 Master, officers and other personnel if appointed by the
51 Sellers to the port where the Vessel entered the Bareboat
52 Charter as per Clause 3 (Part II) or to pay the equivalent
53 cost for their journey to any other place.

PART V
PROVISIONS TO APPLY FOR VESSELS REGISTERED IN A BAREBOAT CHARTER REGISTRY
(Optional, only to apply if expressly agreed and stated in Box 43)

1 **1. Definitions**

2 For the purpose of this PART V, the following terms shall
3 have the meanings hereby assigned to them:

4 "The Bareboat Charter Registry" shall mean the registry
5 of the State whose flag the Vessel will fly and in which
6 the Charterers are registered as the bareboat charterers
7 during the period of the Bareboat Charter.

8 "The Underlying Registry" shall mean the registry of the
9 State in which the Owners of the Vessel are registered
10 as Owners and to which jurisdiction and control of the
11 Vessel will revert upon termination of the Bareboat
12 Charter Registration.

13 **2. Mortgage**

14 The Vessel chartered under this Charter is financed by
15 a mortgage and the provisions of Clause 12(b) (Part II)
16 shall apply.

17 **3. Termination of Charter by Default**

18 If the Vessel chartered under this Charter is registered
19 in a Bareboat Charter Registry as stated in Box 44, and
20 if the Owners shall default in the payment of any amounts
21 due under the mortgage(s) specified in Box 28, the
22 Charterers shall, if so required by the mortgagee, direct
23 the Owners to re-register the Vessel in the Underlying
24 Registry as shown in Box 45.

25 In the event of the Vessel being deleted from the
26 Bareboat Charter Registry as stated in Box 44, due to a
27 default by the Owners in the payment of any amounts
28 due under the mortgage(s), the Charterers shall have
29 the right to terminate this Charter forthwith and without
30 prejudice to any other claim they may have against the
31 Owners under this Charter.

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