

FIRST PREFERRED FLEET MORTGAGE

THIS FIRST PREFERRED FLEET MORTGAGE, dated _____ by _____, a _____ (the "Shipowner") located at _____, to the UNITED STATES OF AMERICA, represented by the Secretary of Transportation, acting by and through the Maritime Administrator (the "Secretary" and "Mortgagee") located at the U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590.

WHEREAS, pursuant to understandings set forth in the Recitals to the Security Agreement executed this date, the Shipowner has authorized the issuance of the Obligation designated "United States Government Guaranteed Ship Financing Obligation" in an aggregate principal amount not to exceed \$ _____ to finance the construction of the following Vessels: _____ Official Number _____ and _____ Official Number _____, and the Shipowner is the sole owner of the whole of each of said Vessels;

NOW, THEREFORE, THIS MORTGAGE WITNESSETH:

That, in consideration of the premises and of the additional covenants herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and as security for the Guarantee and in order to secure the payment of the above-mentioned interest on and principal of the Secretary's Note and all other sums that may be secured by the Mortgage and the Security Agreement, and to secure the due performance and observance of all the agreements and covenants in the Secretary's Note and herein contained, the Shipowner has granted, conveyed, mortgaged, pledged, confirmed, assigned, transferred and set over, and by these presents does grant, convey, mortgage, pledge, confirm, assign, transfer and set over unto the Mortgagee a hundred percent interest in the whole of the each of said Vessels which are more fully described in their respective certificates of documentation, together with all of their boilers, engines, machinery, masts, spares, rigging, boats, anchors, cables, chains, tackle, tools, pumps and pumping equipment, apparel, furniture, fittings and equipment, spare parts and all other appurtenances to said Vessels appertaining or belonging, whether now owned or hereafter acquired whether on board or not and all additions, improvements, renewals and replacements hereafter made in or to said Vessels or said appurtenances; provided that, the term "Vessel," whenever used, shall apply with equal force to each of the Vessels.

TO HAVE AND TO HOLD, all and singular, the above mortgaged and described property unto the Mortgagee, to its own use, benefit and behoof forever;

PROVIDED, HOWEVER, and these presents are upon the condition that, if the

above-mentioned principal of and interest on the Secretary's Note are paid or satisfied in accordance with the terms thereof, the Security Agreement and this Mortgage, and all other obligations and liabilities that may be secured by the Security Agreement and this Mortgage are paid in accordance with their terms, then this Mortgage and the estate and rights hereunder shall cease, determine and be void, otherwise to remain in full force and effect.

The Shipowner hereby agrees with the Mortgagee that the Vessels now or at any time subject to the lien of this mortgage are to be held by the Mortgagee subject to the further agreements and conditions hereinafter set forth.

ARTICLE FIRST

SECTION 1. All of the Shipowner's covenants and agreements including, without limitation, those relating to: maintenance of United States citizenship; organization and existence of the Shipowner; title to and possession of each Vessel; sale, transfer or charter of each Vessel; taxes; liens; documentation of each Vessel; material changes in each Vessel; compliance with applicable laws; maintenance of marine insurance; requisition of title; and compliance with Chapter 313 of Title 46 of the United States Code, set forth in, and all of the Secretary's rights, immunities, powers and remedies provided for in the Security Agreement, except for the Granting Clause thereof, together with all other provisions of the Security Agreement, are incorporated herein by reference with the same force and effect as though set forth at length in this Mortgage, and true copies of the form of the Security Agreement are annexed hereto.

SECTION 2. A Default pursuant to the provisions of the Security Agreement shall constitute a default hereunder, and shall give the Mortgagee the rights and remedies established by Chapter 313 of Title 46 of the United States Code, and as provided in the Security Agreement.

ARTICLE SECOND

SECTION 1. This Mortgage may be executed in any number of counterparts and all such counterparts executed and delivered each as an original shall constitute but one and the same instruments.

SECTION 2. All of the Shipowner's covenants, promises, stipulations and agreements in this Mortgage shall bind the Shipowner and its successors and assigns, and shall inure to the benefit of the Mortgagee and its successors and assigns, and all of the Mortgagees covenants, promises, stipulations and agreements in this Mortgage, shall bind the Mortgagee and its successors and assigns, and shall inure to the benefit of the Shipowner and its successors and assigns, whether so expressed or not.

SECTION 3. All capitalized terms used herein shall have the meaning specified in Schedule X to the Security Agreement, unless the context otherwise requires.

SECTION 4. No provision of this Mortgage or of the Security Agreement shall be deemed to constitute a waiver by the Mortgagee of the preferred status of the Mortgage given by 46 U.S.C. '31305, and any provision of this Mortgage or of the Security Agreement which would otherwise constitute such a waiver, shall to such extent be of no force and effect.

SECTION 5. Once the Mortgage shall have become null and void, the Secretary, on request of the Shipowner and at the Shipowner's cost and expense, shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon its and other appropriate records, and shall execute and deliver to the Shipowner such instruments as may be necessary, duly acknowledging the satisfaction and discharge of this Mortgage.

ARTICLE THIRD

The total principal amount of the obligations that is secured by this First Preferred Fleet Mortgage is _____ AND NO/100's (\$ _____) excluding interest, expenses, and fees. The date of discharge for each of the Vessels is as follows: _____.

IN WITNESS WHEREOF, this instrument has been executed on the date below indicated, and effective as of the day and year first above written.

SHIPOWNER

(SEAL)

BY: _____

Attest:

Date Signed: _____

CONSENTED TO:

UNITED STATES OF AMERICA
SECRETARY OF TRANSPORTATION
acting by and through the
MARITIME ADMINISTRATOR

BY: _____

Secretary
Maritime Administration

ACKNOWLEDGMENT

DISTRICT OF COLUMBIA)

) ss:

CITY OF WASHINGTON)

On this ____ day of _____, before me, _____, a Notary Public in and for the District of Columbia, personally appeared _____ duly known to me to be _____ of _____, a _____, the entity described in and that executed the instrument hereto annexed and acknowledged to me that the seal affixed to said instrument is such corporation's seal, that it was so affixed by authority set forth in the documents constituting and governing such entity, and that he/she signed his/her name thereto by like authority.

NOTARY PUBLIC

My Commission Expires:

(NOTARIAL SEAL)

