

## DEPOSITORY AGREEMENT

**THIS DEPOSITORY AGREEMENT** (the "Agreement") dated as of \_\_\_\_\_, between \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Shipowner") and the UNITED STATES OF AMERICA represented by the Maritime Administrator of the Maritime Administration (the "Administrator").

### RECITALS

**WHEREAS**, Pursuant to the Trust Indenture executed this date, the Shipowner has issued certain Obligations designated "United States Government Guaranteed Ship Financing Obligations, \_\_\_\_ Series" in an aggregate principal amount not to exceed \$ \_\_\_\_\_ to finance the construction of the Vessels;

**WHEREAS**, As further security for the issuance of the Administrator's Guarantee, the Shipowner has granted a security interest in (i) all of its right, title and interest in and to the Chapter 537 Reserve Fund (also known as the Deposit Funds) and (ii) all the Financial Assets now on deposit or hereafter placed in deposit in the Deposit Funds to be held and invested in accordance with the terms and conditions of this Agreement; and

**WHEREAS**, 46 U.S.C. Section 53716 permits the U.S. Department of Treasury (the "Treasury" or the "Depository") to hold funds originally belonging to the Shipowner in a Deposit Fund in the Treasury and permits the Secretary of Treasury to hold these funds pursuant to the terms of 46 U.S.C. Section 53716, which includes using these funds as collateral for a Guarantee of Obligations approved by the Administrator; and

**WHEREAS**, It is the intention of the parties hereto that these security interests be perfected by (i) the execution and delivery of this Agreement and by the Treasury=s possession of said Financial Assets and (ii) by the filing of appropriate financing statements to record the Administrator=s security interests.

**NOW, THEREFORE**, in consideration of the premises, the mutual covenants set forth herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is hereby agreed:

**SECTION 1. Establishment of Deposit Funds.** (a) Chapter 537 Reserve Fund. When and if the Shipowner or other Person is required by the Financial Agreement, the Security Agreement or other document to deposit funds into the Chapter 537 Reserve Fund, the Shipowner or other Person shall pay those funds to the Administrator who agrees to ensure that those funds are deposited in a Deposit Fund established at the Treasury for the benefit of and the name of the Administrator.

(b) Reserved

(c) Moneys from time to time remaining on deposit in the Deposit Funds shall be subject to withdrawal upon receipt by the Administrator of a Request for payment (specifying the Person to be paid and the amounts of such payments) executed by the Shipowner. If the Administrator approves the Request, the Administrator shall promptly withdraw the moneys from the applicable Deposit Fund and make payment in accordance with the terms of a Request.

(d) In the event of a Default under the Security Agreement, the Administrator shall have the right to disapprove any Request for withdrawal from the Deposit Funds and the right to apply all or part of the proceeds in the Deposit Funds to all amounts due and owing the Administrator under the Security Agreement. In that event, the Administrator may retain and offset any or all of the cash in the Deposit Fund, and any income realized thereon, as part of the Administrator's recovery against the Shipowner.

**SECTION 2. Contents and Investment of Accounts.** (a) The parties hereto hereby agree that only cash may be deposited into a Deposit Fund and that such cash and all other assets in a Deposit Fund shall be treated as a Financial Asset. Any cash held in the Deposit Funds pursuant to any of the provisions of this Agreement (1) shall not be segregated at the Treasury, but shall be separately accounted for on the Administrator's books and records, and (2) shall bear interest and be invested to the extent provided in paragraph (b) below.

(b) Provided the Shipowner is not then in Default, the Administrator shall direct the Treasury to invest or reinvest any cash held in a Deposit Fund in Eligible Investments with such maturities as ensure that the amounts on deposit will be available as required for purposes of the Reserve Fund.

(c) Unless the Shipowner is in Default, the Administrator shall comply with a Shipowner's Request to sell all or any designated part of such Eligible Investments. If such sale (or any payment at maturity) produces (1) a net sum less than the cost (including accrued interest paid, as such) of the Eligible Investments so sold or paid, the Administrator shall give written notice to the Shipowner, and the Shipowner shall promptly pay the deficiency to the Administrator for deposit into the applicable Deposit Fund, or (2) a net sum greater than the cost (including accrued interest paid as such) of the Eligible Investments so sold or paid, the Administrator shall promptly pay the excess to the Shipowner. Shipowner expressly acknowledges and agrees that cash deposited in the Deposit Funds pursuant to this Agreement may suffer a loss if liquidated prior to the maturity of the Eligible Investment.

(d) So long as the Shipowner is not in Default and subject to the provisions of subsection 2(c), the Administrator may pay the Shipowner any interest paid on cash or Eligible Investments (less an amount equal to accrued interest paid upon purchase) when credited in the Deposit Fund.

(e) Any and all securities or other Financial Assets credited to a Deposit Fund shall be

registered in the name of the Administrator, indorsed to the Administrator and in no case will any Financial Asset credited to any Deposit Fund be registered in the name of the Shipowner, be payable to the order of the Shipowner or specially indorsed to the Shipowner.

(f) All taxes, if any, applicable to the acquisition or sale of Eligible Investments under this Section shall be paid by the Shipowner from its separate funds.

**SECTION 3. Administrator=s Security Interest in Funds.** All Financial Assets held by the Depository, at whatever time, pursuant to the provisions of this Agreement, whether cash or securities, or proceeds thereof or otherwise, shall constitute and be held in the Deposit Funds solely and exclusively for the benefit of the Administrator as security for the payment and performance of any and all of the Administrator=s Notes and the undertakings in the Security Agreement. By its signature below, the Shipowner hereby acknowledges the Administrator=s security interest in the Deposit Funds and all Financial Assets therein under this Agreement.

**SECTION 4. Notices.** All notices or other communications may be made or delivered in person, or by nationally recognized courier service, or by fax with hard copy to follow, or by certified or registered mail, postage prepaid, addressed to the particular parties as provided below, or to such other address as such parties may hereafter specify in a written notice to the other parties hereto, and all notices or other communications shall be in writing so addressed, and shall be effective upon receipt by the addressee thereof:

Shipowner: \_\_\_\_\_  
\_\_\_\_\_

Administrator:  
Maritime Administrator  
Maritime Administration  
U.S. Department of Transportation  
1200 New Jersey Avenue, S.E.  
Washington, D.C. 20590  
FAX: 202-366-7901

**SECTION 5. Amendments and Supplements.** No Agreement shall be effective to change or modify, supplement, amend or discharge in whole or in part this Agreement, unless such agreement is in writing, signed by the Parties. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

**SECTION 6. Reserved.**

**SECTION 7. Definitions.** For all purposes of this Agreement, unless otherwise

expressly provided or unless the context otherwise requires, all capitalized terms shall have the meaning given by Schedule X to the Security Agreement.

**SECTION 8. Governing Law.** This Agreement and the rights and obligations of the parties hereto, shall be governed by and construed in accordance with the federal laws of the United States of America, but if they are inapplicable then in accordance with the laws of the District of Columbia.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their respective officers, duly authorized as of the day and year first above written.

Shipowner

Attest

\_\_\_\_\_

BY: \_\_\_\_\_  
Title:

UNITED STATES OF AMERICA  
Maritime Administrator

Attest

\_\_\_\_\_

BY: \_\_\_\_\_  
Secretary  
Maritime Administration