

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

SALEFORM 1987

Revised 1966,1983 and 1986.

MEMORANDUM OF AGREEMENT

Dated:

1 hereinafter called the Sellers, have today sold, and

2 hereinafter called the Buyers, have today bought

3 Classification:

4 Built: by:

5 Flag: Place of Registration:

6 Call sign: Register tonnage:

7 Register number:

8 on the following conditions:

9 **1. Price**

10 Price:

11 **2. Deposit**

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

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

17 **3. Payment**

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

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

21 **4. Inspections**

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

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

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

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

35 **5. Place and time of delivery**

36 The vessel shall be delivered and taken over at/in

37 Excepted time of delivery:

38 Date of canceling (see clause 14):

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

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

43 **6. Drydocking**

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

49 satisfaction without qualification on such underwater parts. 2)

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

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

57 The expenses in connection with putting the vessel in and taking her out of drydock, including dry-
58 dock dues and the Classification Surveyor's fees shall be paid by the Sellers if the rudder, propeller,
59 bottom, other underwater parts below the Summer Load Line or the tail-end draft shaft be found broken,

60 damaged or defective as aforesaid, or if the Classification Society requires the tail-end shaft to be
61 drawn (whether damaged or not). In all other cases the Buryers shall pay the aforesaid expenses, dues
62 and fees.

63 During the above mentioned inspections by the Classification Society the Buyers' representative
64 shall have the right to be present in the drydock but without interfering with the Classification Surve-
65 yor's decisions.

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

68 **7. Spares/bunkers etc.**

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

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

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

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

86 **8. Documentation**

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

95 The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates as well as
96 all plans etc. which are onboard the vessel. Other technical documentation which may be in the Sel-
97 lers' possession shall promptly upon the Buyers' instructions be forwarded to the Buyers. The
98 Sellers may keep the log books, but the Buyers to have the right to take copies of same.

99 **9. Encumbrances**

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

104 **10. Taxes etc.**

105 Any taxes, fees and expenses connected with the purchase and registration under the Buyers' flag
106 shall be for the Buyers' account, whereas similar charges connected with the closing of the Sellers' re-
107 gister shall be for the Sellers' account.

108 **11. Condition on delivery**

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

112 However, the vessel shall be delivered with present class free of recommendations. The Sellers
113 shall notify the Classification Society of any matters coming to their knowledge prior to delivery

114 which upon being reported to the Classification Society would lead to the withdrawal of the vessel's
115 class or to the imposition of a recommendation relating to her class.

116 **12. Name/markings**

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

118 **13. Buyers' default**

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

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

126 **14. Sellers' default**

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

133 **15. Arbitration**

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

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

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

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

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

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