



US Department
of Transportation

Maritime
Administration

MANUAL OF ORDERS

MARITIME ADMINISTRATIVE ORDER

REVOKES
MAO 53-3 dated
7/27/89

NO.
77-1

EFFECTIVE DATE
December 1, 1999

SUBJECT

OFFICE OF SHIP FINANCING

Section 1. Organization: The Office of Ship Financing is supervised by a Director who reports to the Associate Administrator for Shipbuilding. The Director shall be assisted by a Deputy Director who shall act for the Director during the absence or preoccupation of the Director and shall perform such other duties as are assigned by the Director. The office has no formal organizational components.

Section 2. Delegations of Authority: Subject to such conditions and limitations as the Maritime Administrator may impose in other directives, the Director, Office of Ship Financing, is authorized to exercise all the authorities of the Associate Administrator for Shipbuilding required to perform the functions assigned in Department of Transportation (DOT) Order 1100.69A and this order, except authorities delegated by the Maritime Subsidy Board that cannot be redelegated.

Section 3. The Office of Ship Financing shall:


3.01 For Ship Financing Guarantees, Capital Construction Funds (CCF) and Construction Reserve Funds (CRF):

- 1 Represent the Maritime Administration (MARAD) on matters relating to the overall operation and administration of the Federal Ship Financing Program, CCF and CRF programs.
- 2 Initiate proposals for new policy directives to be established by the Maritime Administrator and implement such directives, as appropriate. For CCF, prepare rulings, for issuance by the contracting officer, relative to requests for rulings received from applicants for or parties to CCF agreements.
- 3 Receive and process applications for (1) ship financing guarantees pursuant to the provisions of Title XI of the Merchant Marine Act, 1936, as amended; (2) the payment of the cost of national defense features where construction subsidies are not involved; and (3) establishment and use of CCF and CRF pursuant to the respective section 607 or 511 of the Merchant Marine Act, 1936, as amended.
- 4 Collaborate with the Office of Chief Counsel in preparing Title XI contracts, addenda, amendments, and other agreements, and in reviewing contracts and other agreements submitted by the applicants. Obtain recommendations from other offices on applications matters falling within their responsibilities; e.g., financial qualifications, citizenship, operating ability of applicants, traffic aspects of the undertakings, technical adequacy of proposed ships, and applications which also involve other MARAD programs.

- 5 Recommend approval or disapproval of actions in relation to the award and administration of ship financing guarantee contracts pursuant to the provisions of Title XI of the Merchant Marine Act, 1936, as amended; and to the award and administration of capital construction fund (CCF) agreements and construction reserve fund (CRF) agreements.
- 6 Conduct negotiations with applicants and other concerned parties; and prepare reports and recommendations for formal action by the Maritime Administrator or the Associate Administrator for Shipbuilding, as appropriate.
- 7 As provided in MAO 520-1, administer the provisions of Title XI contracts and related agreements and assure compliance with contract requirements, in coordination with other offices concerned. In accordance with MAO 500-1, with the assistance of other offices, administer the provisions of CCF agreements. Administer the provisions of CRF agreements.
- 8 In cases of failure to meet Title XI financial obligations, recommend actions with regard to default declarations, deferment of payments, or other measures necessary to protect the United States interests. For CCF and CRF, prepare tentative conclusions and final decisions for the contracting officer in cases of failure to fulfill a substantial obligation under the agreements.
- 9 Approve or disapprove requests for extension of existing escrow agreements. Approve or recommend approval of the interest rates and other terms and conditions of obligations guaranteed under Title XI consistent with applicable regulations and statutes.
- 10 For CCF and CRF, semiannually report program status to the contracting officer including, as appropriate, recommendations and advice as to any actions required concerning any agreement or the program in general.

3.02 For Vessels Held by the Federal Ship Financing Fund as a Result of Foreclosure or Other Means:

- 1 Recommend appropriate policies concerning the sale of assets, taking into account existing and future market conditions and the impact on the particular maritime segment into which the vessel will be sold.
- 2 Develop and maintain appropriate marketing strategies and internal information for the sale, and evaluation of sales, of vessels. Inform appropriate MARAD offices, as required.
- 3 Coordinate with other appropriate offices for the inspection of vessels available for sale, preparation of sale documents, and the actual sale of the vessel.
- 4 Recommend to the Maritime Administrator the terms and conditions under which such vessels are to be sold, chartered, or husbanded. Analyze offers, conduct negotiations, and prepare recommendations concerning the negotiated sale of vessels.


Clyde J. Hart, Jr.
Maritime Administrator