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1 AN
2 ACT

3 to amend sections 112, 317 of the Republic of the Marshall Islands Maritime Act (the "Act") and
4 to add a new section 302A to the Act.
5

6 **BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS:**

7
8 Section 1. **Short Title**

9 This Act may be cited as the Maritime (Amendment) Act (No.1), 2013.

10 Section 2. **Amendments**

11 (1) Section 112 of the Principal Act is amended to add the following definitions in
12 alphabetical order in relation to the current definitions and any other amendments to this section,
13 renumbering the subsections accordingly:

14 **§112. Definitions.**

15 (1) The words "documented owner", as used throughout this Title, with respect to a
16 vessel means the person identified as the owner of a documented vessel in the
17 application for documentation filed for the vessel with the Commissioner or any
18 Deputy Commissioner. A person who retains only legal title to a vessel may be a
19 documented owner, notwithstanding any transfer by such person of all or any part of
20 its equitable or beneficial ownership interest in such vessel.

21 (2) The words "financing charter", as used throughout this Title, shall mean a contract in
22 the form of a demise or bareboat charter, regardless of duration, between the
23 documented owner and the finance charterer of the entire vessel, which contract is

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1 agreed by the parties to be or is determined in judicial or arbitral proceedings to
2 create in favor of the documented owner a security interest in the vessel granted by
3 the finance charterer.

4 (3) The words “finance charterer”, as used throughout this Title, shall mean a person
5 identified in a financing charter as the charterer of a vessel.

6 (4) The word “owner”, for the purposes of sections 208 and 214 shall include any person
7 who at least holds title in a vessel.

8
9 (2) Section 302A is added, immediately after current section 302, as follows:

10 **§302A. Registration, Recordation, and Discharge of Financing Charters**

11 (1) Without adversely affecting the documentation or the eligibility for documentation or the
12 renewal of documentation of a vessel, a documented owner and a charterer may execute a
13 contract in the form of a demise or bareboat charter and either the documented owner or
14 the charterer may register for recordation a true copy thereof with the Commissioner or
15 Deputy Commissioner with respect to a vessel documented in the name of such
16 documented owner. Such contract shall be signed and acknowledged by the documented
17 owner and the charterer and shall include the name and official number of the vessel, the
18 date of such contract, the names and addresses of the documented owner and the
19 charterer, and the aggregate of the nominal amount of all charter hire payments and
20 purchase option amounts payable, or which may become payable, thereunder, exclusive
21 of any interest, indemnities, expenses, or fees. A security interest in a vessel in favor of a
22 documented owner evidenced by any such contract which is a financing charter, which is

1 registered for recordation in compliance with this section 302A, shall be deemed to be a
2 preferred mortgage on the vessel in favor of the documented owner for all purposes,
3 effective for all purposes as of the date and time of filing. All the provisions of this
4 Chapter 3 shall apply to any contract filed in accordance with this section 302A that is a
5 financing charter.

6 (2) A documented owner may also register for recordation, any renewals, amendments,
7 supplements, assignments, or other instruments related to any contract filed pursuant to
8 paragraph (1) of this section 302A.

9 (3) A documented owner shall have the power to grant one or more preferred mortgages
10 encumbering the whole of a vessel, and any supplements, amendments, assignments, or
11 other instruments related thereto, notwithstanding that such documented owner or
12 predecessor in interest shall have entered into any contract which is deemed to be a
13 preferred mortgage on the vessel pursuant to paragraph (1) of this section 302A.

14 (4) The mere registration or recording of a contract as a financing charter hereunder shall not
15 constitute evidence that such contract is, in fact, a financing charter or that it creates a
16 security interest. No agreement between the parties thereto that a contract constitutes a
17 financing charter shall be binding on any other person or any other government not in
18 privity.

19 (5) With respect to any financing charter, the documented owner party thereto shall be
20 deemed a mortgagee under a preferred mortgage and the finance charterer shall be
21 deemed the mortgagor, for all purposes under the laws of the Republic.

22 (3) Section 317 is amended as follows:

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1 **§317. Preferred status.**

2
3 As used in Sections 311, 316, 318 and 320 of this Chapter, the term “Preferred
4 Mortgage” shall include, in addition to a Preferred Mortgage made pursuant to the provisions of
5 this Part, any mortgage, hypothecation or similar charge created as security upon any
6 documented foreign vessel if such mortgage, hypothecation or similar charge has been duly and
7 validly executed and registered in accordance with the laws of the nation where the vessel’s
8 ownership is documented; and the term “Preferred Mortgage lien” shall also include the lien of
9 such mortgage, hypothecation or similar charge. As used in sections 302A, 303, 311, 316, 318,
10 and 320 of this Chapter, the term “Preferred Mortgage” also means a financing charter of a
11 foreign vessel that has been registered in a public registry at the port of registry of the vessel or
12 at the central office (i) in the foreign country under whose laws the ownership of the vessel is
13 registered in the name of the person stated to be the owner of the financing charter, and (ii) if
14 applicable, in the foreign country under whose bareboat charter registry laws the financing
15 charter of the vessel is registered in order to permit the vessel to sail under the flag of such
16 foreign country.

17
18 Section 3. **Effective Date**

19 This Act shall take effect in accordance with the Constitution and the Rules of Procedures
20 of the Nitijela.

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CERTIFICATE**I hereby certify:**

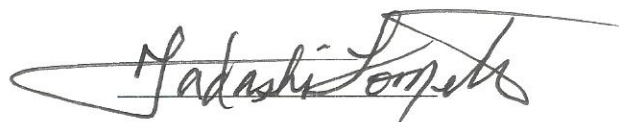
1. That Nitijela Bill No.25 was passed by the Nitijela of the Republic of the Marshall Islands on the 6th day of March, 2013; and
2. That I am satisfied that Nitijela Bill No.25 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.

I hereby place my signature before the Clerk this 22nd day of March 2013.

Attest:
Hon. Donald F. Capelle

Speaker

Nitijela of the Marshall Island



Tadashi Lometo

Clerk

Nitijela of the Marshall Islands