**ANNEX O**

**FORM OF OPINION OF SHIPOWNER’S [SHIPYARD’S] [AND AFFILIATE GUARANTOR’S] COUNSEL**

**[LETTERHEAD OF COUNSEL]**

[Date]

Maritime Administrator

Maritime Administration

U.S. Department of Transportation

1200 New Jersey Avenue, S.E.

Washington, D.C. 20590

**Re: [NAME OF SHIPOWNER AND TRANSACTION]**

Dear [Insert Maritime Administrator’s Name]:

We have acted as special counsel to \_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_ (the "***Shipowner***"), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “***Affiliate Guarantor***”) in connection with the execution and delivery of the Consolidated Agreement, Contract No. MA-\_\_\_\_\_\_\_, dated\_\_\_\_\_, as may be amended (the “***Agreement***”), by and among the Shipowner, the Affiliate Guarantor, and the United States of America, represented by Maritime Administrator of the Maritime Administration (the "***Administrator***"), and the other Transaction Documents. Capitalized terms used herein and not otherwise defined herein have the respective meanings set forth in the Agreement.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the Agreement and the other documents described in paragraph 6 hereof. We have made such independent inquiry into the law and the facts as we have deemed necessary or appropriate for the purposes of this opinion. When in our professional opinion we deemed it appropriate, we have relied upon affidavits and certificates of corporate officers and government officials as to the existence of underlying facts, including, in particular, the Shipowner’s affidavit of citizenship dated the date hereof and the certificate of no liens on the Vessel of the Shipowner dated the date hereof.

In expressing this opinion, please note that we are admitted to practice only in the State of\_\_\_\_\_\_\_\_\_\_\_, and we do not purport to be experts on the law of any jurisdiction other than the law of the [Governing Law State], and the federal laws of the United States.

This opinion is also limited in the following respects: (a) any opinion concerning the legality, validity and binding effect of any agreement or instrument with respect to the Shipowner is based on the assumption that such agreement constitutes or will constitute a legal, valid and binding agreement of the other parties thereto; (b) with respect to any opinion pertaining to the enforceability of an agreement or instrument, no opinion is expressed as to the availability of any specific remedy in an action of an equitable nature that any court, other governmental authority or arbitrator may grant, impose or render; (c) we have assumed the genuineness of all signatures, except that of the Shipowner, and the authenticity of all instruments submitted to us as originals and the conformity with the originals of all instruments submitted to us as copies; and (d) this opinion is limited, as to the enforceability of any agreement or instrument, by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforceability of creditors' rights from time to time in effect.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Shipowner is a ­[INSERT FORM OF ORGANIZATION] duly organized, validly existing and in good standing under the laws of the [INSERT JURISDICTION OF ORGANIZATION OF SHIPOWNER], and is "a citizen of the United States" within the meaning of 46 U.S.C. § 50501, [including, without limitation, that a citizen of the United States owns at least a 75% interest, in the case of coastwise trade] for the purpose of owning the [INSERT VESSEL NAME], Official No. \_\_\_\_\_ (“***Vessel***”) in the coastwise trade of the United States, The Affiliate Guarantor is a [INSERT FORM OF ORGANIZATION] duly organized, validly existing and in good standing under the laws of the [INSERT JURISDICTION OF ORGANIZATION OF AFFILIATE GUARANTOR.

2. The Shipowner has legal power and authority to own and operate the Vessel in the trade in which it is proposed to be operated. The Affiliate Guarantor has the legal power and authority to conduct its business as presently conducted and to issue the Affiliate Guaranty.

3. The Shipowner is the sole owner of the whole of the Vessel, free and clear of all claims, liens, charges, rights in rem, mortgages, security interests or other encumbrances except the Mortgage and except for such claims, liens, charges, rights in rem, mortgages, security interests or other encumbrances created or expressly permitted by the Agreement. To the extent that this opinion relates to freedom and clearances of claims, liens, mortgages, or other encumbrances of any character on the Vessel, we have reasonably relied on the certificates as to such matters, dated the date hereof, from the Shipowner and the records of the United States Coast Guard.

4. The Collateral, as defined in the Agreement, has each been duly and validly granted and assigned by the Shipowner to the Administrator under the Agreement.

5. The Vessel has been duly documented in the name of the Shipowner under the laws of the United States of America, and the Mortgage as amended has been duly recorded with the National Vessel Documentation Center of the U.S. Coast Guard at 792 T J Jackson Drive, Falling Waters, West Virginia 25419 (the only office in which such recordation is necessary) and the Mortgage constitutes a first "Preferred Ship Mortgage" as to the Vessel under Chapter 313 of Title 46 of the United States Code having the effect and with the priority provided therein and no re-recording is presently required to maintain the preferred status of the Mortgage.

6. The Shipowner has full corporate power and authority and full power and authority under any applicable statute, law or governmental regulation to execute and deliver the Note and the Administrator’s Note issued on the date hereof and to enter into and carry out the terms of the Note Purchase Agreement, the Agreement, and the other Transaction Documents. The Affiliate Guarantor has full corporate power and authority and full power and authority under any applicable statute, law or governmental regulation to execute and deliver the Agreement, the Affiliate Guaranty and the other documents executed by it in connection therewith.

7. The execution and delivery by the Shipowner and the Affiliate Guarantor of the agreements referred to in paragraph 6 hereof, consummation by the Shipowner and the Affiliate Guarantor of the transactions contemplated thereby and compliance by the Shipowner and the Affiliate Guarantor with all the provisions of each of the agreements to which the Shipowner or the Affiliate Guarantor is a party referred to in paragraph 6 will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or (except as contemplated thereby) result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the respective assets of the Shipowner or the Affiliate Guarantor pursuant to the terms of, any indenture, mortgage, deed or trust, loan agreement or other agreement or instrument known to us to which the Shipowner or the Affiliate Guarantor is a party or by which the Shipowner or the Affiliate Guarantor is bound or to which any of its property or assets is subject (except as intended by the agreements executed in connection with the within transaction), nor will such action result in a violation of the provisions of the organizational documents of the Shipowner or the Affiliate Guarantor or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Shipowner, the Affiliate Guarantor or any of their respective properties.

8. Each and all of the agreements and instruments referred to in paragraph 6 to which the Shipowner or the Affiliate Guarantor is a party have been duly authorized by the Shipowner and the Affiliate Guarantor, as the case may be, and said agreements and instruments have been duly executed and delivered and constitute legal, valid and binding obligations of the Shipowner and the Affiliate Guarantor enforceable against the Shipowner and the Affiliate Guarantor according to their respective terms.

9. The Note, including the Guarantee, constitute exempted securities under Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. § 77c(a)(2)), as amended, and, accordingly, it is not necessary to register the Note or the Guarantee under said Act.

10. No consent, approval, authorization, order, registration or qualification of or with, or notice to, any court or any governmental agency or body, of which we have knowledge, is required for the issuance of the Note or the Administrator’s Note or the consummation by the Shipowner or the Affiliate Guarantor of the other transactions contemplated by any of the agreements or instruments referred to in paragraph 6 hereof, except such as have been duly obtained, effected, or given and such as may be required under state securities or Blue Sky laws in connection with the purchase of the Note.

11. No taxes are or will be payable in connection with the issuance and sale of the Note to FFB, the purchase of the Note by FFB, or the execution or delivery of the Note Purchase Agreement.

12. All filings and recordings (including, without being limited to, all filings of financing statements under the Uniform Commercial Code) under the laws of the UCC State have been duly effected to perfect the collateral security interests granted by the Agreement in the Collateral to make such collateral security interests valid and enforceable under the laws of the UCC State and such security interests constitute first perfected security interests under the UCC entitled to the benefits thereunder and having the effect and with the priority provided therein. No periodic refiling or periodic re-recording is required to protect and preserve such security interests, except that continuation statements must be filed within six (6) months prior to the expiration of the effective periods following the respective dates of filing of the financing statements originally filed in the UCC State and subsequent continuation statements must be filed within six (6) months prior to the expiration of such subsequent effective period.

13. The Agreement provides sufficient control to Treasury to perfect the Administrator’s security interest in the deposits credited thereto. Upon the delivery of any deposits to Treasury, the Administrator will thereafter have security interests in said deposits credited thereto which will constitute first perfected security interests under those laws. No filing is required to protect and preserve such security interest.

The opinions expressed in paragraphs 12 and 13 are qualified to the extent that: (a) we have reasonably relied on the searches of copies of which are attached, as to the fact that there had been no prior filings, except in favor of the Administrator; (b) the Administrator's remedies under the Agreement are exercised in a commercially reasonable manner; and (c) our opinion that the Administrator's security interests as first priority is rendered in reliance on the aforesaid searches and on the assumption that all funds or other property deposited by the Shipowner with Treasury are free of any prior lien or security interest.

14. The Note issued on the date hereof has been duly executed by the Shipowner and duly issued under the Note Purchase Agreement and constitutes the legal, valid and binding obligations of the Shipowner enforceable in accordance with its terms and is entitled to the benefit of the Guarantee.

15. To the best of our knowledge, after due inquiry, there is no action, suit, proceeding or investigation pending or threatened before any court, administrative agency, arbitrator or governmental body against, or which directly relates to, the Shipowner or the Affiliate Guarantor which concerns the documents referred to in paragraph 6 or which, if adversely determined, could adversely affect the compliance by the Shipowner or the Affiliate Guarantor with any of the foregoing documents, agreements and instruments to which it is a party.

Respectfully,

*(End of Annex O)*