

Republic of the Marshall Islands  
*Jepilpilin Ke Ejukaan*

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

**Introduced by:**

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**MINISTER KESSAI H. NOTE**

**Approved:**

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**SPEKAER KENNETH A. KEDI**

**SIGSNATURE**

*NB No. 93*



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**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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1                                    **NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS**  
2                                    **44TH CONSTITUTIONAL REGULAR SESSION, 2023**

3                                    Republic of the Marshall Islands  
4                                    *Jepilpilin Ke Ejukaan*

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

5    **A BILL FOR AN ACT** to amend Title 47, Chapter 3, of the Marshall Islands Revised  
6    Code (MIRC).

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

8    **§101. Short title.**

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

11    **§102. Amendments.**

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

14                                    **§309. Advances and repayments.**

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

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

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

6 (b) When a Preferred Mortgage secures an obligation in  
7 respect of which one or more advances or repayments  
8 may be made from time to time in the future and the  
9 maximum amount outstanding under the obligation at  
10 any one time is limited to a certain amount, the amount  
11 to be recorded with respect to such obligation may be  
12 either:

- 13 (i) such maximum amount that may be outstanding  
14 at any one time, or
- 15 (ii) the aggregate of all possible advances that may  
16 be made.

17 (c) A Preferred Mortgage made pursuant to commitment  
18 shall clearly indicate whether the amount is the  
19 maximum amount that may be outstanding at any one  
20 time or is the aggregate of all possible advances.

21 (2) Advances or other value given pursuant to agreement:

22 (a) Notwithstanding any other provision of this Chapter, a  
23 Preferred Mortgage may secure an agreed-upon  
24 maximum amount representing all debts or obligations  
25 arising or that may arise between the debtor and the  
26 creditor within a specified period, whether or not such  
27 debt or obligations arise pursuant to commitments  
28 under the relevant agreement between the debtor and  
29 the creditor existing at the time the Mortgage is  
30 recorded. Such maximum amount may exceed the  
31 value of the vessel or vessels, which may themselves  
32 represent only a part of all of the assets that are subject  
33 to the Preferred Mortgage. Only that indebtedness  
34 incurred on or prior to the maturity date ~~or date of~~  
35 ~~termination (including the date of demand of~~  
36 ~~repayment or performance "on-demand" obligations)~~ of  
37 a Preferred ~~m~~Mortgage made "pursuant to agreement"

1 shall retain its status and ranking as a preferred  
2 maritime lien under this Chapter. The indebtedness  
3 secured thereby shall include all expenses and interest  
4 associated with such indebtedness prior to maturity. A  
5 Preferred Mortgage made “pursuant to agreement”  
6 under this Subsection shall not be required to represent  
7 a commitment to lend or extend other credit on the part  
8 of the mortgagee or other person entitled to the benefit  
9 of the security of the mortgage, but shall secure all  
10 debts or obligations arising or that may arise between  
11 the parties debtor and creditor as a result of  
12 transactions the nature of which are subject to or  
13 contemplated by the provisions of the mortgage deed,  
14 whether present or future, actual or contingent, and  
15 shall set forth in addition to other terms and conditions  
16 the maximum amount and the maturity date, or a  
17 statement of the date of termination if it is other than  
18 the maturity date thereof.

19 (b) Nothing contained in this Subsection (2) shall be  
20 construed to impair the lien status, recordability,  
21 validity or enforceability with respect to a vessel  
22 registered under this Chapter of a Preferred Mortgage  
23 granted by its owner that:

24 (i) secures obligations, in whole or in part, arising  
25 out of specific successive business contracts or  
26 other transactions, whether or not such contracts  
27 or transactions are related to or arise from the  
28 construction, purchase, sale or chartering of a  
29 vessel registered under this Title, or

30 (ii) secures all debts or obligations owed or to be  
31 owed thereunder, so long as the aggregate  
32 amount of such debts or obligations does not  
33 exceed at any one time the stated maximum  
34 amount of the Mortgage.

35 The preferred status of a mortgage made “pursuant to  
36 agreement” in accordance with this Subsection (2), which  
37 may be secured by property that is not a vessel, or more  
38 than one vessel, shall not be impaired by reason of the

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fact that the mortgage does not provide for separate discharge thereof.

**§103. Effective Date.**

This Bill, and all Acts contained herein, shall take effect in accordance with the Constitution and the Rules of Procedures of the Nitijela.

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

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

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**BILL SUMMARY**

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This Bill proposes to Title 47, Chapter 3, section 309 of the MIRC are non-substantive but additional language was added to clarify the difference between section 309(1) and section 309(2).

1 NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS  
2 44TH CONSTITUTIONAL REGULAR SESSION, 2023

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

3 SIGNATURES

4 DATE: \_\_\_\_\_ INTRODUCED BY \_\_\_\_\_  
5 *Print Name* *Signature*

6 DATE: \_\_\_\_\_ INTRODUCED BY KESSAI H. NODI   
7 *Print Name* *Signature*

8 DATE: 1-31-23 INTRODUCED BY ROBERTSON S. WASE   
9 *Print Name* *Signature*

10 DATE: \_\_\_\_\_ INTRODUCED BY Wilbur Heine   
11 *Print Name* *Signature*

12 DATE: \_\_\_\_\_ INTRODUCED BY \_\_\_\_\_  
13 *Print Name* *Signature*  
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