

COMMITMENT TO GUARANTEE OBLIGATIONS

by

THE UNITED STATES OF AMERICA

Accepted by

Shipowner

(Under Title XI, Merchant Marine Act, 1936,
as amended, and in effect on the
date of this Guarantee Commitment)

TABLE OF CONTENTS

<u>Doc.</u> <u>No.</u>	<u>Document</u>
1	Commitment to Guarantee Obligations
2	Schedule One -- Form of Opinion of Counsel
3	Appendix I -- Form of Bond Purchase Agreement
4	Appendix II -- Form of Trust Indenture
5	Schedule A -- Schedule of Definitions to Trust Indenture
6	Exhibit 1 -- General Provisions Incorporated into the Trust Indenture by Reference
7	Exhibit 2 -- Forms of Obligation, Guarantee and Trustee's Authentication Certificate
8	Exhibit 3 -- Form of Authorization Agreement
9	Appendix III -- Form of Security Agreement
10	Exhibit 1 -- General Provisions Incorporated into the Security Agreement by Reference
11	Schedule X -- Schedule of Definitions
12	Exhibit 2 -- Form of Secretary's Note
13	Exhibit 3 -- Form of First Preferred Fleet Mortgage
14	Exhibit 4 -- Form of Title XI Reserve Fund and Financial Agreement
15	Exhibit 5 -- Form of Consents of Shipyards
16	Exhibit 6 -- Construction Contracts
17	Exhibit 7 -- Form of Depository Agreement

COMMITMENT TO GUARANTEE OBLIGATIONS

by

THE UNITED STATES OF AMERICA

Accepted by

Shipowner

THIS COMMITMENT TO GUARANTEE OBLIGATIONS, dated _____ (the "Guarantee Commitment"), made and entered into by the UNITED STATES OF AMERICA (the "United States"), represented by the SECRETARY OF TRANSPORTATION, acting by and through the MARITIME ADMINISTRATOR (the "Secretary"), and accepted on said date by _____, a _____ (the "Shipowner").

RECITALS:

A. The Shipowner is the sole owner of the _____ and _____, Vessels built pursuant to the Construction Contract with _____ (the "Shipyard").

B. To aid in financing the Construction of the Vessels, the Shipowner will borrow an aggregate principal amount equal to, ___% of the Depreciated Actual Cost or Actual Cost of the Vessels, as the case may be, as of the Closing Date. To accomplish such financing, the Shipowner has accepted this Guarantee Commitment subject to the terms and conditions set forth herein.

C. The Shipowner has entered into the Bond Purchase Agreement providing for the sale and delivery, on the Closing Date, of obligations in the aggregate principal amount of \$_____ to be designated "United States Government Guaranteed Ship Financing Obligations, ___ Series" (the "Obligations") having the maturity date and interest rate set forth herein.

D. As security for the Guarantees and the Secretary's Note, the Shipowner will execute and

deliver the Security Agreement, Contract No. MA-____, and the following agreements shall be executed and delivered: the Indenture, the Authorization Agreement, Contract No. MA-____, the Secretary's Note, the Mortgage, Contract No. MA-____, the Financial Agreement, Contract MA-____, and the Depository Agreement, Contract No. MA-____.

WITNESSETH:

That under the provisions of Title XI of the Merchant Marine Act, 1936, as amended and in consideration of (i) the covenants of the Shipowner contained herein and (ii) other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Secretary hereby commits itself as herein provided.

ARTICLE I

Findings and Determinations of Secretary

Pursuant to Section 1104A(b)(1) of Title XI, the Secretary has approved the Shipowner as responsible and possessing the ability, experience, financial resources and other qualifications necessary to the adequate operation and maintenance of the Vessels.

Pursuant to Section 1104A(b)(2) of Title XI, the Secretary has determined that the aggregate of the Depreciated Actual Cost or Actual Cost of the Vessels, as the case may be, is _____. Prior to the Closing Date, the Secretary, in its discretion, may redetermine the Depreciated Actual Cost or Actual Cost of one or more of the Vessels. On the Closing Date, the aggregate principal amount of the Obligations will not exceed ___% of the Depreciated Actual Cost or the Actual Cost, as the case may be.

Pursuant to Sections 1104A(b)(3), 1104A(b)(4) and 1104A(b)(5) of Title XI, the Secretary has determined that: (1) the maturity date of the Obligations is satisfactory, (2) payments of principal required by the Obligations are satisfactory and (3) the interest rate to be borne by the Obligations to be issued on the Closing Date is reasonable.

Pursuant to Section 1104A(d) of Title XI, the Secretary has found that the Shipowner's proposed use of the Vessels will be economically sound.

ARTICLE II

Commitment to Guarantee Obligations

The United States, represented by the Secretary, HEREBY COMMITS ITSELF TO GUARANTEE the payment of the unpaid interest on, and the unpaid balance of the principal of, the

Obligations, including interest accruing between the date of default under the Obligations and the payment in full of the Guarantees, and, to effect this Guarantee Commitment, hereby commits itself to execute and deliver the Authorization Agreement, Security Agreement, Mortgage, Financial Agreement, and Depository Agreement on the Closing Date pursuant to the terms of the Guarantee Commitment.

ARTICLE III The Obligations

The Obligations shall be as provided in the Indenture and in the form of the Obligations annexed as Exhibit 2 to the Indenture. The Obligations shall be subject to all of the terms and conditions set forth in the Indenture.

ARTICLE IV Conditions to Execution and Delivery of the Guarantee

The obligation of the Secretary to execute and deliver the Guarantee on the Closing Date shall be subject to the following conditions unless waived in writing by the Secretary:

- (a) the Closing Date shall occur on or prior to _____;
- (b) the Shipowner and the Shipyard shall have executed and delivered to the Secretary a copy of the Construction Contract and the Shipyard shall have executed the Consent of Shipyard;
- (c) the Shipowner shall have executed and delivered the following documents in the form attached hereto: the Security Agreement, Mortgage, Financial Agreement, Trust Indenture, Secretary's Note, Obligations, Bond Purchase Agreement, and Depository Agreement;
- (d) the Indenture Trustee shall have executed, in the form attached hereto, the Authorization Agreement and Trust Indenture, the Depository shall have executed the Depository Agreement; and the Obligees shall have executed the Bond Purchase Agreement;
- (e) the following documents shall have been delivered to the Secretary: (i) one executed counterpart and one copy of the Bond Purchase Agreement and two conformed copies of the Offering Circular; (ii) two executed counterparts of the Indenture, (iii) two specimen copies of the Obligations; (iv) two executed originals of the legal opinion issued under section (k) of this Article; (v) two copies of the legal opinion delivered to the Obligees pursuant to the Bond Purchase Agreement, and (vi) two originals of all other documents delivered by the Shipowner, Indenture Trustee or the Depository in connection with this

Closing;

(f) if the Shipowner intends to operate any of the Vessels in the U.S. domestic trade, the Shipowner and any bareboat charterers of such Vessels shall have furnished to the Secretary on the Closing Date an affidavit complying with the requirements of 46 C.F.R. 355, demonstrating U.S. citizenship;

(g) the Shipowner shall have executed an Officer's Certificate representing and warranting the truth of the following statements as of the Closing Date:

(i) each of the representations and warranties set out at Section 2.01 of the General Provisions of the Security Agreement in Appendix III; and

(ii) the Shipowner is not in violation of any Federal laws having a substantial adverse effect on the interests of the United States of America and that the consummation of the Commitment complies with non-Title XI Federal law.

(h) the Secretary shall have received the Guarantee Fee payable under Section 1104A (e) of Title XI and the Investigation Fee, due under Section 1104A (f) of Title XI;

(i) the Shipowner shall have complied in all material respects with its agreements under this Guarantee Commitment;

(j) there shall not have occurred any event which constitutes (or after any period of time or any notice, or both, would constitute) a "Default" under the Security Agreement;

(k) there shall have been delivered to the Secretary by the Shipowner an opinion of counsel acceptable to the Secretary, in the form annexed hereto as Schedule 1 which shall include, among other things, an opinion to the effect that: (i) by the terms of the Security Agreement, the Shipowner has granted to the Secretary a fully perfected, first priority security interest in each of the assets which constitutes the Security; and (ii) all filings, recordings, notices and other actions required to perfect the Secretary's interests in the Security and to render such security interests valid and enforceable under applicable State law have been duly effected;

(l) the Secretary shall have received a letter agreement from the Shipowner to provide the Secretary within a reasonable time after the Closing Date, with eight conformed copies of the Guarantee Commitment and each of the Appendices and Exhibits thereto executed on or prior to such date;

(m) on the Closing Date, the qualifying requirements set forth in Section 11 of the Financial

Agreement shall have been complied with and certified to as required therein; and

(n) at least ten days prior to the Closing Date, there shall have been delivered to the Secretary, pro forma balance sheets for the Shipowner as of the Closing Date, certified by an officer of the Shipowner showing, among other things, all non-Title XI debt of the Shipowner;

(o) on the Closing Date, the Shipowner shall certify that all non-Title XI loans to the Shipowner relating to the Vessels have been discharged or subordinated satisfactorily to the Secretary; and

(p) at least ten days prior to the Closing Date, the Shipowner shall have provided the Secretary with satisfactory evidence of marine insurance as required by the Security Agreement.

ARTICLE V
Variation of Guarantee Commitment

No variation from the terms and conditions hereof shall be permitted except pursuant to an amendment executed by the Secretary and the Shipowner.

ARTICLE VI
Termination or Assignment of Guarantee Commitment

This Guarantee Commitment may be terminated and the parties hereto shall have no further rights or obligations hereunder, upon written notice by the Secretary of the termination of the obligations of the United States pursuant to the Shipowner's failure to satisfy one or more conditions set forth in Article V hereof or upon the Secretary's determination, at or before the Closing Date, that (i) the Shipowner is in violation of Federal law and such violation would have a substantial, adverse effect on the interests of the United States of America or (ii) the consummation of the Commitment would violate non-Title XI Federal law. The Shipowner's warranties and representations shall survive the termination of this Agreement and the Secretary's issuance of the Guarantees. This Guarantee Commitment may not be assigned by the Shipowner without the prior written approval of the Secretary and any attempt to do so shall be null and void ab initio.

ARTICLE VII
Miscellaneous

(a) The table of contents and the titles of the Articles are inserted as a matter of convenient reference and shall not be construed as a part of this Guarantee Commitment. This Guarantee Commitment may be executed in any number of counterparts, each of which shall be an original, but such counterparts

shall together constitute but one and the same instrument.

(b) For all purposes of this Guarantee Commitment, unless otherwise expressly provided or unless the context shall otherwise require, capitalized terms used herein shall have the meaning given in Schedule X to the Security Agreement.

IN WITNESS WHEREOF, this Commitment to Guarantee Obligations has been executed by the United States and accepted by the Shipowner, all as of the day and year first above written.

UNITED STATES OF AMERICA,
SECRETARY OF TRANSPORTATION

BY: MARITIME ADMINISTRATION

(SEAL)

BY: _____
Secretary
Maritime Administration

Attest:

Assistant Secretary
Maritime Administration

ACCEPTED BY:

as Shipowner

BY: _____

(SEAL)

Attest:

BY: _____