**ANNEX H-1**

**FORM CONSENT OF SHIPYARD**

**CONSENT OF SHIPYARD**

**THIS CONSENT OF SHIPYARD** (this “***Consent***”) is made as of , 20\_\_\_, by\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a (the "***Shipyard***"), to and in favor of the United States of America (the "***United States***"), represented by the Maritime Administrator of the Maritime Administration (the "***Administrator***"), pursuant to Chapter 537 of Title 46 of the United States Code (“***Chapter 537***”).

**RECITALS**:

1. , a (the "***Shipowner***") and the Administrator are parties to the Consolidated Agreement, Contract No. MA-\_\_\_\_\_\_, dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ (the “***Agreement***”);
2. It is a condition of the Agreement that the Shipyard consents, acknowledges and agrees to:
   1. the assignment by the Shipowner of all of the right, title and interest of the Shipowner in and to the certain construction contract(s) dated as of , between the Shipyard and the Shipowner (the "***Construction Contract***"), insofar as it relates to the following vessels, including the hull and all work, material, goods, components, machinery, and equipment which are purchased for, identified for use in the hulls, whether or not located at the Shipyard (“***Vessels***”), together with all of Shipowner’s rights, title and interest in and to the Vessels including their component parts and equipment:
      1. \_\_\_\_\_\_\_\_ [Official/Hull] Number \_\_\_\_\_\_\_\_;
      2. \_\_\_\_\_\_\_\_ [Official/Hull] Number \_\_\_\_\_\_\_\_;
      3. \_\_\_\_\_\_\_\_ [Official/Hull] Number \_\_\_\_\_\_\_\_;
      4. \_\_\_\_\_\_\_\_ [Official/Hull] Number \_\_\_\_\_\_\_\_; and
   2. the grant of a continuing security interest in, lien on and right of setoff against, all of the Shipowner’s right, title and interest in and to the Vessels including their component parts and equipment to the Administrator.

***NOW, THEREFORE,*** in consideration of the premises herein contained, to induce the Administrator to issue a guarantee of the Note (Note Identifier No. \_\_\_\_\_\_\_\_), dated \_\_\_\_\_, issued by the Shipowner to the Federal Financing Bank, a body corporate and instrumentality of the United States (“FFB”), pursuant to the Note Purchase Agreement, dated \_\_\_\_\_\_\_\_, by and among FFB, the Shipowner and the Administrator pursuant to Chapter 537 (the “Administrator’s Guarantee”), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. As used herein, (a) capitalized terms defined above have the respective meanings given such terms above; and (b) unless otherwise defined herein, with respect to Uniform Commercial Code (“UCC”) terms, all other capitalized terms contained in this Consent shall have the meanings provided for by the UCC, as adopted in \_\_[State]\_\_.
2. The Shipyard acknowledges that it has received a true copy of the form of the Assignment of Construction Contract, dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ (the “***Assignment***”), executed by the Shipowner.
3. The Shipyard hereby acknowledges receipt of notice of, and hereby consents and agrees to the assignment and grant of a continuing security interest, lien and right of setoff in of all of the Shipowner’s right, title and interest in the Construction Contract and the Vessels, including their component parts and equipment, and the proceeds thereof, if any such exist, or shall exist in the future by the Shipowner to the Administrator pursuant to the Assignment. Such proceeds include any amounts that may be due to be refunded to the Shipowner by the Shipyard or by any subcontractor or supplier to the Shipyard arising out of the Construction Contract, as amended, and any subcontracts or supply contracts into which the Shipyard has entered into or may enter into as a part of construction process. In the event of a default of the Shipyard under the Construction Contract, the Administrator may enforce the Shipowner’s rights thereunder. In the event of any discrepancy between a position of the Administrator and a position of the Shipowner, the Administrator’s decision shall be binding on the Shipowner.
4. The Shipyard hereby acknowledges, understands and agrees that:

1. The Administrator shall, by virtue of the Agreement, have no obligation or duty under the Construction Contract and shall not be required to make any payment due and owing by the Shipowner under the Construction Contract;
2. The Shipyard shall pay any amount coming due to the Shipowner under the Construction Contract promptly to the Administrator for application pursuant to the Agreement so long as it shall not have received written notice from the Administrator that (i) the Guarantees shall have been terminated, and (ii) the Agreement is no longer in effect; upon receipt of such notice, the Shipyard shall promptly pay any such moneys to the Shipowner; and
3. Except during any period after the Shipyard shall have received written notice from the Administrator indicating the existence of a default under the Agreement and until the Administrator shall have notified the Shipyard in writing that such default has been cured or waived, the Shipowner shall be entitled to exercise all of its rights under the Construction Contract with respect to the Vessels and to receive all of the benefits thereunder, subject to Paragraph 3(b) hereof, to the same extent as if the Construction Contract and the Vessels had not in any way been subjected to a continuing security interest, lien and right of setoff under the Agreement.

*(REMAINDER OF PAGE INTENTIONALLY BLANK)*

*(SIGNATURE PAGE ON FOLLOWING PAGE)*

1. The title of this Consent and the headings of the sections are not a part of this Consent and shall not be deemed to affect the meaning or construction of any of its provisions.

***IN WITNESS WHEREOF***, the undersigned has caused this Consent to be duly executed as of the day and year first above written.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (SEAL)  Attest: | |  | SHIPYARD | |
| By: |  |  | By: |  |
| Name: |  |  | Name: |  |
| Title: |  |  | Title: |  |

(End of Annex H-1)