

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
44TH CONSTITUTIONAL REGULAR SESSION, 2023



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

PREFERRED SHIP MORTGAGES AND MARITIME LIENS
(AMENDMENT) ACT, 2023

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**PREFERRED SHIP MORTGAGES AND MARITIME LIENS
(AMENDMENT) ACT, 2023**

AN ACT to amend Title 47, Chapter 3, of the Marshall Islands Revised Code (MIRC).

BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

§101. Short title.

This Act may be cited as the Preferred Ship Mortgages and Maritime Liens (Amendment) Act, 2023.

§102. Amendments.

Chapter 3: Sections 309 of Title 47, Chapter 3, of the MIRC is hereby amended to read as follows:

§309. Advances and repayments.

(1) Advances or other value given pursuant to commitment:

- (a) A Preferred Mortgage may secure future advances including contingent obligations and shall not be extinguished or lose its priority because all previously outstanding obligations secured thereby have been fully repaid or otherwise performed, provided that an advance or other value is to be given at a later time pursuant to commitment existing at the time the Mortgage is recorded. For the purpose of this paragraph an advance or other value is given "pursuant to

commitment” if the mortgagee or other person entitled to the benefit of the security of the mortgage has bound himself to give it, whether or not a subsequent event of default or other event not within his control has relieved or may relieve him from his obligation.

- (b) When a Preferred Mortgage secures an obligation in respect of which one or more advances or repayments may be made from time to time in the future and the maximum amount outstanding under the obligation at any one time is limited to a certain amount, the amount to be recorded with respect to such obligation may be either:
 - (i) such maximum amount that may be outstanding at any one time, or
 - (ii) the aggregate of all possible advances that may be made.
 - (c) A Preferred Mortgage made pursuant to commitment shall clearly indicate whether the amount is the maximum amount that may be outstanding at any one time or is the aggregate of all possible advances.
- (2) Advances or other value given pursuant to agreement:
- (a) Notwithstanding any other provision of this Chapter, a Preferred Mortgage may secure an agreed-upon maximum amount representing all debts or obligations arising or that may arise between the debtor and the creditor within a specified period, whether or not such debt or obligations arise pursuant to commitments under the relevant agreement between the debtor and the creditor existing at the time the Mortgage is recorded. Such maximum amount may exceed the value of the vessel or vessels, which may themselves represent only a part of all of the assets that are subject to the Preferred Mortgage. Only that indebtedness incurred on or prior to the maturity date of a Preferred Mortgage made “pursuant to agreement” shall retain its status and ranking as a preferred maritime lien under this Chapter. The indebtedness secured thereby shall

include all expenses and interest associated with such indebtedness prior to maturity. A Preferred Mortgage made “pursuant to agreement” under this Subsection shall not be required to represent a commitment to lend or extend other credit on the part of the mortgagee or other person entitled to the benefit of the security of the mortgage, but shall secure all debts or obligations arising or that may arise between the debtor and creditor as a result of transactions the nature of which are subject to or contemplated by the provisions of the mortgage deed, whether present or future, actual or contingent, and shall set forth in addition to other terms and conditions the maximum amount and the maturity date, or a statement of the date of termination if it is other than the maturity date thereof.

- (b) Nothing contained in this Subsection (2) shall be construed to impair the lien status, recordability, validity or enforceability with respect to a vessel registered under this Chapter of a Preferred Mortgage granted by its owner that:
 - (i) secures obligations, in whole or in part, arising out of specific successive business contracts or other transactions, whether or not such contracts or transactions are related to or arise from the construction, purchase, sale or chartering of a vessel registered under this Title, or
 - (ii) secures all debts or obligations owed or to be owed thereunder, so long as the aggregate amount of such debts or obligations does not exceed at any one time the stated maximum amount of the Mortgage.

The preferred status of a mortgage made “pursuant to agreement” in accordance with this Subsection (2), which may be secured by property that is not a vessel, or more than one vessel, shall not be impaired by reason of the fact that the mortgage does not provide for separate discharge thereof.

§103. Effective Date.

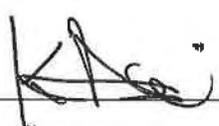
This Act shall take effect on the date of certification in accordance with the Constitution and the Rules of Procedures of the Nitijela.

CERTIFICATE

I hereby certify:

1. That Nitijela Bill No: 93 was passed by the Nitijela of the Republic of the Marshall Islands on the 24th day of March 2023; and
2. That I am satisfied that Nitijela Bill No: 93 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.

I hereby place my signature before the Clerk this 10th day of April 2023.



Kenneth A. Kedi
Speaker
Nitijela of the Marshall Islands

Attest:



Morean S. Watak
Clerk
Nitijela of the Marshall Islands