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*Mike Vaughn's
Commercial Ship Information Center*



How to Document Your Boat With the U.S. Coast Guard



Volume VI
Maritime Handbook Series

Michael E. Vaughn

How to Document Your Boat with the U.S. Coast Guard

Michael E. Vaughn
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HOW TO DOCUMENT YOUR BOAT WITH THE U.S. COAST GUARD

PART I. INTRODUCTION

VESSEL DOCUMENTATION

All vessels must have an ownership registration with the United States Coast Guard or with the state in which the vessel is operated. There are significant differences between state registration of a vessel and United States Coast Guard documentation.

State Registration

States registration is generally the responsibility of the State Department of Motor Vehicles. Registration is a simple process of filing the bill of sale with the department and obtaining an annual sticker and a registration number that is displaced on the vessel. Most vessels under 30 feet are registered with the state rather than the United States Coast Guard. Whereas all commercially operated vessels must be documented with the United States Coast Guard, pleasure vessels and yachts need not be documented with the Coast Guard regardless of size.

However, a yacht may be documented with the United States Coast Guard if it meets certain size requirements. The basic requirements for a vessel to receive a U.S. Coast Guard Documentation number are:

1. It is owned by a United States citizen.
2. That it is at least five (5) net tons in measurement.

Comparison of State and U.S. Registrations

There are a number of advantages to registering your vessel with the United States Coast Guard as compared to using a state registration.

A vessel properly registered with the United States Coast Guard is referred to as a documented vessel. A documented vessel may operate in any state of the United States. A state-registered vessel must comply with registration requirements in any state in which you reside or intend to use the vessel for more than a short period of time.

If you intend to operate your vessel on voyages to foreign countries, it is much easier to obtain port clearances and exit permits with a documented vessel by the simple fact that port authorities are more familiar with those documents.

Theoretically, a documented vessel that encounters problems in a foreign port will have better access to embassy and consular assistance than a state registered vessel. Although correct in fact, it is probably less significant than we would like to think.

A documented vessel is more easily and securely encumbered with mortgages and liens than a state registered vessel. A documented vessel may be arrested (attached) for debt or mortgage in any port where it can be found. This provides wider coverage for banks and other lending institutions.

Regardless of whether the vessel is state registered or documented, you may still be boarded by the United States Coast Guard officers or other law enforcement agencies for inspection for safety violations or smuggling.

If a vessel of five net tons is being used for commercial activity, it must be documented with the United States Coast Guard.

PURPOSE OF REGISTRATION & DOCUMENTATION

The purpose of registering or documenting a vessel is to provide proof of ownership. With ownership come rights and liabilities. The registered owner or documented owner of a vessel may have substantial liability for injury or damage caused by the vessel, or illegal or unsafe operation that results in injury or damage.

Documentation with the USCG National Office of Vessel Documentation

Vessel documentation in the United States is administered by the United States Coast Guard Documentation Office. The purpose of the documentation is to provide for effective identification of vessels, provide evidence of ownership, and license commercial vessels for trades.

COMMERCIAL SHIP REGISTRATION

You should be aware of the difference between documentation and license. **Documentation** refers to ownership of the vessel. **Licensing** refers to the work the vessel is permitted to engage.

Pleasure vessels "may" be documented if they are in excess of five net tons and owned by a United States Citizen. Commercial ships "must" be documented if they are more than five net tons and engaged in fisheries, coastwise trade or foreign trade and must be registered or licensed for their particular trade.

Vessels may be registered for foreign trade and trade with U.S. Possessions.¹ Licenses are granted for fisheries, coastwise trade, and use as a recreational vessel.² There are special limitations on fishing vessels and their use and regulations.

Vessels carrying passengers for hire must be documented and licensed for coastwise trade. The term "passenger for hire" is a term that has created much litigation and difficulty for people involved in shipping. The Coast Guard generally considers anyone, other than the master of the vessel, a crew member or other person involved in the operation of the vessel, who has made any type of payment, to be a "passenger" whose presence requires that the vessel be registered and licensed. If there is any consideration (exchange of money) for the passengers' passage, you will run afoul of the rule.

Citizenship of Owner

U.S. law codes, 46 USC 12101,12252, require that a vessel must be wholly-owned by a U.S. citizen to be documented. A special exception has been made for fishing off California in vessels owned by Vietnamese citizens lawfully admitted to the United States.

The phrase "wholly owned" varies from trade to trade. Depending upon how ownership of the vessel is taken, i.e., corporation, partnership or joint venture, the rule will vary somewhat. All general partners in a partnership or joint venture must be U.S. citizens.³ Corporations are treated differently. A corporation is treated as a U.S. citizen if it is incorporated within the United States and the president and chairman of the board of directors and a number of the members of the board of directors sufficient to constitute a quorum are citizens. This means that if your corporation is incorporated in one of the fifty states and the president and chairman of the board of directors are all citizens and you have ten members on the board of directors, then you must have a quorum of six U.S. citizens present. There can be no more than four members on the board of foreign citizenship. Further, a non-citizen may not have a controlling interest in the corporation.

It is important to remember that violation of these "anti-foreign ownership rules" may result in the vessel permanently losing its status as a United States vessel.

There are a number of limitations upon commercial ship documentation. A non-U.S. built ship may not be used in coastwise trade or fisheries. Some vessels may qualify if grandfathered under the Commercial Fishing Industry Anti-Reflagging Act of 1987 for fish processing and tendering, but not in coastwise trade.

¹46 USC Sec. 12105

²46 USC Sec.12105 to 12109

³46 USC Sec. 12101

Built in the U.S. means all major components of the hull and superstructure are fabricated in the United States and assembled entirely in the United States. Also, at least 50 percent of the cost of all machinery and components, which are not integral parts of the hull or superstructure, are procured in the United States. Any major conversion that affects the dimensions or cargo-carrying capacity of the vessel, extends the life of the vessel or otherwise changes the vessel so that it is substantially a new vessel, must be done within the United States.⁴

Even a ship built in the U.S. can be disqualified for coastwise trade if at any time since its construction, it was owned by a non-U.S. citizen or has been documented at any point under a foreign flag. An exception has been made for vessels under 200 tons that may be re-admitted under a special rule.

On the other hand, a foreign-built ship can become qualified to be documented for coastwise trade if it has been forfeited to the U.S. government and sold at a government sale.⁵ This is typically a Customs or drug enforcement forfeiture. Separate and distinct from this is a marshal's sale of a foreclosed ship's mortgage. Since the non-payment and repossession and sale by the lien holder is not a forfeiture under a U.S. Government forfeiture statute, the ship would not acquire U.S. status.

Foreign ships that have been wrecked and salvaged may be documented and registered for coastwise trade if the cost of repairing the vessel in a U.S. shipyard exceeds three times the salvage value.

THE CERTIFICATE OF DOCUMENTATION

The "Certificate of Documentation" (see FORMS section, our Form No. 1) is self-explanatory, but you should read the document carefully to determine several things.

It will indicate the name of the vessel and the official number. Always locate the official number, etched into the vessel, and match it with the number on the certificate.

It also will list any restrictions on the vessel. This is commonly used when foreign built or pleasure craft are documented. If the vessel is restricted, you will find an indication of:

"No Coastwise License;"
"No Fishing License;"
"No Registry."

⁴46 CFR Sec. 67.27-3

⁵46 USC Sec. 12106(a), 12108

This indicates that the vessel is not a commercial vessel, may not commercially fish in U.S. waters, and may not engage in trade between the U.S. and foreign ports.

The certificate indicates the trade for which the vessel is licensed. These are:

1. Coastwise Unrestricted — The vessel is licensed to engage in coastwise trade.
2. Fishing — The vessel is licensed to engage in the fisheries trade in the navigable waters of the U.S. and on the Exclusive Economic Zone.
3. Registry — The vessel is licensed to engage in trade between the U.S. and foreign ports.
4. Pleasure — The vessel is licensed to be used as a pleasure craft and may not engage in commerce.

The time and date of registration is printed because the priority of liens and mortgages will depend upon when it is registered. There will also be an expiration date for the certificate. Certificates must be renewed each year.

The reverse side of the document is the transfer of ownership or bill of sale. The completion of this form and return to USCG will effect the transfer of ownership.

A transcript or abstract of the document may be obtained from the Coast Guard office of Vessel Documentation.

The Office of Vessel Documentation has been consolidated in a central processing center in West Virginia. You may obtain forms and information on a demand fax system at:

National Vessel Documentation Center
792 T.J. Jackson Drive
Falling Waters, WV 25419-9502
Telephone: 800-799-8362 / 304-271-2400
Fax: 304-271-2415
www.uscg.mil/hq/g-m/vdoc/nvdc.htm

FOUNDATIONAL REQUIREMENTS FOR DOCUMENTATION

Regardless of whether a vessel is for pleasure (yacht) use or commercial use, the vessel must be at least five (5) net tons.

Gross & Net Tonnage

Gross Tonnage (GRT) is the internal cubic capacity of a vessel with certain spaces excluded. The reference to tons in this measurement does not relate to weight, but rather to cubic capacity of the vessel. A ton in reference to either Gross or Net Tons refers to 100 cubic feet of space within the vessel.

Peak tanks and other tanks used for water ballast and spaces above the uppermost continuous deck are excluded from the calculation of gross tonnage.

Net Tonnage is used to calculate not only the right to document the vessel but also port charges, canal charges, wharfage and other operational and government imposed duties. Net Tonnage also refers to cubic space, not weight and it is obtained by deducting from the gross tonnage the crew and navigational spaces and an allowance for the volume occupied by the propelling machinery.

Other tonnage measurements that refer to weight rather than cubic space are:

1. Deadweight tonnage (DWT) represents the total lifting capacity of the vessel.
2. Light Ship Displacement (Lt. Ship) is the weight of the vessel excluding cargo, fuel, ballast, stores, passengers and crew.

Vessels that are 79 feet or more in length will be required to be admeasured (measured) and a tonnage certificate issued by the proper authorities authorized by the United States Coast Guard. Such an authority would be the American Bureau of Shipping. Vessels 78 feet or less in length may use a simplified tonnage measurement to determine the Net tons of the vessel.

The instructions and form, "Application for Simplified Measurement" CG-5397, a copy of which appears later in this book (see FORMS Section, our Form No. 2). The form requires that you supply measurements to the nearest inch of the length, beam and depth of the vessel and the Coast Guard will calculate the tonnage for you.

All vessels that have been documented will have this tonnage information on the certificate.

Citizenship of Owner

For a vessel to be documented the owner must be a citizen of the United States and:

1. If the ownership is by partners or a joint venture, each member must be a citizen.

2. If a corporation owns the vessel, the president and chairman of the board of directors must be citizens of the United States and no more than a minority of the number of directors required to constitute a quorum may be non-citizens.
3. If the corporately-owned vessel is to obtain a commercial document to operate within the United States, 75% of the shares must be owned by United States Citizens.

REQUIREMENTS FOR DOCUMENTATION OF COMMERCIAL VESSELS

Under the law of the United States, commercial vessels must meet a variety of requirements to obtain a Coastwise Certificate.

The Coastwise Certificate is the basic document that permits a commercial vessel to apply for license to operate whether as a fishing vessel, passenger vessel, or tug boat. Without a Coastwise Certificate no vessel of more than 5 Net tons may operate between U.S. ports in a commercial activity. Pleasure vessels and yachts are not required to have Coastwise Certificates and do not need to meet these requirements.

In addition to the citizenship and net tonnage requirements the vessel must meet the following requirements:

1. The vessel must be built in the United States and all major component parts of the hull and superstructure must be built in the United States and the vessel assembled in the United States.
2. Every owner of the vessel, from the builder to the current owner, must have been U.S. citizens, and you must be able to prove the chain of title.
3. If foreign built, a vessel may qualify as U.S.-built under the "wrecked vessel statute" if it was wrecked in U.S. waters and more than three times the salvage value of the vessel was spent in re-building the vessel.
4. If foreign built, a vessel may qualify as U.S.-built if it was seized by the United States government under a forfeiture statute and sold at auction by the United States government.
5. Also, the vessel must at all times be under the command of a U.S. citizen and cannot be chartered or mortgaged to a foreign entity.

In addition, the vessel must also comply with inspection and licensing for the particular trade it intends to enter.

No such limitations will apply to pleasure vessels or yachts. There is no requirement as to qualifications or citizenship of the captain or person in

charge. Unfortunately, if you can afford to buy a large yacht you are entitled to operate it. However, this does not mean that you can operate it safely.

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PART II. PROCEDURE FOR DOCUMENTING A U.S. FLAG YACHT

PURCHASE OF AN ALREADY DOCUMENTED PLEASURE VESSEL

By far the most common documentation procedure involves what is called an "Exchange of Document". This simply means that the vessel has already been documented and the document (title) will be transferred into your name.

ABSTRACT OF TITLE

Once you have decided to purchase any vessel it is very important to obtain an Abstract of Title Request ("Authorization for VISA/MASTERCARD Transactions" - see FORMS section, our Form No. 3) from the U.S. Coast Guard.

This report costs only \$25.00 and will give you all the necessary information you need about the vessel, including any mortgages or liens that may have been filed against it. In addition it will provide the correct name and address of the owner.

To obtain the abstract you must have the vessel documentation number. This number is permanently etched into the vessel and appears on all of its documents. Once you have this number, you simply complete the ("Authorization for VISA/MASTERCARD Transactions" form and fax it to the Office of Vessel Documentation at (304) 271-2415. Usually within 24 hours, the Documentation Office will fax an Abstract to you and send an official copy by mail.

BILL OF SALE

A notarized bill of sale is the document that actually transfers title to you. You may find that bills of sale will take different forms.

Since the beginning of 2002, the U.S. Coast Guard Certificate of Title has carried a "Bill of Sale" form on the reverse side. This is the preferred form to use. Form No. 4 in the FORMS section is a copy of this new Bill of Sale.

Previously, the "Bill of Sale" USCG Form CG-1340 was the standard form to use for this transfer. A copy of it is attached as Form No. 5. This form may still be used.

An attorney-drafted Bill of Sale will appear much like our Form No. 6.

All of these documents require that the Name of the Vessel and Documentation Number appear, as well as the name and address of the buyer and seller. Unless otherwise indicated, if there is more than one new owner, they will take title as Tenants in Common.

The Bill of Sale must be notarized.

It is a very good practice to compare the Documentation number on the bill of sale with the Documentation number permanently affixed to the hull of the vessel. Be certain that the numbers match completely.

CORPORATE OWNERSHIP

It is a very common practice to take ownership to the vessel as a corporation. You may set up a corporation in your own state or in Delaware or other tax favorable jurisdiction. You should discuss this with your attorney or accountant prior to doing this. You will need a Federal Tax I.D. number for your application if a corporation, or a Social Security Number for an individual.

One advantage of corporate ownership is that you may transfer the vessel in the future by selling the corporate stock and avoid the sales tax in some jurisdictions.

You will be required to submit one original and one copy of the Bill of Sale.

APPLICATION FOR CERTIFICATE OF DOCUMENTATION

The "Application for Initial Use, Exchange, or Replacement of Certificate of Documentation; Redocumentation", USCG Form CG-1258 (see FORMS Section, our Form No. 7) is the primary form used to apply for your new certificate. Most of the information is self-explanatory.

- A. VESSEL NAME. The Vessel Name should be the same as appears on the previous document. If you wish to change the name of the vessel insert the new name in this block and show the previous name in parenthesis.
- B. OFFICIAL NUMBER. This number will appear on the previous certificate and be etched into the hull.
- C. MANAGING OWNER. This refers to the person to whom all notices should be sent by the Coast Guard. Only an owner may be the Managing Owner. A Tax I.D. or Social Security Number must be provided.

- E. OTHER OWNERS. If there are other owners other than the Managing Owner, they must provide Tax I.D. information or Social Security Numbers.
- F. HAILING PORT. The hailing port may be any place in the United States.
- G. CITIZENSHIP. Section “G” is very important.

INDIVIDUAL. An individual is a citizen if he is a native-born or naturalized U.S. citizen.

JOINT VENTURE/ASSOCIATION. A Joint Venture or Association is a legal entity in which one or more persons join together to own the vessel other than in a partnership. The U.S. citizen requirement still applies. A list of members must be supplied with Tax I.D. numbers or Social Security numbers (SSN).

TRUST. All trustees and each beneficiary must be a citizen. Attach a list of all beneficiaries of the trust and all trustees. The citizenship rule still applies.

PARTNERSHIP/LLC. All partners and members of the LLC must be U.S. citizens. Attach a list of all members.

CORPORATIONS. A corporation is considered a citizen if it is incorporated in the United States and its president or other chief executive and the chairman of the board are U.S. citizens. No more than a minority of the directors necessary to constitute a quorum may be non-U.S. citizens. If the vessel is documented for Coastwise Trade, no less than 75% of the interest in the corporation must be owned by U.S. citizens.

- H. TRADE ENDORSEMENTS. Section “H” applies to the use of the vessel.

RECREATIONAL. Applies to the use of the vessel as a pleasure boat. It may not undertake any commercial activity.

COASTWISE. This endorsement is required for any vessel to operate commercially between U.S. ports to carry passengers or cargo. The vessel must be built in the United States, captained and crewed by U.S. crew and have never been under foreign ownership or flag. (There are some exceptions for vessels under 200 tons). The vessel will also be required to be inspected by U.S. Coast Guard for its particular trade.

FISHERY. Permits the vessel to fish in U.S. waters; also requires it to be built in the United States and crewed by U.S. captain and crew.

REGISTRY. Permits a vessel that is not permitted to operate as a coastwise vessel to carry a U.S. Flag in commercial activity involved in foreign trade.

- I. PURPOSE OF APPLICATION. Generally you should check “1” if the vessel is already documented.
- J. CERTIFICATION & SIGNATURE. In section “J” you must certify that you are a citizen and that the vessel is properly marked.

MARKING. Every documented vessel must be marked with its official number, name and hailing port. All exterior markings must be in clearly legible letters of the Latin alphabet or Roman or Arabic numerals not less than four inches in height.

BOW MARKINGS. Commercial vessels must have the name clearly visible on the exterior part of both bows and on the stern of the vessel. If the vessel has a square bow, the name must appear on some clearly visible exterior near the bow.

STERN MARKINGS. Commercial vessels must also mark the name and hailing port on the stern of the vessel.

RECREATION & PLEASURE VESSELS. The name and hailing port must be marked together on some clearly visible exterior part of the hull.

OFFICIAL NUMBERS. The six or seven digit official number awarded by the U.S. Coast Guard must be permanently marked in block type Arabic numerals not less than three inches high on some clearly visible interior structural part of the hull. The number must be preceded by the abbreviation “NO.” and must be affixed in a manner that would make alteration, removal, or replacement obvious.

VESSEL MORTGAGES & LIENS

If the vessel you are buying has a mortgage or lien, it will appear on the Abstract of Title that you obtained from the U.S. Coast Guard. (See Part I.)

If, as part of the purchase of the vessel, you are paying off a lien or mortgage, you must have the mortgage or lien holder sign and notarize the “Satisfaction / Release of Mortgage or Claim of Lien” (see FORMS section, our Form No. 8). You must submit the original and one copy to U.S. Coast Guard with your application.

If you are not paying off the mortgage and it will continue to be a lien against the vessel, you must complete the “Application, Consent, and Approval for Withdrawal of Application for Documentation or Exchange of Certificate of Documentation for Mortgage Transfer Form” USCG Form CG-4593 (see FORMS section, our Form No. 9). In section 8 of this form

you will check the second box which says: "Application is hereby made for approval of exchange of the outstanding certificate of documentation for the above named vessel for the following reasons:" write in "Change of owners". The mortgage will remain valid against the vessel. This must be executed by the mortgage holder, bank or by other lending institutions.

If you are placing a mortgage against the vessel as part of your purchase, you must complete the "Optional Application for Filing" USCG form CG-5542 (see FORMS section, our Form No. 10) which is notarized and signed by the new owner and the holder of the mortgage. This form is attached to the "First Preferred Mortgage" that you signed and is filed with your application to the US Coast Guard. You must file the original and one copy of the application Form CG-5542 and the original and one copy of the mortgage. The "First Preferred Ship's Mortgage" is ordinarily provided by the lender on his form. I have attached a common mortgage form as an example in our Form No. 11. This document should be drafted and reviewed by an attorney familiar with maritime law. If the Form CG-5542 is properly filled out and attached to the mortgage or related instrument, the U.S. Coast Guard will not review the mortgage for validity but will file it immediately.

CITIZENSHIP DECLARATION

You should additionally complete "Declaration of Citizenship for Vessel Recordation Purposes" (see FORMS section, our Form No. 12). This form is self-explanatory. ***Be certain that the second page, which explains the citizenship requirements, is attached to the declaration.***

FILING FEES

The following fees were in effect as of September 1, 2002. These are filing fees that are paid for each document filed.

USCG Form CG-1258 - "Application for Exchange or Re-documentation"
 (This is the fee you will pay to transfer title) \$84.00

Approval of Exchange of Cert. in which a mortgage is retained \$24.00
 (If you use form CG-4593) This fee is in addition.

Endorsement fees:
 Pleasure/recreational None
 Coastwise \$29.00
 Fishery \$12.00

(If more than one endorsement applies, pay only the one highest fee)

Bill of Sale \$8.00

Mortgages (Per page of the original) \$4.00

Make check payable to U.S. Coast Guard

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PART III. WHAT TO SEND TO THE U.S. COAST GUARD

DOCUMENT LIST

Assuming that this is a very simple purchase of a vessel, you will send the following documents to the Documentation Office:

1. Form CG-1258: Application for Initial Issue, Exchange, or Replacement of Certificate of Documentation; Re-documentation. Filing fee \$84.00.
2. If you have checked an endorsement other than pleasure, pay the correct filing fee. Coastwise \$29.00/Fishery \$12.00.
3. Bill of Sale to you. Return the current Certificate of Documentation with the bill of sale if you are not using one of the new bills of sale that appear on the reverse side of the Certificate. The filing fee is \$8.00.
4. Satisfaction of Mortgage. If the mortgage is paid off. (No fee).
5. If you are adding a mortgage, file USCG form CG-5542 with the mortgage. The filing fee will be \$4.00 per page of the original.
6. Declaration of Citizenship (No filing fee).

COVER LETTER TO THE U.S.C.G. (SAMPLE)

The following is a *sample* cover letter with which to send your documents. Send by registered mail:

(See next page)

Sample Cover Letter to the U.S. Coast Guard

Your Return Address

Date:

National Vessel
Documentation Center
2039 Stonewall Jackson Drive
Falling Waters, WV 25419-9502

Re: MV _____
Document No. _____
Application for Exchange of Certificate

Dear Sirs:

I have enclosed the following documents for filing:

1. Application for Exchange of Certificate (One copy)
2. Bill of Sale and previous certificate (Original & one copy)
3. Satisfaction of Mortgage (If applies or appropriate form) (Original & one copy)
4. Declaration of Citizenship (One copy)

I have enclosed a check in the amount of \$_____ representing the following fees:

- | | |
|--------------------------------|-------------------------|
| 1. Application fee | \$84.00 |
| 2. Bill of Sale | \$ 8.00 |
| 3. Satisfaction of mortgage | 0 |
| 4. Coastwise Trade Endorsement | \$29.00 (If applicable) |

Thank you for your assistance. If you have any questions you may reach me at the following number (000) 000-0000.

Sincerely,

New Owner

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PART IV. **INITIAL DOCUMENTATION FOR VESSELS** **NOT PREVIOUSLY DOCUMENTED**

If your vessel has not been documented previously, you must complete the following additional steps to obtain your initial document. The application is done on the same form (CG-1258) as discussed in the previous section and the same citizenship, mortgage and satisfaction forms will apply.

However, the fees charges will differ and that will be additional forms required.

BUILDER'S CERTIFICATE

If this is a newly constructed vessel, the builder will deliver to you, at the time of purchase, a "Builder's Certificate". This certificate will describe the vessel and constitute the first transfer of title to you.

If the builder did not provide tonnage information, you may use the "Application for Simplified Measurement" (CG 5397) which is attached as our form No. 2.

On the "Application for Initial Issue, Exchange, or Replacement of Certificate of Documentation; Redocumentation" (CG-1258), check paragraph 4 in Section J and enter the appropriate information of place of building, material and length of vessel. Other than that information, you should complete the form as previously described.

FEES

The fee for the Initial Issue application is \$133.00 rather than the \$84.00 charges for an exchange of documents.

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PART V. COMMERCIAL VESSELS – SPECIAL RULES

All commercial vessels in the United States will come under a series of laws usually referred to as the “Jones Act” but in fact refer to several different laws that regulate U.S. Shipping.

JONES ACT REQUIREMENTS

The Jones Act, when used in the sense of maritime law, refers to Federal Statute 46 USC Section 883. This is the act that controls coastwise trade within the United States and determines which ships may lawfully engage in that trade and the rules under which they must operate.

Generally, the ***Jones Act*** prohibits any foreign-built or foreign-flagged vessel from engaging in coastwise trade within the United States. A number of other statutes affect coastwise trade and should be consulted along with the Jones Act. These include the Passenger Services Act, 46 USC Section 289, which restricts coastwise transportation of passengers, and 46 USC Section 12108, which restricts the use of foreign vessels to commercially catch or transport fish in U.S. waters.

The essential term that has given rise to various interpretations is what constitutes "coastwise trade". The federal courts have given a very wide interpretation of the term. Essentially, the term applies to a voyage that begins at any point within the United States and delivers a type of commercial cargo to any other point within the United States.

Various cases have extended the definition of merchandise to include anything of a commercial value including dredged materials used for landfill. The federal district courts have ruled that the transportation of sewage sludge is not "merchandise" because it is a valueless commodity.

However, under the terms of 46 USC Section 316, tow boats used to tow, even valueless commodities, must be U.S. registered vessels and meet all the terms and rules of the statute. The Passenger Services Act provides the legislation that controls the operation of passenger vessels in coastwise trade. The difficult issue has always been what constitutes a "passenger". The general definition has been any person other than the ship's master, a crew member or any person engaged in the ship's business. The "for hire" issue involves any consideration flowing from the passenger to the ship owner, charterer, agent or any person involved in the ship. This consideration has been construed to be using a company yacht for entertaining customers or clients to develop "business

goodwill". However, it is generally accepted that business entertaining does not constitute a "passenger-for-hire" situation. Carried to its logical conclusion would require any vessel unless used solely for personal pleasure to be registered for coastwise trade and inspected.

It does not appear to be the Coast Guard's policy to go to this extreme. It is reasonable to assume that any vessel that transports passengers on a regular or irregular basis must be inspected and licensed for coastwise trade.

Please note that under new regulations, there are different categories of vessels subject to inspection, which include: "passenger vessels"; "small passenger vessels"; "offshore vessels"; and "uninspected passenger vessels".

For a very detailed book on all aspects of maritime law, I highly recommend Maritime Law Deskbook by Charles M. Davis, published by Compass Publishing Co. This book may be purchased through our web site: www.shipinformationcenter.com

Bare-boat charters of foreign-built or foreign-owned vessels are permitted under the fiction that a true "bare-boat charter" is not a commercial application and the Jones Act applies only to commercial applications.

Traditionally, the issue has involved the chartering of pleasure boats or yachts and whether the charter has violated the terms of the Passenger Services Act.

The term ***passenger for hire*** means any transportation aboard a vessel in which some consideration, i.e., benefit, flows from the passenger, his agent or representative to the owner, his agent or representative. Consequently, where a group or organization charters a vessel and members contribute to the cost of the charter, the organization may be found to be transporting passengers for hire. The underlying purpose is to create a distinct line between commercial or business use and pleasure use. No matter how we describe the conduct of the parties there will always be a gray area of discretionary enforcement.

The use of foreign-built or foreign-owned yachts in a commercial application is strictly prohibited. However, foreign-built and foreign-owned yachts may operate in U.S. waters for pleasure and non-commercial purposes. These vessels may also be chartered in U.S. waters, as well, but only for non-commercial bare boat purposes.

The true bare-boat charter must be non-commercial and the owner must relinquish the custody and control of the vessel, entirely. If the owner skippers the vessels or controls the choice of the skipper, then the charter is not a true bare-boat charter and will be considered carrying passengers for hire.

Violations of the Passenger Services Act or the Jones Act may, but do not necessarily result, in forfeiture of the vessel to the United States Government. In the event of forfeiture, the vessel is deemed to have become the property of the United States at the instant of violation and allows immediate seizure. There are provisions for remission of the vessel and payment of fine and penalties. Also, mortgagor holders and lien holders may petition the government for remission to protect their interests in the vessel.

The Jones Act also governs the relationship between the employer and crew aboard a United States vessel. Prior to the Jones Act, seamen were very limited as to their ability to recover for injuries aboard ship. The Jones Act made the Federal Employers Liability Act applicable to seamen. Under admiralty law, seamen are entitled to somewhat more liberal interpretation of the concepts of negligence and the employer has a somewhat higher degree of care. Under the Jones Act, the employer is liable for "any injury" arising in whole or in part from the negligence of any of the officers, agents or employees of the employer, or by reason of any defect or insufficiency of equipment due to negligence of the employer. The employee must prove negligence. The negligent act is not required to be the sole proximate cause of the injury.

An interesting side point that is not uncommon in some areas is that if the master and crew are in a joint venture, that is, they share the control of the project and share the rewards, the employer-employee relationship does not exist and these provisions of the Jones Act will not apply. Also, it does not apply to volunteer, unpaid crew members on yachts. However, paid crew members on pleasure yachts still are covered.

Not only are work-related injuries covered, but also if the injury occurred during a seaman's living aboard the vessel or in his coming or leaving the vessel. Interestingly, if the master has a policy of allowing drunken seamen to return to the ship in an inebriated condition, he will be held liable for any injury that may occur during their ingress and egress even in a drunken condition.

Negligence of the owner/master have been determined to be such things as,

- failure to maintain safe equipment and appliances
- care in selecting a competent master and fellow crewmen
- assaults by fellow crewmen within the scope of work
- negligent orders
- requiring overtime
- failure to avoid heavy weather
- failure to provide medical treatment
- failure to rescue, and
- failure to supervise, among others

Damages permitted under the Jones Act include: medical expenses; pain and suffering; loss of wages; loss of support to the seaman's widow or dependents; loss of value of household services, nurture etc.; funeral expenses; loss of fringe benefits; and mental anguishes. In survival or wrongful death actions pain and suffering occurring prior to death are recoverable; as well as medical expenses and wages. The act requires that a legal action be brought within three years of the date of the incident.

For a complete reading of the Jones Act, read 46 United States Code, Section 883.

HOW TO DOCUMENT YOUR BOAT WITH THE U.S. COAST GUARD

PART VI. REMOVING A VESSEL FROM DOCUMENTATION

From time to time, it may become necessary to remove a vessel from documentation with the United States Coast Guard.

REASONS FOR REMOVAL

1. Sale to a non-U.S. citizen.
2. Transfer of vessel to flag of a foreign country.
3. Destruction of the vessel.
4. Requirement by bank or lender that vessel be registered in State of operation or residence of owner.

REQUIREMENTS

Any documented vessel may be deleted if a request in writing is received by the Office of Vessel Documentation and if the vessel does not have a mortgage or lien filed against it.

The Office of Vessel Documentation will issue a Deletion Letter if you intend to re-document to a foreign flag. If a Deletion Letter is not required, you may fax or mail your request at no charge.

ASSISTANCE FROM DOCUMENTATION CENTER

You may obtain specific information and assistance by calling 800-799-8362 and requesting to speak to a documentation specialist.

Everyone with whom I have dealt with at the Documentation Center has been very helpful and eager assist in completing the documentation process.

They also maintain a web site at which you may download copies of all of the forms and instructions:

www.uscg.mil/hq/g-m/vdoc/nvdc.htm

FORMS SECTION

FORMS MAY BE DOWNLOADED AT
www.uscg.mil/hq/g-m/vdoc/nvdc.htm

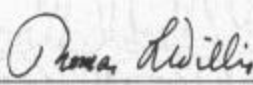



UNITED STATES OF AMERICA

DEPARTMENT OF TRANSPORTATION
UNITED STATES COAST GUARD

NATIONAL VESSEL DOCUMENTATION CENTER

CERTIFICATE OF DOCUMENTATION

VESSEL NAME CHINA SEA		OFFICIAL NUMBER 586994	IMO OR OTHER NUMBER	YEAR COMPLETED 1976
HAILING PORT LOS ANGELES CA		HULL MATERIAL FRP		MECHANICAL PROPULSION YES
GROSS TONNAGE 58 GRT	NET TONNAGE 46 NRT	LENGTH 55.0	BREADTH 16.8	DEPTH 9.5
PLACE BUILT KOWLOON, HONG KONG				
OWNERS MICHAEL VAUGHN SOLE OWNER 100%		OPERATIONAL ENDORSEMENTS RECREATION		
MANAGING OWNER MICHAEL VAUGHN 17011 BEACH BLVD STE 900 HUNTINGTON BEACH, CA 92647				
RESTRICTIONS NO COASTWISE FOREIGN BUILT NO FISHERY FOREIGN BUILT				
ENTITLEMENTS NONE				
REMARKS NONE				
ISSUE DATE APRIL 25, 2002		 DIRECTOR, NATIONAL VESSEL DOCUMENTATION CENTER		
THIS CERTIFICATE EXPIRES MAY 31, 2003				
VDS				

APPLICATION FOR SIMPLIFIED MEASUREMENT

Use this form to apply to the National Vessel
Documentation Center for tonnage assignment under the
Simplified Measurement System

I. APPLICABILITY

A vessel is eligible to be measured under the Simplified Measurement System if it is either: 1) under 79 feet in overall length; or 2) a non-self-propelled or recreational vessel. **NOTE: Some vessels that are 79 feet or over in overall length may also require measurement under the Convention Measurement System. This includes vessels that engage on foreign voyages, as well as recreational vessels that engage on voyages outside the Great Lakes and have keel laid dates after December 31, 1985.**

II. VESSEL DATA AND DIMENSIONS

1. VESSEL NAME _____

2. HULL I.D. NO. _____
(also provide Official Number, if available)





3. HULL MATERIAL:

- Wood Steel FRP (Fiberglass)
 Aluminum Concrete Other _____

4. PROPULSION MACHINERY:

- Located inside hull (e.g. inboard engine or stern drive)
 Located entirely outside hull (e.g. outboard motor)
 Non-self-propelled (not fitted with any propulsion machinery)

5. SHAPE OF HULL(S): (for tri-hull vessels, check the block best describing the center hull)

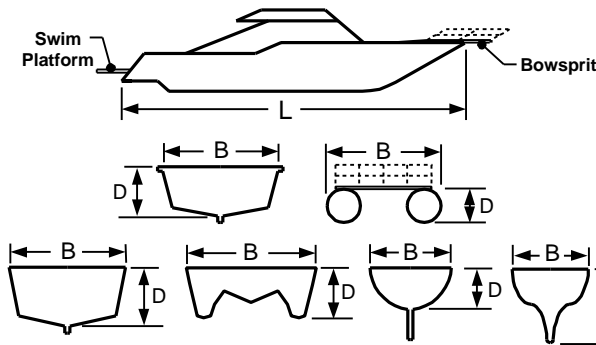
- Powerboat, ship or circular  Sailboat distinct keel (or no keel) 
 Box or barge  Sailboat integral keel (keel is faired to hull) 

6. OVERALL DIMENSIONS:

Overall Length (L) = _____ ft _____ in

Overall Breadth (B) = _____ ft _____ in

Overall Depth (D) = _____ ft _____ in



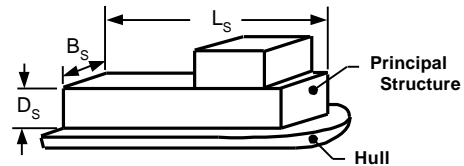
7. ADDITIONAL DIMENSIONS FOR LARGE DECK STRUCTURES:

(Complete only if the volume of the principal deckhouse, cabin or similar structure above the main deck exceeds the hull volume)

Structure Length (L_s) = _____ ft _____ in

Structure Breadth (B_s) = _____ ft _____ in

Structure Depth (D_s) = _____ ft _____ in



8. ADDITIONAL DIMENSION FOR TWIN HULL VESSELS:

(Applies only if there is no buoyant volume in the structure that connects the hulls together.)

Individual Hull Breadth (B_1) = _____ ft _____ in



9. ADDITIONAL DIMENSIONS FOR TRI-HULL VESSELS:

(Applies only if there is no buoyant volume in the structure that connects the hulls together.)

Center Hull Length (L_1) = _____ ft _____ in

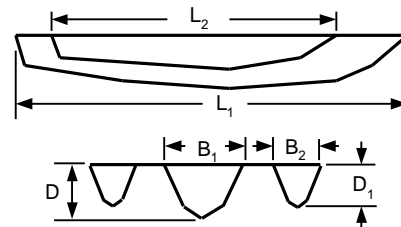
Center Hull Breadth (B_1) = _____ ft _____ in

Center Hull Depth (D) = _____ ft _____ in

Outer Hull Length (L_2) = _____ ft _____ in

Outer Hull Breadth (B_2) = _____ ft _____ in

Outer Hull Depth (D_1) = _____ ft _____ in



III. STATEMENT OF REPRESENTATION

I understand that, under the provisions of 46 CFR 69.25, a person making a false statement or representation in this application may be fined up to \$20,000. The vessel is also liable in rem for the penalty. I certify that the information provided by me in answering the questions above is correct.

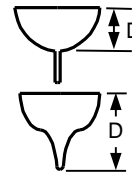
Owner's printed name _____ Owner's signature _____ Date _____

OVERALL DIMENSIONS

LENGTH (L) is the horizontal distance between the outboard side of the foremost part (bow) of the hull and the outboard side of the aftermost part (stern) of the hull. It does not include bowsprits, rudders, outboard motor brackets, swim platforms that do not contain buoyant volume, and other similar fittings and attachments that are not part of the buoyant hull envelope.

BREADTH (B) is the horizontal distance taken at the widest part of the hull, excluding rub rails, from the outboard side of the skin (outside planking or plating) on one side of the hull to the outboard side of the skin on the other side of the hull.

DEPTH (D) is the vertical distance taken at or near amidships from a line drawn horizontally through the uppermost edges of the skin (outside planking or plating) at the sides of the hull (excluding the cap rail, trunks, cabins and deckhouses and deck caps) to the outboard face of the bottom skin of the hull, excluding the keel. If your vessel is designed for sailing and the interface between the "keel" and the "bottom skin of the hull" is not at a clearly defined location (as is the case with an "integral" or "faired" keel), include the keel in the depth measurement.

**SIMPLIFIED MEASUREMENT PROCEDURES**

1. Under Simplified measurement, a vessel must be 5 net tons or greater to be eligible for documentation (issued a Certificate of Documentation). Gross and net tonnages are measures of volume, and should not be confused with the vessel's weight, which may also be expressed in tons.
2. Gross and net tonnages are calculated by the Coast Guard using the information you provide on the front of this form. The formulas for these calculations are described in Title 46, Code of Federal Regulations (CFR), Part 69, Subpart E, and on the USCG Marine Safety Center (MSC) Web site: www.uscg.mil/hq/msc. Monohull vessels that are less than 25 feet in length are often less than 5 net tons.
3. If your vessel is eligible for documentation using Simplified measurement, complete the front side of this form by printing or typing all required information. Provide dimensions in terms of feet and inches to the nearest inch. After signing the form, send it to the USCG National Vessel Documentation Center (NVDC) along with application form CG-1258. Only the front side of this form need be submitted to the NVDC. Please notify the NVDC if your vessel will also be measured under the Conventions system (as for vessels 79 feet or over in convention length engaged on foreign voyages).
4. If all applicable requirements are met for documentation, the NVDC will issue a Certificate of Documentation with the gross and net tonnage indicated on the certificate.
5. Other U.S. tonnage measurement systems, known as "formal" measurement systems, may yield different tonnages and may be used in lieu of Simplified measurement. Formal measurement requires the employment of a USCG authorized measurement organization and a physical inspection of the vessel by that organization's surveyor. Information on how to contact these organizations is available on the MSC Web site.

MULTI-HULL VESSELS

For the purposes of Simplified measurement, twin hull and tri-hull vessels are defined as only those with no buoyant volume in the structure that connects the hulls together. In other words, the cross-structure, bridging, platform or "trampoline" connecting the hulls has no measurable depth or buoyancy as shown in the illustrations in Section II, Items 8 and 9 of this form. Cathedral hull forms and other similar configurations with no distinct separation of hulls are not considered multi-hulls in this context.

NOVEL/UNIQUE CRAFT

Certain novel or unique craft cannot be identified or categorized in the types described on the front of this form. If your vessel is in this category, you should complete Section II, Items 1-4, and Section III of this form and send the form, along with sketches, drawings and/or photographs showing the vessel geometry and overall dimensions to the USCG Marine Safety Center (MSC) at the address listed below. Send Form CG-1258 and all other information required for vessel documentation to the NVDC, notifying them of your tonnage data submission to the MSC.

An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number.

The Coast Guard estimates that the average burden for this form is 2 hours. You may submit any comments concerning the accuracy of this burden estimate or any suggestions for reducing the burden to: Commanding Officer, U.S. Coast Guard Marine Safety Center, 400 7th Street S.W., Washington, DC 20590-0001, or Office of Management and Budget, Paperwork Reduction Project (2115-0086), Washington, DC 20503.

AUTHORIZATION FOR VISA/MASTERCARD TRANSACTIONS

DATE: _____

FROM: _____

VESSEL NAME: _____

OFFICIAL/HULL NUMBER: _____

(NOTE: WE CANNOT ACCEPT ANY REQUEST WITHOUT OFFICIAL NUMBER OR HIN.)

CREDIT CARD HOLDER'S NAME: _____

CREDIT CARD NUMBER:

EXPIRATION DATE:

--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

AMOUNT OF CHARGE: _____



(CIRCLE ONE)

OFFICIAL NUMBER OR HIN: _____ **USE:** REC COM UNKNOWN

(CIRCLE ONE)

INDICATE SERVICE REQUIRED:

- () **APPLICATION FEES** (INITIAL, EXCHANGE, RETURN, AND REPLACEMENT) AMOUNT \$ _____
- () **CERTIFICATE OF OWNERSHIP (CG-1330) FEE \$125.00**
- () **COPY OF GENERAL INDEX OR ABSTRACT OF TITLE FEE \$25.00**
- () **CERTIFIED COPY OF CERTIFICATE OF DOCUMENTATION W/SEAL FEE \$4.00**
- () **OTHER** _____ **AMOUNT \$** _____

REQUESTOR NAME & ADDRESS:

TELEPHONE NUMBER: _____

FAX NUMBER: _____

REQUEST RETURN MAIL BY:

REGULAR MAIL _____

EXPRESS MAIL _____ **SERVICE** _____

ACCOUNT NUMBER _____

ATTN: _____

C/O: _____

C.G. USE ONLY

DATE PROCESSED: _____

NAME OF PERSON TAKING REQUEST

CC INITIALS: _____

VERIFICATION #: _____

DATE: _____

New 2nd Page of Bill of Sale

<p>This certificate is not valid for operation of the vessel until the vessel is marked with the name, official number, and hailing port as shown on the certificate. The original certificate must be kept aboard the vessel at all times when in operation and must be presented upon the demand of federal, state or local officials for law enforcement purposes. Vessels with only a recreational endorsement may not engage in commercial trade.</p> <p>Documented vessels may be registered by states for tax and other purposes and may be required to display a state decal. This certificate is valid for one year. Renewal is the responsibility of the owner. This certificate must be surrendered to the National Vessel Documentation Center (NVDC) upon a change in ownership, change in state of incorporation, or a change in any other element shown on the certificate other than change of address. This certificate is invalid for any vessel other than one documented solely for recreation when the vessel is placed under the command of a person who is not a citizen of the U.S. The vessel and its equipment are liable to seizure and forfeiture to the U.S. government and the owner is liable for a civil penalty of not more than \$10,000.00 per violation. Each day of a continuing violation is a separate violation.</p> <p>Any change in address of the managing owner must be reported promptly to the NVDC. You may contact us at (304) 271-2400.</p>
<p style="text-align: center;">SALE OR TRANSFER OF VESSEL</p> <p>100% OF THE VESSEL IDENTIFIED HEREIN IS SOLD (TRANSFERRED) BY THE OWNER(S) NAMED ON THE FACE OF THIS CERTIFICATE TO THE FOLLOWING PERSON(S), ADDRESS MUST BE INCLUDED.</p> <p>IF SOLD (TRANSFERRED) TO MORE THAN ONE PERSON, THE PURCHASER(S)/TRANSFERREE(S) ARE TENANTS IN COMMON. EACH OWNING AN EQUAL UNDIVIDED INTEREST. UNLESS OTHERWISE INDICATED HEREIN: CHECK ONLY ONE OF THE FOLLOWING BLOC KS TO SHOW ANOTHER FORM OF OWNERSHIP.</p> <p style="text-align: center;"> <input type="checkbox"/> JOINT TENANCY WITH RIGHT OF SURVIVORSHIP <input type="checkbox"/> TENANCY BY THE ENTIRETIES <input type="checkbox"/> COMMUNITY PROPERTY </p> <p style="text-align: center;"><input type="checkbox"/> OTHER</p>
<p>SIGNATURE OF SELLER(S)/TRANSFEROR(S) OR PERSONS SIGNING ON BEHALF OF SELLER(S)/TRANSFEROR(S):</p> <p style="text-align: right;">DATE SIGNED:</p>
<p>NAME(S) OF PERSON(S) SIGNING ABOVE, AND LEGAL CAPACITY IN WHICH SIGNED (E.G. OWNER, AGENT, TRUSTEE, EXECUTOR):</p>
<p>ACKNOWLEDGEMENT (TO BE COMPLETED BY NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED BY A LAW OF A STATE OR THE UNITED STATES TO TAKE OATHS.)</p> <p>ON _____ THE PERSON(S) NAMED STATE: (DATE) COUNTY:</p> <p>ABOVE ACKNOWLEDGED EXECUTION OF THE FOREGOING INSTRUMENT IN THEIR STATED CAPACITY(IES) FOR THE PURPOSES THEREIN CONTAINED.</p> <p style="text-align: right;">_____ NOTARY PUBLIC MY COMMISSION EXPIRES:</p>
<p style="text-align: center;">PRIVACY STATEMENT</p> <p>IN ACCORDANCE WITH 5 USC 552(A), THE FOLLOWING INFORMATION IS PROVIDED TO YOU WHEN SUPPLYING PERSONAL INFORMATION TO THE U.S. COAST GUARD:</p> <ol style="list-style-type: none"> 1. <u>AUTHORITY</u>. SOLICITATION OF THIS INFORMATION IS AUTHORIZED BY 46 USC, CHAPTER 313 AND 46 CFR, PART 67. 2. <u>THE PRINCIPAL PURPOSES</u> FOR WHICH THIS INSTRUMENT IS TO BE USED ARE: <ol style="list-style-type: none"> (A) TO PROVIDE A RECORD, AVAILABLE FOR PUBLIC INSPECTION AND COPYING OF THE SALE OR OTHER CHANGE IN OWNERSHIP OF A VESSEL WHICH IS DOCUMENTED, WILL BE DOCUMENTED, OR HAS BEEN DOCUMENTED PURSUANT TO 46 USC, CHAPTER 121. (B) PLACEMENT OF THE INSTRUMENT IN A BOOK FOR EXAMINATION BY GOVERNMENTAL AUTHORITIES AND MEMBERS OF THE GENERAL PUBLIC. 3. <u>THE ROUTINE USE</u> WHICH MAY BE MADE OF THIS INFORMATION INCLUDES DEVELOPMENT OF STATISTICAL DATA CONCERNING DOCUMENTED VESSELS. 4. DISCLOSURE OF THE INFORMATION REQUESTED ON THIS FORM IS VOLUNTARY. HOWEVER, FAILURE TO PROVIDE THE INFORMATION COULD PRECLUDE FILING OF A BILL OF SALE AND DOCUMENTATION OF THE VESSEL NAMED HEREIN PURSUANT TO 46 USC CHAPTER 121. MOREOVER, BILLS OF SALE WHICH ARE NOT FILED ARE NOT DEEMED TO BE VALID AGAINST ANY PERSON HAVING ACTUAL KNOWLEDGE OF THE SALE (46 USC 31321(A)). <p>AN AGENCY MAY NOT CONDUCT OR SPONSOR, AND A PERSON IS NOT REQUIRED TO RESPOND TO A COLLECTION OF INFORMATION UNLESS IT DISPLAYS A VALID OMB CONTROL NUMBER.</p> <p>THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 20 MINUTES FOR COMPLETING AND 5 MINUTES FOR FILING. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR ANY SUGGESTIONS FOR REDUCING THE BURDEN TO COMMANDANT (G-MVI), U.S. COAST GUARD, 2100 2ND STREET SW, WASHINGTON, DC 20593-0001 OR OFFICE OF MANAGEMENT AND BUDGET, PAPERWORK REDUCTION PROJECT (2115-000, WASHINGTON, DC 20503).</p>

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-1340 (REV. 9-92)	<h2 style="margin: 0;">BILL OF SALE</h2>	THIS SECTION FOR COAST GUARD USE ONLY
1. VESSEL NAME	2. OFFICIAL NUMBER OR HULL ID NUMBER	RECORDED: BOOK: _____ PAGE: _____ PORT (IF NOT FILING PORT) DOCUMENTATION OFFICER
3. NAME(S) AND ADDRESS(ES) OF SELLERS:		
3A. TOTAL INTEREST OWNED (IF LESS THAN 100%) _____ %		
4. NAME(S) AND ADDRESS(ES) OF BUYER(S) AND INTEREST TRANSFERRED TO EACH:		
4A. TOTAL INTEREST TRANSFERRED (100% UNLESS OTHERWISE SPECIFIED) _____ %		
4B. MANNER OF OWNERSHIP. UNLESS OTHERWISE STATED HEREIN, THIS BILL OF SALE CREATES A TENANCY IN COMMON, WITH EACH TENANT OWNING AN EQUAL UNDIVIDED INTEREST. CHECK ONLY ONE OF THE FOLLOWING BLOCKS TO SHOW ANOTHER FORM OF OWNERSHIP.		
<input type="checkbox"/> JOINT TENANCY WITH RIGHT OF SURVIVORSHIP <input type="checkbox"/> TENANCY BY THE ENTIRETIES <input type="checkbox"/> COMMUNITY PROPERTY <input type="checkbox"/> OTHER (DESCRIBE)		
5. CONSIDERATION RECEIVED:		
(ONE DOLLAR AND OTHER VALUABLE CONSIDERATION UNLESS OTHERWISE STATED)		
6. I (WE) DO HEREBY SELL TO THE BUYER(S) NAMED ABOVE, THE RIGHT, TITLE AND INTEREST IDENTIFIED IN BLOCK 4 OF THIS BILL OF SALE, IN THE PROPORTION SPECIFIED HEREIN.		
VESSEL IS SOLD FREE AND CLEAR OF ALL LIENS, MORTGAGES, AND OTHER ENCUMBRANCES OF ANY KIND AND NATURE, EXCEPT AS STATED ON THE REVERSE HEREOF. VESSEL IS SOLD TOGETHER WITH AN EQUAL INTEREST IN THE MASTS, BOWSPRIT, SAILS, BOATS, ANCHORS, CABLES, TACKLE, FURNITURE, AND ALL OTHER NECESSARIES THERETO APPERTAINING AND BELONGING, EXCEPT AS STATED ON THE REVERSE HEREOF.		
7. SIGNATURES OF SELLER(S) OR PERSON(S) SIGNING ON BEHALF OF SELLER(S).	8. DATE SIGNED	
9. NAME(S) OF PERSON(S) SIGNING ABOVE, AND LEGAL CAPACITY IN WHICH SIGNED (E.G., OWNER, AGENT, TRUSTEE, EXECUTOR)		
10. ACKNOWLEDGMENT (TO BE COMPLETED BY NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED BY A LAW OF A STATE OR THE UNITED STATES TO TAKE OATHS.)		
ON _____ (DATE)	THE PERSON(S) NAMED IN SECTION 9	STATE: _____
ABOVE ACKNOWLEDGED EXECUTION OF THE FOREGOING INSTRUMENT IN THEIR STATED CAPACITY(IES) FOR THE PURPOSE THEREIN CONTAINED.	NOTARY PUBLIC _____	COUNTY: _____
	MY COMMISSION EXPIRES _____	(DATE)

(COMPLETE THIS SECTION ONLY IF VESSEL HAS NEVER BEEN DOCUMENTED AND DOES NOT HAVE A HULL IDENTIFICATION NUMBER.)

VESSEL DATA

A. BUILDER

B. BUILDER'S HULL NUMBER

C. FORMER NAME(S)

D. FORMER MOTORBOAT NUMBERS

E. FORMER ALIEN REGISTRATIONS

F. DIMENSIONS: L=

B=

D=

G. PERSON FROM WHOM SELLER OBTAINED VESSEL

SIGNATURE OF SELLER

WARRANTIES/APPURTENANCES/LIMITATIONS/EXCEPTIONS

INSTRUCTIONS

1. INDICATE CURRENT DOCUMENTED NAME. (IF VESSEL HAS NEVER BEEN DOCUMENTED SELLER MUST COMPLETE AND SIGN DATA SECTION ABOVE.)
2. INDICATE OFFICIAL NUMBER AWARDED TO VESSEL OR HULL IDENTIFICATION NUMBER ASSIGNED BY MANUFACTURER. (IF THE VESSEL HAS NO HULL IDENTIFICATION NUMBER AND HAS NEVER BEEN DOCUMENTED, SELLER MUST COMPLETE AND SIGN THE VESSEL DATA SECTION ABOVE.)
3. INSERT NAMES AND ADDRESSES OF ALL PERSONS SELLING VESSEL, ALONG WITH TOTAL INTEREST OWNED BY THOSE PERSONS IF MORE ROOM IS NEEDED, AN ATTACHMENT MAY BE MADE SHOWING THE ADDRESSES OF THE SELLERS.
- 3A. SELF-EXPLANATORY.
4. INSERT NAMES AND ADDRESSES OF ALL BUYERS, ALONG WITH THE INTEREST TRANSFERRED TO EACH. IF THERE IS MORE THAN ONE BUYER AND NO DIVISION OF INTEREST IS SHOWN, THIS BILL OF SALE WILL RESULT IN EACH BUYER HOLDING AN EQUAL INTEREST. (IF MORE ROOM IS NEEDED, AN ATTACHMENT MAY BE MADE SHOWING THE ADDRESSES OF THE BUYERS.)
- 4A. SELF-EXPLANATORY.
- 4B. CHECK ONE OF THE BLOCKS TO CREATE A FORM OF OWNERSHIP OTHER THAN A TENANCY IN COMMON. IF "OTHER" IS CHECKED, THE FORM OF OWNERSHIP MUST BE DESCRIBED.
5. OPTIONAL IF THE AMOUNT PAID FOR THE VESSEL IS INSERTED, IT WILL BE NOTED ON THE VESSEL'S GENERAL INDEX.
6. SELF-EXPLANATORY. USE "REMARKS" SECTION ABOVE IF VESSEL IS NOT SOLD FREE AND CLEAR, OR TO LIST VESSEL APPURTENANCES WHICH ARE NOT SOLD WITH THE VESSEL.
7. SELF-EXPLANATORY.
8. SHOW THE DATE ON WHICH THE INSTRUMENT IS SIGNED.
9. IN ADDITION TO THE PRINTED OR TYPED NAME OF THE SIGNER, SHOW WHETHER THAT PERSON WAS ACTING AS AN OWNER, AS AN AGENT FOR AN OWNER, AS TRUSTEE, AS THE PERSONAL REPRESENTATIVE OR EXECUTOR OF AN ESTATE, OR OTHER CAPACITY WHICH ENTITLED THAT PERSON TO SIGN THE BILL OF SALE.
10. ANY ACKNOWLEDGMENT IN SUBSTANTIAL COMPLIANCE WITH THE LAW OF THE STATE WHERE TAKEN MAY BE ATTACHED TO THIS INSTRUMENT IN LIEU OF THE PREPRINTED ACKNOWLEDGMENT.

PRIVACY ACT STATEMENT

IN ACCORDANCE WITH 5 USC 552(A), THE FOLLOWING INFORMATION IS PROVIDED TO YOU WHEN SUPPLYING PERSONAL INFORMATION TO THE U.S. COAST GUARD.

1. AUTHORITY. SOLICITATION OF THIS INFORMATION IS AUTHORIZED BY 46 USC, CHAPTER 313 AND 46 CFR, PART 67.
2. THE PRINCIPAL PURPOSES FOR WHICH THIS INSTRUMENT IS TO BE USED ARE:
 - (A) TO PROVIDE A RECORD, AVAILABLE FOR PUBLIC INSPECTION AND COPYING, OF THE SALE OR OTHER CHANGE IN OWNERSHIP OF A VESSEL WHICH IS DOCUMENTED, WILL BE DOCUMENTED, OR HAS BEEN DOCUMENTED PURSUANT TO 46 USC, CHAPTER 121.
 - (B) PLACEMENT OF THIS INSTRUMENT IN A BOOK FOR EXAMINATION BY GOVERNMENTAL AUTHORITIES AND MEMBERS OF THE GENERAL PUBLIC.
3. THE ROUTINE USE WHICH MAY BE MADE OF THIS INFORMATION INCLUDES DEVELOPMENT OF STATISTICAL DATA CONCERNING DOCUMENTED VESSELS.
4. DISCLOSURE OF THE INFORMATION REQUESTED ON THIS FORM IS VOLUNTARY. HOWEVER, FAILURE TO PROVIDE THE INFORMATION COULD PRECLUDE FILING OF A BILL OF SALE AND DOCUMENTATION OF THE VESSEL NAMED HEREIN PURSUANT TO 46 USC, CHAPTER 121. MOREOVER, BILLS OF SALE WHICH ARE NOT FILED ARE NOT DEEMED TO BE VALID AGAINST ANY PERSON EXCEPT THE GRANTOR OR A PERSON HAVING ACTUAL KNOWLEDGE OF THE SALE. (46 USC 31321(A)).

THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 20 MINUTES. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR MAKE SUGGESTIONS FOR REDUCING THE BURDEN TO: COMMANDANT (G-MV), U.S. COAST GUARD, WASHINGTON, DC 20593-0001 OR OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, ATTENTION: DESK OFFICER FOR DOT/USCG, OLD EXECUTIVE OFFICE BUILDING, WASHINGTON, DC 20503.

BILL OF SALE

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

1. NAME OF VESSEL: _____
2. OFFICIAL NUMBER: _____
3. NAME(S) AND ADDRESS(ES) OF SELLER(S) AND INTEREST OWNED BY EACH:

_____ %
_____ %
TOTAL INTEREST OWNED: 100%
4. NAME(S) AND ADDRESS OF BUYER(S) AND INTEREST TRANSFERRED TO EACH:

_____ %
_____ %
TOTAL INTEREST TRANSFERRED: 100%
5. CONSIDERATION RECEIVED: _____
6. I (we) do hereby sell to the buyer(s) named above, my (our) right, title and interest in the whole of the vessel together with all of its necessaries and appurtenances in the proportion specified herein, and furthermore, Seller(s) do(es) hereby warrant vessel is free and clear of any liens and encumbrances whatsoever.
7. SIGNATURE(S) OF SELLER(S)

8. DATE: _____
9. CAPACITY OF SIGNER:

ACKNOWLEDGEMENT BY NOTARY

**STATE OF CALIFORNIA
COUNTY OF LOS ANGELES**

On the ____day of _____, 20____, before me did personally appear _____a person personally known to me or who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

Witness my hand and official seal.

NOTARY PUBLIC

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-1258 (REV. 9-97)	APPLICATION FOR INITIAL ISSUE, EXCHANGE, OR REPLACEMENT OF CERTIFICATE OF DOCUMENTATION; REDOCUMENTATION	THIS SECTION FOR COAST GUARD USE ONLY CASE NUMBER: CHECK #: FEE: \$ APPROVED: DATE:
NOTE: FILING THIS APPLICATION DOES NOT ENTITILE A VESSEL TO DOCUMENTATION OR TO ANY CHANGES SOUGHT ON A CERTIFICATE OF DOCUMENTATION. OFFICIAL NUMBERS DESIGNATED ON THE BASIS OF THIS APPLICATION ARE NOT TRANSFERABLE. ONLY A CURRENT CERTIFICATE OF DOCUMENTATION IS VALID FOR VESSEL OPERATION.		
I. COMPLETE FOR ALL APPLICATIONS		
A. VESSEL NAME	B. OFFICIAL NUMBER (IF AWARDED) AND HULL IDENTIFICATION NUMBER IF ANY	
C. NAME OF MANAGING OWNER TELEPHONE NUMBER (OPTIONAL): SOCIAL SECURITY OR TAX ID NUMBER	D. ADDRESS OF MANAGING OWNER SHOW PHYSICAL ADDRESS IF DIFFERENT FROM MAILING ADDRESS	
E. NAMES AND SOCIAL SECURITY OR TAX ID NUMBERS OF ALL OTHER OWNERS ATTACH SHEET LISTING ADDITIONAL OWNERS IF NECESSARY	F. HAILING PORT INCLUDING STATE (TO BE MARKED ON VESSEL)	
G. CITIZENSHIP (SEE INSTRUCTIONS REGARDING STATUS OF ALIENS LAWFULLY ADMITTED FOR PERMANENT RESIDENCE) VESSEL OWNED:		
<input type="checkbox"/> BY ONE OR MORE INDIVIDUALS <input type="checkbox"/> BY JOINT VENTURE OR ASSOCIATION <input type="checkbox"/> IN A TRUST ARRANGEMENT <input type="checkbox"/> BY A PARTNERSHIP OR LIMITED LIABILITY COMPANY A. GENERAL PARTNERSHIP OR LIMITED LIABILITY COMPANY (LLC) B. LIMITED PARTNERSHIP <input type="checkbox"/> VESSEL OWNED BY A CORPORATION A. STATE OF INCORPORATION _____ B. CITIZENSHIP OF PRESIDENT (AND OTHER CHIEF EXECUTIVE OFFICER, IF ANY) _____ C. CITIZENSHIP OF CHAIRMAN OF THE BOARD _____ <input type="checkbox"/> VESSEL OWNED BY A CORPORATION QUALIFIED AND APPLYING UNDER 46 CFR 68.01 (BOWATER) <input type="checkbox"/> VESSEL OWNED OR OPERATED BY NOT-FOR-PROFIT OIL RECOVERY COOPERATIVE	<input type="checkbox"/> I (WE) CERTIFY THAT ALL OWNERS OF THIS VESSEL ARE CITIZENS OF THE UNITED STATES <input type="checkbox"/> I (WE) CERTIFY THAT ALL MEMBERS OF THIS (JOINT VENTURE) (ASSOCIATION) ARE CITIZENS OF THE UNITED STATES, ELIGIBLE TO DOCUMENT THE VESSELS COVERED BY THIS APPLICATION WITH THE ENDORSEMENT(S) SOUGHT IN THEIR OWN RIGHT. <input type="checkbox"/> I (WE) CERTIFY THAT ALL TRUSTEES AND ALL BENEFICIARIES WITH AN ENFORCEABLE INTEREST IN THIS TRUST ARRANGEMENT ARE CITIZENS OF THE UNITED STATES, ELIGIBLE TO DOCUMENT VESSEL WITH THE ENDORSEMENT(S) SOUGHT IN THEIR OWN RIGHT. <input type="checkbox"/> I (WE) CERTIFY THAT ALL PARTNERS IN THIS PARTNERSHIP (MEMBERS OF THIS LLC) ARE CITIZENS OF THE UNITED STATES ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT, AND THAT THE PARTNERSHIP LLC MEETS THE FOLLOWING EQUITY REQUIREMENTS: EQUITY OWNED BY U.S. CITIZENS. <input type="checkbox"/> AT LEAST 50% <input type="checkbox"/> MORE THAN 50%, LESS THAN 75% <input type="checkbox"/> 75% OR MORE <input type="checkbox"/> I (WE) CERTIFY THAT ALL GENERAL PARTNERS IN THIS PARTNERSHIP ARE CITIZENS OF THE UNITED STATES, ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT AND THAT THE PARTNERSHIP MEETS THE FOLLOWING EQUITY REQUIREMENTS, EQUITY INTEREST OWNED BY CITIZENS OF THE U.S. ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT WITH THE ENDORSEMENT SOUGHT. <input type="checkbox"/> AT LEAST 50% <input type="checkbox"/> MORE THAN 50%, LESS THAN 75% <input type="checkbox"/> 75% OR MORE <input type="checkbox"/> D. NUMBER OF DIRECTORS NECESSARY TO CONSTITUTE A QUORUM _____ <input type="checkbox"/> E. NUMBER OF ALIEN DIRECTORS _____ <input type="checkbox"/> F. PERCENTAGE OF STOCK OWNED BY U.S. CITIZENS ELIGIBLE TO DOCUMENT VESSELS IN THEIR OWN RIGHT, WITH THE ENDORSEMENT(S) SOUGHT ON THIS APPLICATION (APPLIES TO ALL TIERS OF OWNERSHIP.) <input type="checkbox"/> LESS THAN 50% <input type="checkbox"/> AT LEAST 50% <input type="checkbox"/> MORE THAN 50%, LESS THAN 75% <input type="checkbox"/> 75% OR MORE <input type="checkbox"/> CURRENT CERTIFICATE OF COMPLIANCE ATTACHED. I (WE) CERTIFY THAT THE CORPORATE STRUCTURE HAS NOT CHANGED SINCE ISSUANCE OF THAT CERTIFICATE, AND THAT THE VESSEL, IF SELF-PROPELLED, IS LESS THAN 500 GROSS TONS. <input type="checkbox"/> COPY OF CURRENT LETTER OF QUALIFICATION ATTACHED. I (WE) CERTIFY THAT THE INFORMATION ON FILE WITH REGARD TO COOPERATIVE AND ISSUANCE OF THAT LETTER REMAINS UNCHANGED.	
H. ENDORSEMENTS FOR WHICH APPLICATION IS MADE. (IF MORE THAN ONE, INDICATE ESTIMATED PERCENTAGE FOR EACH).		
<input type="checkbox"/> RECREATIONAL <input type="checkbox"/> COASTWISE <input type="checkbox"/> FISHERY <input type="checkbox"/> COASTWISE (BOWATER ONLY) <input type="checkbox"/> REGISTRY <input type="checkbox"/> OIL SPILL RESPONSE <input type="checkbox"/> COASTWISE UNDER CHARTER TO AN ENTITY QUALIFIED TO ENGAGE IN COASTWISE 46 APP USC 802. COPY OF CHARTER ON FILE WITH U.S.C.G.		

I. PRIMARY SERVICE

- | | | |
|--|--|--|
| <input type="checkbox"/> COMMERCIAL FISHING BOAT | <input type="checkbox"/> PASSENGER (6 OR FEWER) | <input type="checkbox"/> SCHOOL SHIP |
| <input type="checkbox"/> FISH PROCESSING VESSEL | <input type="checkbox"/> PASSENGER (MORE THAN 6) | <input type="checkbox"/> TANK BARGE |
| <input type="checkbox"/> FREIGHT SHIP | <input type="checkbox"/> PASSENGER BARGE (6 OR FEWER) | <input type="checkbox"/> TANK SHIP |
| <input type="checkbox"/> FREIGHT BARGE | <input type="checkbox"/> PASSENGER BARGE (MORE THAN 6) | <input type="checkbox"/> TOWING VESSEL |
| <input type="checkbox"/> INDUSTRIAL VESSEL | <input type="checkbox"/> PUBLIC FREIGHT | <input type="checkbox"/> UNCLASSIFIED VESSEL |
| <input type="checkbox"/> MOBILE OFFSHORE DRILLING UNIT | <input type="checkbox"/> PUBLIC TANKSHIP/BARGE | <input type="checkbox"/> RECREATIONAL |
| <input type="checkbox"/> OIL RECOVERY | <input type="checkbox"/> PUBLIC VESSEL, UNC | |
| <input type="checkbox"/> OFFSHORE SUPPLY VESSEL | <input type="checkbox"/> RESEARCH VESSEL | |

J. PURPOSE OF APPLICATION

1. EXCHANGE OF CERTIFICATE OF DOCUMENTATION.
2. REPLACEMENT OF LOST, WRONGFULLY WITHHELD OR MUTILATED CERTIFICATE OF DOCUMENTATION.
3. RETURN TO DOCUMENTATION FOLLOWING DELETION, NAME OF VESSEL WHEN LAST DOCUMENTED: _____
4. APPLICATION FOR OFFICIAL NUMBER AND FIRST CERTIFICATE OF DOCUMENTATION. VESSEL _____
- WAS BUILT AT _____ IN _____
- OR
- MONTH/YEAR
- IS UNDER CONSTRUCTION AT _____ AND IS SCHEDULED FOR COMPLETION IN _____
- HULL MATERIAL: WOOD STEEL FIBROUS REINFORCED PLASTIC ALUMINUM CONCRETE.
- OTHER (DESCRIBE) _____
- APPROXIMATE LENGTH OF VESSEL _____
- PREVIOUS NAMES, NUMBERS, OR FOREIGN REGISTRATIONS OF VESSEL _____

K. CERTIFICATION: I (WE) CERTIFY THAT:

- (A) I AM (WE ARE) A CITIZEN(S) OF THE UNITED STATES AND LEGALLY AUTHORIZED TO EXECUTE THIS APPLICATION IN THE CAPACITY SHOWN;
- (B) THAT THE VESSEL(S) TO WHICH THIS APPLICATION APPLIES;
- (i) HAS (HAVE) BEEN MARKED OR WILL BE MARKED
IN ACCORDANCE WITH THE DIRECTIONS IN THE INSTRUCTION SHEET (CG-1258-A) FOR THIS APPLICATION;
- (ii) WILL AT ALL TIMES REMAIN UNDER THE COMMAND OF A U.S. CITIZEN, UNLESS DOCUMENTED SOLELY WITH A RECREATIONAL ENDORSEMENT.
- (iii) WILL NOT BE OPERATED IN A TRADE NOT AUTHORIZED BY THE ENDORSEMENT(S) ON THE CERTIFICATE(S) OF DOCUMENTATION;
- (iv) HAS NOT BEEN REBUILT SINCE LAST DOCUMENTATION
- (v) THE VESSEL IS NOT TITLED UNDER A STATE OR IS TITLED UNDER THE LAWS OF _____
- (C) THE NAME(S) OF THE VESSEL(S) WILL NOT BE CHANGED WITHOUT APPROVAL FROM NATIONAL VESSEL DOCUMENTATION CENTER; AND
- (D) (WE) WILL PROMPTLY NOTIFY THE NATIONAL VESSEL DOCUMENTATION CENTER UPON A CHANGE IN ANY OF THE INFORMATION OR REPRESENTATIONS IN THIS APPLICATION.

PRINTED OR TYPED NAME	SIGNATURE	CAPACITY (E.G., OWNER, AGENT, TRUSTEE, GENERAL PARTNER, CORPORATE OFFICER)
_____	_____	_____
_____	_____	_____

DATE: _____

PRIVACY ACT STATEMENT

IN ACCORDANCE WITH 5 U.S.C. 553a, THE FOLLOWING INFORMATION IS PROVIDED TO YOU WHEN SUPPLYING PERSONAL INFORMATION TO THE U.S. COAST GUARD.

1. **AUTHORITY.** SOLICITATION OF THIS INFORMATION IS AUTHORIZED BY 46 U.S.C., CHAPTERS 121 AND 125; 46 U.S.C. APP. 802 AND 883.

2. **THE PRINCIPAL PURPOSES FOR WHICH THIS INFORMATION IS TO BE USED ARE:**

(1) TO DETERMINE CITIZENSHIP OF THE OWNER OF THE VESSEL FOR WHICH APPLICATION FOR DOCUMENTATION IS MADE; AND

(2) TO DETERMINE ELIGIBILITY OF THE VESSEL TO BE DOCUMENTED WITH THE TRADE ENDORSEMENT SOUGHT.

3. **THE ROUTINE USES WHICH MAY BE MADE OF THIS INFORMATION INCLUDE RELEASE TO LAW ENFORCEMENT OFFICIALS, TO THE GENERAL PUBLIC UNDER FREEDOM OF INFORMATION ACT, AND TO PUBLISH INFORMATION ABOUT U.S. DOCUMENTED VESSELS.**

4. **DISCLOSURE OF THE INFORMATION REQUESTED ON THIS FORM IS VOLUNTARY, HOWEVER, FAILURE TO PROVIDE THE INFORMATION REQUESTED WILL RESULT IN DENIAL OF THE APPLICATION FOR DOCUMENTATION, WHICH MAY PREVENT THE OWNER FROM OPERATING THE VESSEL(S) IN A SPECIFIED TRADE.**

THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 30 MINUTES. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR MAKE SUGGESTIONS FOR REDUCING THE BURDEN TO: NATIONAL VESSEL DOCUMENTATION CENTER, 792 T J JACKSON DRIVE, FALLING WATERS, WEST VIRGINIA 25419, OR OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, ATTENTION: DESK OFFICER FOR DOT/USCG, OLD EXECUTIVE OFFICE BUILDING, WASHINGTON, DC 20503.

SAMPLE (DEC97)

**SATISFACTION/RELEASE OF MORTGAGE
OR CLAIM OF LIEN**

NOTE: Prepare and submit in duplicate—one instrument must have original signatures; one may be a copy.

VESSEL NAME AND
OFFICIAL NUMBER: _____

Name of Mortgagor, if any: _____

Name of Mortgagee OR CLAIMANT:

Amount of Mortgage or Claim of Lien: _____

Recorded in Book No. _____, Page No. _____

Mortgagee hereby affirms that the indebtedness referenced above is to be removed from the record of subject vessel.

Signature _____ Date _____

Print name and title, if any, of person signing:

STATE OF _____ COUNTY or JUDICIAL DISTRICT _____

On this date the individual named above personally appeared before me and acknowledged that this instrument was signed and sealed as a free and voluntary act and deed for the uses and purposes therein mentioned.

DATE

Signature of NOTARY PUBLIC

AFFIX
NOTARY SEAL
IF REQUIRED

State of _____
Date Commission Expires _____

DEPARTMENT OF TRANSPORTATION U.S. COAST GUARD CG-4593 (REV. 9-92)	APPLICATION, CONSENT, AND APPROVAL FOR WITHDRAWAL OF APPLICATION FOR DOCUMENTATION OR EXCHANGE OF CERTIFICATE OF DOCUMENTATION	THIS SECTION FOR COAST GUARD USE ONLY
--	---	---------------------------------------

I. APPLICATION		PORT:
1. NAME OF VESSEL		DATE:
2. OFFICIAL NUMBER OR OTHER UNIQUE IDENTIFIER	FEE:	
SIGNATURE		
APPROVAL GRANTED FOR EXCHANGE OF OUTSTANDING CERTIFICATE OF DOCUMENTATION OR WITHDRAWAL OF APPLICATION.		

3. NAME(S) AND ADDRESS(ES) OF MORTGAGOR(S)
--

4. NAME(S) AND ADDRESS(ES) OF MORTGAGEE(S)
--

5. DATE OF MORTGAGE	6. AMOUNT OF MORTGAGE	7. DATE FILE
---------------------	-----------------------	--------------

8. PURPOSE OF APPLICATION
<input type="checkbox"/> APPLICATION IS HEREBY MADE FOR APPROVAL OF WITHDRAWAL OF THE APPLICATION FOR (EXCHANGE OF) DOCUMENTATION DATED: _____
<input type="checkbox"/> APPLICATION IS HEREBY MADE FOR APPROVAL OF EXCHANGE OF THE OUTSTANDING CERTIFICATE OF DOCUMENTATION FOR THE ABOVE NAMED VESSEL FOR THE FOLLOWING REASONS: _____
THE MORTGAGE WILL REMAIN A VALID OBLIGATION ENFORCEABLE AGAINST THE VESSEL IN ACCORDANCE WITH ITS TERMS.

9. SIGNATURE OF OWNER OR PERSON ACTING FOR OWNER:
DATE: _____

II. CONSENT
AS (ON BEHALF) OF THE MORTGAGEE(S), I(WE) CONSENT TO WITHDRAWAL OF THE APPLICATION FOR DOCUMENTATION OR EXCHANGE OF THE OUTSTANDING CERTIFICATE OF DOCUMENTATION.
MORTGAGEE: _____
TITLE: _____
DATE: _____

INSTRUCTIONS

I. APPLICATION

1. INDICATE CURRENT DOCUMENTED NAME.
2. INDICATE OFFICIAL NUMBER AWARDED TO VESSEL OR OTHER UNIQUE IDENTIFIER (E.G., HULL IDENTIFICATION NUMBER).
3. SELF-EXPLANATORY.
4. SELF-EXPLANATORY.
5. SELF-EXPLANATORY.
6. SELF-EXPLANATORY.
7. INSERT DATE MORTGAGE WAS FILED WITH USCG.
8. SELF-EXPLANATORY.
9. SELF-EXPLANATORY.

II. CONSENT.

1. SELF-EXPLANATORY.

PRIVACY ACT STATEMENT

IN ACCORDANCE WITH 5 USC 552(A), THE FOLLOWING INFORMATION IS PROVIDED TO YOU WHEN SUPPLYING PERSONAL INFORMATION TO THE U.S. COAST GUARD.

1. AUTHORITY. SOLICITATION OF THIS INFORMATION IS AUTHORIZED BY 46 USC, CHAPTER 313 AND 46 CFR, PART 67.
2. THE PRINCIPAL PURPOSES FOR WHICH THIS INSTRUMENT IS TO BE USED ARE:
 - (A) TO PROVIDE A RECORD, AVAILABLE FOR PUBLIC INSPECTION AND COPYING, OF THE SALE OR OTHER CHANGE IN OWNERSHIP OF A VESSEL WHICH IS DOCUMENTED, WILL BE DOCUMENTED, OR HAS BEEN DOCUMENTED PURSUANT TO 46 USC, CHAPTER 121.
 - (B) PLACEMENT OF THIS INSTRUMENT IN A BOOK FOR EXAMINATION BY GOVERNMENTAL AUTHORITIES AND MEMBERS OF THE GENERAL PUBLIC.
3. THE ROUTINE USE WHICH MAY BE MADE OF THIS INFORMATION INCLUDES DEVELOPMENT OF STATISTICAL DATA CONCERNING DOCUMENTED VESSELS.
4. DISCLOSURE OF THE INFORMATION REQUESTED ON THIS FORM IS VOLUNTARY. HOWEVER, FAILURE TO PROVIDE THE INFORMATION COULD PRECLUDE FILING OF A BILL OF SALE AND DOCUMENTATION OF THE VESSEL NAMED HEREIN PURSUANT TO 46 USC, CHAPTER 121. MOREOVER, BILLS OF SALE WHICH ARE NOT FILED ARE NOT DEEMED TO BE VALID AGAINST ANY PERSON EXCEPT THE GRANTOR OR A PERSON HAVING ACTUAL KNOWLEDGE OF THE SALE. (46 USC 31321 (A)).

THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 10 MINUTES. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR MAKE SUGGESTIONS FOR REDUCING THE BURDEN TO: COMMANDANT (G-MVI), U.S. COAST GUARD, WASHINGTON, DC 20593-0001 OR OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, ATTENTION: DESK OFFICER FOR DOT/USCG, OLD EXECUTIVE OFFICE BUILDING, WASHINGTON, DC 20503.

THIS SECTION FOR COAST GUARD USE ONLY

DEPARTMENT OF
TRANSPORTATION
U.S. COAST GUARD
CG-5542 (REV. 9-92)

**OPTIONAL APPLICATION FOR FILING
(SEE INSTRUCTIONS AND PRIVACY
ACT
ON REVERSE)**

1. NAME OF VESSEL (ATTACH SCHEDULE IF MORE THAN ONE VESSEL)

2. OFFICIAL NUMBER
OR OTHER UNIQUE IDENTIFIER

RECORDED

3. INSTRUMENT TYPE: (CHECK ALL THAT APPLY)

- | | | |
|---|-------------------------------------|--|
| <input type="checkbox"/> PREFERRED MORTGAGE | <input type="checkbox"/> ASSUMPTION | <input type="checkbox"/> AMENDMENT |
| <input type="checkbox"/> CHATTEL MORTGAGE | <input type="checkbox"/> SUPPLEMENT | <input type="checkbox"/> SUBORDINATION |
| <input type="checkbox"/> OTHER (DESCRIBE) | | <input type="checkbox"/> ASSIGNMENT |

PORT
BOOK
PAGE
BY

4. NAME(S) AND ADDRESS(ES) OF GRANTOR(S) (MORTGAGOR(S), ASSIGNOR(S), ASSUMING PARTY(IES), OR OTHER(S) --SEE INSTRUCTIONS)

INTEREST OWNED IN VESSEL OR HELD IN MORTGAGE AFFECTED BY ATTACHED INSTRUMENT % (100% UNLESS OTHERWISE STATED)

5. NAME(S) AND ADDRESS(ES) OF GRANTEE(S) (MORTGAGEE(S), ASSIGNEE(S), OR OTHER(S) -- SEE INSTRUCTIONS)

PERCENTAGE OF VESSEL MORTGAGED OR MORTGAGE ASSIGNED % (100% UNLESS OTHERWISE STATED)

6. AMOUNT

7. IDENTIFICATION ON INSTRUMENT ASSUMED, ASSIGNED, AMENDED, SUPPLEMENTED,
SUBORDINATED, OR OTHERWISE MODIFIED:

RECORDED BOOK: PAGE: FILE/RECORDED DATE: TIME:

OTHER IDENTIFYING DATA:

8. CERTIFICATION AND ATTESTATION:

I (WE) HEREBY CERTIFY THAT THE FACTS RECITED HEREIN ARE TRUE AND CORRECT. I (WE) UNDERSTAND THAT THE U.S. COAST GUARD WILL RELY ON THOSE RECITATIONS IN INDEXING THE ATTACHED INSTRUMENT.

SIGNATURE(S): (SEE INSTRUCTIONS)

FOR THE GRANTOR(S)

FOR THE GRANTEE(S)

STATE:

COUNTY:

SUBSCRIBED AND SWORN BEFORE ME ON:

NOTARY PUBLIC

MY COMMISSION EXPIRES:

(DATE)

WARNING: FALSE STATEMENT MAY RESULT IN FINE OR IMPRISONMENT PURSUANT TO TITLE 18 USC.

INSTRUCTIONS

1. SELF-EXPLANATORY. A SCHEDULE MAY BE ATTACHED IF MORE THAN ONE VESSEL IS AFFECTED BY THE INSTRUMENT ATTACHED.
2. LIST COAST GUARD ASSIGNED OFFICIAL NUMBER, MANUFACTURER'S HULL IDENTIFICATION NUMBER (HIN) ASSIGNED IN ACCORDANCE WITH RULES IN 33 CFR, OR OTHER UNIQUE IDENTIFIER, (STATE MOTORBOAT NUMBERS ARE NOT CONSIDERED UNIQUE IDENTIFIERS.)
3. SELF-EXPLANATORY.
4. GRANTOR. FOR PURPOSES OF THIS FORM, GRANTORS INCLUDE MORTGAGORS, ASSIGNORS, PERSONS ASSUMING MORTGAGES, PERSONS GRANTING SUBORDINATION OF MORTGAGES. LIST ALL GRANTORS AND ADDRESSES. A SEPARATE SCHEDULE MAY BE ATTACHED IF MORE ROOM IS NEEDED.
5. GRANTEE. FOR PURPOSES OF THIS FORM, GRANTEES INCLUDE MORTGAGEES, ASSIGNEES, PERSON FROM WHOM MORTGAGES ARE ASSUMED, AND PERSON TO WHOM SUBORDINATION OF MORTGAGES ARE GRANTED. LIST ALL GRANTEES AND ADDRESSES. A SEPARATE SCHEDULE MAY BE ATTACHED IF MORE ROOM IS NEEDED.
6. SELF-EXPLANATORY.
7. NOT USED FOR NEW CHATTEL OR PREFERRED MORTGAGES. MUST BE COMPLETED FOR ASSUMPTIONS, ASSIGNMENTS, AMENDMENTS, OR OTHER INSTRUMENTS MODIFYING CHATTEL OR PREFERRED MORTGAGE FILED PREVIOUSLY OR CONCURRENTLY.
8. REQUIRED SIGNATURES AND NOTARIZATION:
 - CHATTEL OR PREFERRED MORTGAGES, AMENDMENTS, OR SUPPLEMENTS: GRANTOR AND GRANTEE OR PERSONS ACTING ON BEHALF OF THOSE ENTITIES.
 - ASSUMPTION OF MORTGAGE: ASSUMING PARTY AS GRANTOR, ORIGINAL MORTGAGOR AND MORTGAGEE AS GRANTEES, OR PERSONS ACTING ON BEHALF OF THOSE ENTITIES.
 - SUBORDINATION AGREEMENT OR ASSIGNMENT: GRANTOR OF SUBORDINATION AGREEMENT OR ASSIGNMENT, OR PERSON ACTING ON BEHALF OF THAT ENTITY.

PRIVACY ACT

THE SECRETARY OF TRANSPORTATION AUTHORIZED THE COAST GUARD TO BE THE AGENCY WHICH (A) ACCEPTS APPLICATIONS FOR DOCUMENTATION OF VESSELS; (B) DETERMINES WHETHER A VESSEL WHICH IS THE SUBJECT OF APPLICATION IS ELIGIBLE FOR THE ENDORSEMENT OR ENDORSEMENTS REQUESTED; AND (C) ISSUES CERTIFICATES OF DOCUMENTATION TO ELIGIBLE VESSELS. (14 U.S.C. 664; 31 U.S.C. 9701; 42 U.S.C. 9118; 46 U.S.C. 2103, 2107, 2110; 46 U.S.C. APP. 841A, 876; 49 U.S.C. 332; 49 C.F.R. 1.46)

INFORMATION COLLECTED MAY BE ACCESSED BY FEDERAL, STATE, AND LOCAL AGENCIES, AS WELL AS MEMBERS OF THE GENERAL PUBLIC TO ASSIST LAW ENFORCEMENT OR FOR OTHER LAWFUL PURPOSES. THIS INFORMATION IS ALSO PUBLISHED IN ACCORDANCE WITH 46 U.S.C. APP. 12119.

PROVIDING THE INFORMATION IS VOLUNTARY. HOWEVER, THE COAST GUARD CANNOT PROCESS YOUR APPLICATION IF THE REQUESTED INFORMATION IS NOT COMPLETE. THE INFORMATION FURNISHED ON THE ASSOCIATED FORMS IS USED TO ENSURE THE REQUIREMENTS FOR DOCUMENTATION ARE MET.

PENALTIES FOR PROVIDING FALSE STATEMENTS OR REPRESENTATIONS ARE COVERED UNDER 18 U.S.C. 1001 AND 46 U.S.C. 12122.

THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 10 MINUTES. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR MAKE SUGGESTIONS FOR REDUCING THE BURDEN TO: COMMANDANT (G-MVI), U.S. COAST GUARD, WASHINGTON, DC 20593-0001 OR OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, ATTENTION: DESK OFFICER FOR DOT/USCG, OLD EXECUTIVE OFFICE BUILDING, WASHINGTON, DC 20503.

FIRST PREFERRED MORTGAGE

MORTGAGOR
ADDRESS _____
MORTGAGEE
ADDRESS _____
NAME OF THE VESSEL _____
OFFICIAL NO. _____
DATE OF THIS MORTGAGE _____
DATE OF MATURITY _____
AMOUNT OF MORTGAGE _____
FLAG & HAILING PORT OF VESSEL _____

This MORTGAGE is a mortgage as to all (100%) of the vessel described above and is entered into by mortgagor and mortgagee as follows:

WITNESSETH:

WHEREAS, the maker, Mortgagor herein, is the sole owner of the whole of the vessel (if more than one vessel is mortgaged hereunder, the term "vessel" means each such vessel) hereinafter named and described, and whereas _____ is justly indebted to the Mortgagee, as evidenced by promissory note dated ____ day of _____, 200__, in the principal amount of \$_____ payable to the order of Mortgagee as follows:

and whereas the Owner has agreed to give this Mortgage as security for said note, and has authorized and directed the execution and delivery here of.

NOW, THEREFORE, in consideration of the premises and for other good and valuable considerations, receipt of all of which is hereby acknowledged, and to secure payment of said indebtedness and interest and other sums that hereafter may become due pursuant hereto and the performance of all covenants hereof. Owner by these presents mortgages and conveys unto Mortgagee, its successors and assigns, the whole of the Vessel named below and further described in her (their) last marine document(s) issued and identified as follows:

<u>Name</u>	<u>Home Port</u>	<u>Offiial Number Gross Tons</u>	<u>Net Tons</u>
-------------	------------------	----------------------------------	-----------------

together with all masts, boilers, cables, engines, machinery, bowsprits, sails, rigging, boats, anchors, chains, tackle, apparel, furniture, fittings, tools, pumps, equipment and supplies, and all fishing and other appurtenances and accessories and additions, improvements and replacements

Initials: Mortgagor _____ Mortgagee _____

now or hereafter belonging thereto, whether or not removed therefrom, all of which shall be deemed to be included in the term "vessel" herein, and said document(s) being deemed included herein by reference;

TO HAVE AND TO HOLD all and singular the above described vessel unto Mortgagee, its successors and assigns, forever;

PROVIDED, HOWEVER, that if Owner, his heirs, executors, administrators or its successors or assigns shall perform and observe all and singular the terms covenants and agreements herein, then this Mortgage shall cease, otherwise to remain in full force and effect.

Nothing herein shall be deemed or construed to subject to the lien hereof any property other than a vessel as the term is used in the Ship Mortgage Act, 1920.

Owner agrees to pay said indebtedness with interest thereon as herein and in said note provided, and to perform and observe the further terms, covenants and agreements herein, and to hold the vessel subject thereto.

ARTICLE 1. PARTICULAR COVENANTS OF OWNER

Owner covenants as follows:

1. Owner is and shall continue to be a citizen of the United States entitled to own and operate the vessel under her marine document, which Owner shall maintain in full force and effect; and all action necessary for the execution, delivery and validity hereof and of the good faith affidavit filed herewith and of said note has been duly taken. If a corporation, Owner is duly organized and is and shall continue in good standing under the laws of the State of _____ and authorized to do business and in good standing in any other State wherein Owner regularly does business.
2. Owner lawfully owns and possesses the vessel free from all liens and encumbrances whatsoever except as may here in below be specified and shall warrant and defend title to and possession of all and every part thereof for the benefit of Mortgagee against all persons whomsoever. Owner shall not set up against Mortgagee and/or any assignee of this Mortgage any claim of Owner against Mortgagee and/or assignee under any past or future transaction.
3. Owner shall keep the vessel fully and adequately insured under usual full marine insurance with policy valuation not exceeding the amount insured and, in the aggregate as to all vessels mortgaged herein, in at least the amount of the unpaid principal balance of this Mortgage, and shall maintain insurance to cover protection and indemnity risks, tower's liability risks if the vessel performs towage, employees' compensation and/or other risks and liabilities from time to time specified by Mortgagee. All insurance shall be taken out in the name of Owner and shall by its terms be payable to Mortgagee for account of Mortgagee and Owner as their respective interests may appear, and all policy forms, underwriters and amounts shall be subject to Mortgagee's approval. Owner shall notify, and shall request underwriters to agree reasonably in advance to notify, Mortgagee of any cancellation of or material change in any insurance coverage. All policies, binders and cover notes shall be delivered to Mortgagee with evidence satisfactory to it that all

Initials: Mortgagor _____ Mortgagee _____

premiums and other charges therefore have been fully paid. Owner shall maintain all such insurance unimpaired by any act, breach or warranty or otherwise.

4. Owner shall comply with and not permit the vessel to be operated contrary to any provision of the laws, treaties, conventions, rules, regulations or orders of the United States, any State and/or any other jurisdiction wherein operated, and/or of any department or agency thereof, nor remove the vessel from the limits of the United States save on voyages with the intent of returning, nor abandon the vessel in any foreign port. Owner shall do everything necessary to establish and maintain this Mortgage as a First Preferred Mortgage on said vessel.
5. Neither the Owner, Agent nor Master of the vessel has or shall have any right, power or authority to create, incur or permit to be placed or imposed on the vessel or any part thereof any lien whatsoever other than to the Mortgagee or for crew's wages or salvage.
6. Owner shall place and keep prominently in the pilot house (if any), chart room or Master's cabin or elsewhere on the vessel as specified by Mortgagee notice of this Mortgage required by Mortgagee, and shall keep a proper copy hereof with the ship's papers and exhibit the same to all persons having business with the vessel, and to Mortgagee on demand. Said notice shall read as follows:

THIS VESSEL IS COVERED BY A FIRST PREFERRED MORTGAGE TO _____ DATED THIS _____ DAY OF _____, 200____ UNDER THE TERMS AND CONDITIONS OF SAID MORTGAGE NEITHER THE MORTGAGOR NOR THE MASTER OF THE VESSEL HAS ANY RIGHT, POWER OR AUTHORITY TO CREATE INCUR OR PERMIT TO BE IMPOSED UPON THIS VESSEL ANY LIENS WHATSOEVER OTHER THAN FOR CREW'S WAGES, WAGES OF STEVEDORES, OR SALVAGE.

7. Owner shall pay when due all taxes, assessments, government charges, fines and penalties lawfully imposed and promptly discharge any and all liens whatsoever upon the vessel. Owner shall at his (its) own expense at all times maintain the vessel in thorough repair and working order and shall make all proper renewals and replacements.
8. If the vessel shall be libeled, attached, detained, seized or levied upon or taken into custody under process or under color of any authority, Owner shall forthwith notify Mortgagee by telegram, confirmed by letter, and forthwith discharge or release the vessel therefrom, and in any event within fifteen (15) days after such libel, attachment, detention, seizure, levy or taking into custody.
9. Owner shall at all times afford Mortgagee complete opportunity to inspect the vessel and cargoes and papers thereof, and to examine Owner's related accounts and records; and shall certify quarterly and, if Mortgagee requests, monthly, that all wages and all other claims whatsoever which might have given rise to a lien upon the vessel have been paid.

Initials: Mortgagor _____ Mortgagee _____

10. Owner shall not, without the prior written consent of Mortgagee, sell or mortgage the vessel or any interest therein nor charter her except to persons and for uses lawful for American vessels and then only provided said insurance be unaffected thereby or adequately replaced; nor, if a corporation, merge or consolidate with any other person, firm or corporation, or dissolve.
11. From time to time Owner shall execute and deliver such other and further instruments and assurance as in the opinion of Mortgagee's counsel may be required to subject to vessel more effectively to the lien of the mortgage holder and to secure payment of said indebtedness and for operation of the vessel as herein provided, and to effectuate sales as provided in paragraph (C) of Section 1 of Article 2.

ARTICLE 2. DEFAULT

1. In any one or more of the following events, herein termed "events of default," viz:
 - a) Default in the punctual payment of the principal of the note secured hereby or any installment thereof, or in the due and punctual performance of any provision of Sections 3, 4, 5, 6, 8 and 10 of Article 1. hereof, or attempt to violate Sections 4 or 10 of Article 1. hereof, or default continuing for fifteen (15) days in the performance of any other covenant herein; or
 - b) Commission of any act of bankruptcy by Owner or approval by any court of a petition or answer asking for reorganization, arrangement, extension or other relief under any bankruptcy law; or appointment or a receiver for Owner or any of Owner's property or the taking by any court of any action comparable thereto; or rendition of a final judgment against Owner for the payment of money and failure of Owner to discharge the same within ninety (90) days or stay the execution thereof pending appeal; or Mortgagee's conclusion in good faith at any time that, through actual or prospective impairment of Owner's net current asset position, net worth, asset-liability ratio, or earnings, or through prospective violation of any provision of this Mortgage, Mortgagee is in danger of losing said debt, or any part thereof, by delaying collecting thereof until the time above limited for the payment thereof.

then, and in every such case, Mortgagee may:

- a) Declare the principal of said note and all accrued interest thereon to be and they shall then become and be due and payable forthwith, after which they shall bear interest at the rate of 10% per annum;
- b) Recover judgment for, and collect out of any property of Owner, any amount thereby or otherwise due hereunder; and/or collect all earned charter hire and freight moneys relating to services performed by the vessel, Owner hereby assigning to Mortgagee such earned charter hire and freight moneys then owing; and/or
- c) Retake the vessel without legal process at any time wherever the same may be, and, without being responsible for loss or damage, hold and in Mortgagee's or in Owner's name lease, charter, operate or otherwise use the vessel for such time and on such terms as Mortgagee may deem advisable, being accountable for net profits, if any,

Initials: Mortgagor _____ Mortgagee _____

and with the right to dock the vessel free of charge at Owner's premises or elsewhere at Owner's expense; and/or sell the vessel, free from any claim by Owner of any nature whatsoever, in the manner provided by law; to the extent permitted by law, such sale may be public or private, without notice, without having the vessel present, and/or Mortgagee may become the purchaser.

For such purpose Mortgagee and its agents are hereby irrevocably appointed the true and lawful attorneys of Owner in his (its) name and stead to make all necessary transfers of the vessel thus sold.

2. In the event that the vessel shall be arrested or detained by any officer of any court or by any other authority, Owner hereby authorizes Mortgagee, its officers, representatives and appointees, in the name of Owner or of Mortgagee, to receive or to take possession thereof, and to defend any action and/or discharge any lien.
3. Each and every power or remedy herein given to Mortgagee shall be cumulative, and in addition to all powers or remedies now or hereafter existing in admiralty, in equity, at law or by statute, and may be exercised as often as may be deemed expedient by Mortgagee. No delay or omission by Mortgagee shall impair any right, power or remedy, and no waiver of any default shall waive any other default. In any suit Mortgagee shall be entitled to obtain appointment of a receiver of the vessel and the earnings thereof, who shall have full rights and powers to use and operate the vessel, and to obtain a decree ordering and directing the sale and disposition thereof.
4. The net proceeds of any judicial or other sale, and any charter, management, operation or other use of the vessel by Mortgagee, of any claim for damages, of any judgment, and any insurance received by Mortgagee (except to the extent paid to Owner or applied in payment of repairs or otherwise for Owner's benefit) shall be applied as follows:

FIRST: To the payment of all attorney's fees, court costs, and any other expenses, losses, charges, damages incurred or advances made by Mortgagee in the protection of its rights or caused by Owner's default hereunder or under the note secured hereby, with interest on all such amounts at the rate of 10% per annum; and to provide adequate indemnity against any liens for which priority over this Mortgage is claimed;

SECOND: To the payment of all interest, to date of payment, on the note and any or all other sums secured hereby, and as to any balance of such proceeds, to the payment next of any or all matured installments of principal and then of any or all un-matured installments of principal in the inverse order of their maturity.

Mortgagee shall be entitled to collect any deficiency from Owner. Owner shall be entitled to any surplus, subject to set-off in favor of Mortgagee of for any other indebtedness of Owner.

5. All advances and expenditures which Mortgagee in its discretion may make for repairs, insurance, payment of liens or other claims, defense of suits, or for any other purpose whatsoever related hereto or to said note and all damages sustained by Mortgagee because of defaults, shall be repaid by Owner on demand with interest at 10% per annum, and until so paid shall be a debt due from Owner to Mortgagee secured by the lien hereof.

Initials: Mortgagor _____ Mortgagee _____

Mortgagee shall not be obligated to make any such advances or expenditures, nor shall the making thereof relieve Owner of any obligation or default with respect thereto.

ARTICLE 3. POSSESSION UNTIL DEFAULT

Until one or more of the events of default hereinbefore described, Owner shall be permitted to retain actual possession and use of the vessel.

ARTICLE 4. SUNDRY PROVISIONS

All covenants and agreements of Owner herein contained shall bind Owner, his heirs, executors, administrators and assigns, or its successors and assigns, and shall inure to the benefit of Mortgagee and its successors and assigns. Following any assignment hereof, any reference herein to "Mortgagee" shall be deemed to refer to the assignee. If more than one person is the Owner herein, "his" shall mean "their".

FUTURE ADVANCES. This mortgage is executed for the purpose of securing not only the payment of the above described note but also to secure all future advances made by the holder of said note to the mortgagor; and said mortgage shall remain in full force and effect to secure all future advances and all renewals or extensions of the above described note.

IN WITNESS WHEREOF, on the day and year first above written, Owner has executed this Mortgage, or, if a corporation, has caused this Mortgage to be executed in its name and its corporate seal to be affixed hereto by its proper officers thereunto duly authorized or as required by State law.

Owner

Initials: Mortgagor _____ Mortgagee _____

**ACKNOWLEDGEMENT
STATE
COUNTY**

On this day of 19 , before me the undersigned a
Notary Public in and for said County and State, residing therein, duly commissioned and sworn,
personally appeared

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within mortgage and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day
and year in this mortgage first above written.

NOTARY PUBLIC

(seal)

Initials: Mortgagor _____ *Mortgagee* _____

AFFIDAVIT OF GOOD FAITH

State of _____, County of _____ ;

being (severally) duly sworn, depose(s) and say(s) that he is (they are) the individual Mortgagor(s) _____ of _____ the corporation described in and who (which) executed the foregoing mortgage; and that the said mortgage is made in good faith and without any design to hinder, delay, or defraud any existing or future creditors of the Mortgagor or any lienor of the mortgaged vessel(s). There are no liens, encumbrances, charges or mortgages outstanding against said vessel, other than the lien of the foregoing mortgage.

If Mortgagor is a corporation, this affidavit is made pursuant to authority of its Board of Directors.

Subscribed and sworn to before me this _____ day of _____, 20____.

Owner

Initials: Mortgagor _____ *Mortgagee* _____

DECLARATION OF CITIZENSHIP FOR VESSEL RECORDATION PURPOSES

(Section 40, Shipping Act, 1916, as amended,
46 U.S.C. 838, 40 Stat.902, as amended)

I.

- 1. Vessel Name:
- 2. Official No.:

II. Entity on behalf of which declaration is made:

Name & Address:

III. State where incorporated, organized, chartered, or residing:

IV. LEGAL NATURE:

Individual _____	Association _____
Corporation _____	Mutual Savings Bank/Ins. Co. _____
Partnership/Joint venture _____	Other _____

V. Capacity:

- 1. Purchaser/Transferee _____
- 2. Mortgagee _____
- 3. Trustee-mortgagee _____
- 4. Seller/Transferor _____

VI. I hereby declare that I am legally authorized to make this declaration on behalf of the entity named above and that this transaction does not violate the provisions of 46 U.S.C. 808 (if applicable) because said entity meets the applicable criteria set forth on the reverse of this form and is therefore a citizen of the United States with the meaning of 46 U.S.C. 802.

_____ Date: _____

Name of Person Signing: _____

<p>PENALTY FOR FALSE STATEMENT</p> <p>Any person who knowingly makes a false statement of a material fact in this declaration shall be guilty of a misdemeanor and subject to a fine of not more than \$5,000 or to imprisonment for not more than five years, or both (46 USC 838).</p>

DECLARATION OF CITIZENSHIP-CITIZENSHIP CRITERIA

- A. INDIVIDUAL.** An individual is a citizen by virtue of birth in the United States, birth abroad of U.S. citizen parents, by naturalization during minority through the naturalization of a parent, by marriage (if a woman) to a U.S. citizen prior to September 22, 1922, naturalized, or as otherwise authorized by law.
- B. CORPORATION.** A corporation is a citizen if (a) it is incorporated under the laws of the United States or of a state, territory, district or possession thereof; (b) its president; or other chief executive officer and its chairman of the board are United States citizens; (c) no more of its directors than a minority of the number necessary to constitute a quorum are non-citizens; and (d) the controlling interest in the corporation is owned by United States citizens or if the vessel is documented for coastwise trade, at least 75 percent of the interest in the corporation is owned and controlled by U.S. citizens.

Note: (1) The controlling interest in a corporation is owned and controlled by United States citizens only if (i) title to at least a majority of the stock is vested in United States citizens free of any trust or fiduciary obligation in favor of any person who is not a United States citizen; (ii) at least the majority of the voting power is vested in United States citizens; (iii) there is no contract or understanding through which it is arranged that the majority of the voting power may be exercised directly or indirectly on behalf of any person who is not a United States citizen; and (iv) there are no other means whatsoever by which control of the corporation is conferred upon or permitted to be exercised by any person who is not a United States citizen.

(2) Seventy-five percent of the interest in a corporation is owned and controlled by United States citizens only if (i) the title to at least 75 percent of the stock of said Corporation is vested in citizens of the United States free from any trust or fiduciary obligation in favor of any person not a citizen of the United States; (ii) that such proportion of the voting power of said Corporation is vested in citizens of the United States; (iii) that through no contract or understanding is it so arranged that more than 25 percent of the voting power of said Corporation may be exercised, directly or indirectly, in behalf of any person who is not a citizen of the United States; and (iv) that by no means whatsoever, is any interest in said Corporation in excess of 25 percent conferred upon or permitted to be exercised by any person who is not a citizen of the United States.

- C. PARTNERSHIP/JOINT VENTURE.** A partnership or joint venture is a citizen of the United States if requisite ownership and control is vested in United States citizens pursuant to 46 USC 802.
- D. ASSOCIATION.** An association is a citizen if the requisite ownership is vested in United States citizens pursuant to 46 USC 808 and 835.
- E. MUTUAL SAVING BANK/INSURANCE COMPANY.** A mutual saving bank or mutual insurance company is one which has no directors, the duties of the directors being exercised by the trustees, and which is not authorized to issue stock. Such an entity is a citizen if (a) its president or other chief executive officer and the chairman of its board of trustees are United States citizens; (b) no more of the trustees than a minority of the number necessary to constitute a quorum are non-citizens; (c) at least the majority of the voting power and control in the entity is vested in the board of trustees free from any trust or fiduciary obligation whatsoever by which control of the corporation is conferred upon or permitted to be exercised by any person who is not a United States citizen.
- F. TRUSTEE-MORTGAGEE.** A trustee-mortgagee is a citizen if it is approved under the provision of 46 USC 808 and 835.
- G.** If you check "Other" please submit full details of the legal arrangement or character with supporting documents attached. Direct contact with the Maritime Administration at an early date is recommended.

NOTE: Questions concerning the construction and interpretation of the above criteria should be directed to the Maritime Administration.

ABOUT THE AUTHOR

Michael E. Vaughn

Mike Vaughn, who is the owner and operator of the Commercial Ship Information Center, is an attorney practicing in Huntington Beach, California.

He graduated from the University of North Carolina at Chapel Hill both for his undergraduate and law degrees. He is licensed to practice law both in the states of California and North Carolina. He has been actively involved in the practice of law since 1971.

Mr. Vaughn is the author of:

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California Expert Witness Directory (1985)

Ship Acquisition and Sale Handbook (1993)

Mr. Vaughn's article, "Subchapter T & K Regulations Regarding Small Passenger Vessels", was recently published in The Coast Guard Journal of Safety at Sea Proceedings of the Marine Safety Council (January-March 2002 Issue) .

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