

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 1993

Revised 1966,1983 and 1986/87.

MEMORANDUM OF AGREEMENT

Dated:

1 hereinafter called the Sellers, have agreed to sell, and _____

2 hereinafter called the Buyers, have agreed to buy _____

3 Name: _____

4 Classification Society/Class: _____

5 Built: _____ By: _____

6 Flag: _____ Place of Registration: _____

7 Call Sign: _____ Grt/Nrt: _____

8 Register Number: _____

9 hereinafter called the Vessel, on the following terms and conditions:

10 Definitions

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

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

15 "Classification Society" or "Class" means the Society referred to in line 4.

16 **1. Purchase Price** _____

17 **2. Deposit**

18 As security for the correct fulfilment of this Agreement the Buyers shall pay a deposit of 10%
19 (ten per cent) or the Purchase Price within _____ banking days from the date of this
20 Agreement. This deposit shall be placed with _____

21 and held by them in a joint account for the Sellers and the Buyers, to be released in accordance
22 with joint written instructions of the Sellers and the Buyers. Interest, if any, to be credited to the
23 Buyers. Any fee charged for holding the said deposit shall be borne equally by the Sellers and the

24 Buyers.

25 **3. Payment**

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

30 **4. Inspections**

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

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

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

38 The Buyers shall undertake the inspection without undue delay to the Vessel. Should the
39 Buyers cause undue delay they shall compensate the Sellers for the losses thereby incurred.

40 The Buyers shall inspect the Vessel without opening up and without cost to the Sellers.
41 During the inspection, the Vessel's deck and engine log books shall be made available for
42 examination by the Buyers. If the Vessel is accepted after such inspection, the sale shall
43 become outright and definite, subject only to the terms and conditions of this Agreement,
44 provided the Sellers receive written notice of acceptance from the Buyers within 72 hours
45 after completion of such inspection.

46 Should notice of acceptance of the Vessel's classification records and of the Vessel not be
47 received by the Sellers as aforesaid, the deposit together with interest earned shall be
48 released immediately to the Buyers, whereafter this agreement shall be null and void.

49 * *4a) and 4b) are alternatives; delete whichever is not applicable. In the absence of deletions,*
50 *alternative 4a) to apply.*

51 **5. Notices, time and place of delivery**

52 a) The Sellers shall keep the Buyers well informed of the Vessel's itinerary and shall
53 provide the Buyers with _____, _____, and _____ days notice of the estimated time of arrival at the
54 intended place of drydocking/underwater inspection/delivery. When the Vessel is at the place
55 of delivery and in every respect physically ready for delivery in accordance with this
56 Agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery.

57 b) The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or
58 anchorage at/in _____

59 in the Sellers' option.

60 Expected time of delivery: _____

61 Date of cancelling (see Clauses 5 c), 6 b) (iii) and 14): _____

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

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

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

80 **6. Drydocking/Divers Inspection**

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

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

96 (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line
97 are found broken, damaged or defective so as to affect the Vessel's class, then unless
98 repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers
99 shall arrange for the Vessel to be drydocked at their expense for inspection by the
100 Classification Society of the Vessel's underwater parts below the deepest load line, the
101 extent of the inspection being in accordance with the Classification Society's rules. If the
102 rudder, propeller, bottom or other underwater parts below the deepest load line are found
103 broken, damaged or defective so as to affect the Vessel's class, such defects shall be made
104 good by the Sellers at their expense to the satisfaction of the Classification Society
105 without condition/recommendation*. In such event the Sellers are to pay also for the cost of

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

152 ** 6 a) and 6 b) are alternatives; delete whichever is not applicable. In the absence of deletions,
153 alternative 6 a) to apply.

154 **7. Spares/bunkers, etc.**

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

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

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

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

175 **8. Documentation**

176 The place of closing:

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

179 a) Legal Bill of Sale in a form recordable in _____ (the country in which the Buyers are

180 to register the Vessel), warranting that the Vessel is free from all encumbrances, mortgages
181 and maritime liens or any other debts or claims whatsoever, duly notarially attested and
182 legalized by the consul of such country or other competent authority.

183 b) Current Certificate of Ownership issued by the competent authorities of the flag state of
184 the Vessel.

185 c) Confirmation of Class issued within 72 hours prior to delivery.

186 d) Current Certificate issued by the competent authorities stating that the Vessel is free from
187 registered encumbrances.

188 e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of
189 deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the
190 registry does not as a matter of practice issue such documentation immediately, a written
191 undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a

192 Certificate or other official evidence of deletion to the Buyers promptly and latest within 4
193 (four) weeks after the Purchase Price has been paid and the Vessel has been delivered.

194 f) Any such additional documents as may reasonably be required by the competent authorities
195 for the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such
196 documents as soon as possible after the date of this Agreement.

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

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

207 9. Encumbrances

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

212 10. Taxes, etc.

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

216 11. Condition on delivery

217 The Vessel with everything belonging to her shall be at the Seller's risk and expense until she is
218 delivered to the Buyers, but subject to the terms and conditions of this Agreement she shall be
219 delivered and taken over as she was at the time of inspection, fair wear and tear expected.

220 However, the Vessel shall be delivered with her class maintained without condition/recommendation*,
221 free of average damage affecting the Vessel's class, and with her classification certificates and
222 national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and
223 unextended without condition/recommendation* by Class or the relevant authorities at the time of
224 delivery.

225 "Inspection" in this Clause 11, shall mean the Buyers' inspection according to Clause 4 a) or 4 b) , if
226 applicable, or the Buyers' inspection prior to the signing of this Agreement. If the Vessel is taken over
227 without inspection, the date of this Agreement shall be relevant date.

228 * Notes, if any, in the surveyor's report which are accepted by the Classification Society
229 without condition/recommendation are not to be taken into account.

230 12. Name/markings

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

232 **13. Buyers' default**

233 Should the deposit not be paid in accordance with Clause 2, the Sellers have the right to cancel this
234 Agreement, and they shall be entitled to claim compensation for their losses and for all expenses
235 incurred together with interest.

236 Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to
237 cancel the Agreement, in which case the deposit together with interest earned shall be released to the
238 Sellers. If the deposit does not cover their loss, the Sellers shall be entitled to claim further
239 compensation for their losses and for all expenses incurred together with interest.

240 **14. Sellers' default**

241 Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready
242 to validly complete a legal transfer by the date stipulated in line 61 the Buyers shall have
243 the option of cancelling this Agreement provided always that the Sellers shall be granted a
244 maximum of 3 banking days after Notice of Readiness has been given to make arrangements
245 for the documentation set out in Clause 8. If after Notice of Readiness has been given but before
246 the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not
247 made physically ready again in every respect by the date stipulated in line 61 and new Notice of
248 Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect
249 to cancel this Agreement the deposit together with interest earned shall be released to them
250 immediately.

251 Should the Sellers fail to give Notice of Readiness by the date stipulated in line 61 or fail to be ready
252 to validly complete a legal transfer as aforesaid they shall make due compensation to the Buyers for
253 their loss and for all expenses together with interest if their failure is due to proven
254 negligence and whether or not the Buyers cancel this Agreement.

255 **15. Buyers' representatives**

256 After this agreement has been signed by both parties and the deposit has been lodged, the Buyers
257 have the right to place two representatives on board the Vessel at their sole risk and expense upon
258 arrival at _____ on or about _____

259 These representatives are on board for the purpose of familiarisation and in the capacity of
260 observers only, and they shall not interfere in any respect with the operation of the Vessel. The
261 Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.

262 **16. Arbitration**

263 a)* This agreement shall be governed by and construed in accordance with English law and
264 any dispute arising out of this Agreement shall be referred to arbitration in London in
265 accordance with the Arbitration Acts 1950 and 1979 or any statutory modification or
266 re-enactment thereof for the time being in force, one arbitrator being appointed by each
267 party. On the receipt by one party of the nomination in writing of the other party's arbitrator,
268 that party shall appoint their arbitrator within fourteen days, failing which the decision of the
269 single arbitrator appointed shall apply. If two arbitrators properly appointed shall not agree
270 they shall appoint an umpire whose decision shall be final.

271 b)* This Agreement shall be governed by and construed in accordance with Title 9 of the

272 United States Code and the Law of the State of New York and should any dispute arise out of
273 this Agreement, the matter in dispute shall be referred to three persons at New York, one to
274 be appointed by each of the parties hereto, and the third by the two so chosen; their
275 decision or that of any two of them shall be final, and for purpose of enforcing any award, this
276 Agreement may be made a rule of the Court.
277 The proceedings shall be conducted in accordance with the rules of the Society of Maritime
278 Arbitrators, Inc. New York.

279 c)* Any dispute arising out of this Agreement shall be referred to arbitration at _____
280 _____, subject to the procedures applicable there.

281 The laws of _____ shall govern this Agreement.

282 * *16 a), 16 b) and 16 c) are alternatives; delete whichever is not applicable. In the absence of*
283 *deletions alternative 16 a) to apply.*

This Charter Party is a computer generated copy of the "SALEFORM 1993" form printed by authority of the Association of Ship Brokers Agents (USA), Inc., using software which is copyright. Any insertion or deletion to the form must be clearly visible. In the event of any modification made to the preprinted text of this document which is not clearly visible, the text of the original SALEFORM 1993 approved document shall apply. The Association of Ship Brokers and Agents (USA), Inc. assumes no responsibility for any loss or damage caused as a result of discrepancies between the original approved document and this document.

www.cpeditor.com <<http://www.cpeditor.com/>>
www.itmarine.com <<http://www.itmarine.com/>>