

**MANUAL OF ORDERS**

REVOKES MAO 640-3

NO.

640-3

dated 7-20-65

EFFECTIVE DATE

(formerly MO-623)

July 3, 1975

**SUBJECT**

**CONDITION SURVEYS OF MARITIME ADMINISTRATION OWNED  
SHIPS UNDER BAREBOAT CHARTER AND USE AGREEMENTS**

Section 1. Purpose:

This order prescribes the procedures and responsibilities for the conduct and reporting of condition surveys of Maritime Administration owned ships under bareboat charter and use agreements.

Section 2. Types of Condition Surveys:

2.01 Walk-over surveys are cursory in nature but are of sufficient scope to determine the general condition of the ships. Comments shall be made on those deficiencies of consequence, lack of maintenance and other items showing neglect and unreported structural changes and alterations on Form MA-7, Walk-Over Survey Report.

2.02 Complete surveys are those conducted in sufficient detail to include all the items specified in the Ship Survey Report, Form MA-58. The following forms shall also be used when applicable:

- Form MA-55 - Condition Report - Turbines and Gears
- Form MA-56 - Tooth Contact Report
- Form MA-57 - Drydock Report
- Form MA-59 - Measurement of Piston Rings and Grooves

Section 3. Responsibilities:

3.01 Upon notification from the Office of Domestic Shipping that a Maritime Administration owned ship is to be delivered or redelivered in accordance with a bareboat charter or use agreement, the appropriate Region Director shall arrange for a joint survey with the Charterer, if required by the Agreement, to determine the scope of the work necessary to place the ship in the condition prescribed in the Agreement using as a guide the items on the forms listed in Section 2.02 of this order.

3.02 Condition of Ships on Delivery to Charterer: As may be required by the Agreement involved:

- 1 The Charterer or the Region Director shall prepare and certify complete specifications for the work required to comply with the Agreement.
- 2 The Charterer or the Region Director shall be responsible for arranging for the performance of the work involved for its own account.

3.03 Transfer of Repair Contract Guarantee Benefits:

- 1 If, in connection with the performance of delivery requirements, the Charterer is assigned the responsibility for correction of defects and deficiencies that are considered a repair contractor's obligation, the Region Director shall furnish promptly to the Charterer:
  - (1) An exact quote of the Repair Guarantee Clause contained in the master repair contract,
  - (2) A copy of the specifications covering all work related to the delivery requirements, and
  - (3) Names of the repair contractors, contract numbers, job order numbers, dates of completion and dates of the expiration of the guarantee periods.
- 2 The Region Director shall formally notify the repair contractors, with a copy to the Charterer, of the assignment and transfer of rights.

3.04 Condition of Ships While in Operation Under the Agreement: In accordance with the terms of the Agreement, the Charterer is required to maintain the ship and its machinery and equipment in a good state of repair and efficient operating condition consistent with good commercial practice. The Charterer's compliance with this requirement may be determined by means of:

1 Walk-Over Surveys

- (1) Upon notification from the Charterer, the Region Director shall have a representative in attendance during drydocking periods, classification surveys and major damage repairs, to conduct a walk-over survey.
- (2) The Region Director may arrange for a walk-over survey of the ship at his discretion, to determine if it is being maintained in accordance with the Agreement, provided such inspection does not interfere with the ship's schedule.

2 Complete Surveys

- (1) A complete survey shall be performed only if, after reviewing the walk-over survey report, the Region Ship Management Officer recommends such a survey and this course of action receives the concurrence of the Region Director and the approval of the Director, Office of Domestic Shipping. If performed, a complete survey report shall be prepared in accordance with Subsection 2.02 of this order.

3.05 Condition of Ships on Redelivery by Charterer:

- 1 The ship shall be redelivered by the Charterer and made available for inspection in accordance with the provisions of the Agreement.

- 2 Unless previously advised by the Office of Domestic Shipping, all defects and deficiencies are to be corrected by the Charterer prior to acceptance of the vessel.
- 3 If the agreement provides for a lump sum settlement in lieu of physical performance of redelivery obligations at the option of the Maritime Administration, and the Region Director determines that deferral of particular repairs would be advantageous to the Government, the Region Director may recommend such a course of action to the Director, Office of Domestic Shipping. The defects and deficiencies involved shall be listed in an addendum to the report indicating mutually agreed estimated costs and the time required to correct such defects and deficiencies. This information shall be forwarded to the Director, Office of Domestic Shipping for decision.
- 4 If the responsibility for correction of certain defects and deficiencies at the time of redelivery cannot be resolved between the Region Director and the Charterer, an addendum to the survey report shall be prepared showing such defects and deficiencies, together with the reasons for the disagreement of responsibility. This information shall be forwarded to the Director, Office of Domestic Shipping for resolution. If the Charterer disagrees with the decision of the Director, Office of Domestic Shipping and if the terms of the Agreement so provide, the Charterer shall make and pay for the repairs of the items remaining in dispute, before redelivery, and may invoke the Agreement's dispute clause to recover the cost of those repairs from the Maritime Administration.
- 5 The Region Director shall bill the Charterer for the costs of repairs determined to be the latter's responsibility in accordance with provisions of this Section.
- 6 If the ship is to be laid up in the reserve fleets, the procedures in Maritime Administrative Order 640-6 - Condition Surveys of Ships to be Delivered to the Reserve Fleets shall also apply and only one survey (and addendum, if applicable) shall be completed.

Section 4. Completion and Distribution of Condition Survey Reports:

4.01 Walk-Over Survey Reports shall be completed by the attending marine surveyor and retained in the Region under whose jurisdiction the survey was conducted. Copies of the report shall be submitted to the Director, Office of Domestic Shipping, if the Region Director determines that the report contains findings that should be brought to the attention of the Director, Office of Domestic Shipping.

4.02 Upon completion of the joint survey as required in the Agreement, the Ship Survey Report, Form MA-58, and, if applicable, the associated forms and addendum showing the required repairs shall be signed by the attending marine surveyor, the Charterer's representative and the Region Ship Management Officer under whose jurisdiction the survey was conducted. These signatures shall take

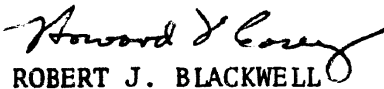
place even though the Region Director may intend to recommend acceptance of a lump sum payment by the Charterer in lieu of repairs and irrespective of any disagreement that may exist between the Charterer and the Region Director as to the responsibility for repairs.

4.03 Prior to acceptance of the vessel, the attending marine surveyor shall update the addendum to the survey to reflect the decisions of the Director, Office of Domestic Shipping, regarding either acceptance of lump sum payments or the responsibility for repair of disputed items, if applicable. In any event, the addendum shall be updated to show all completed repairs and the condition of the vessel upon acceptance of the vessel on delivery or redelivery, as may be required by the Agreement. The updated addendum shall be signed by the parties designated in Subsection 2 above.

4.04 Sufficient copies of the condition survey reports shall be compiled to make the following distribution:

- 1 Original to the Chief, Division of Ship Management, Washington, D.C.
- 2 One copy to the Region Ship Management Officer.
- 3 One copy to the Charterer or operator, as appropriate.
- 4 One copy to the Division of Reserve Fleet, provided the vessel involved is to be laid up at a Reserve Fleet.

4.05 If a ship is redelivered from a Charterer in a Region other than that where the delivery survey was conducted, the Region Office where redelivery is to take place may request a copy of the delivery survey report from the Division of Ship Management.

  
for ROBERT J. BLACKWELL  
Assistant Secretary  
for Maritime Affairs