

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

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

Introduced by:

MINISTER KESSAI H. NOTE

Approved:

PRINTED NAME

SIGNATURE

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

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5
6
7
8
9
10
11
12

Index

Section	Page
MARITIME ADMINISTRATION AND PREFERRED SHIP MORTGAGES AND MARITIME LIENS (TECHNICAL AMENDMENT) ACT, 2023	1
§101. Short title.....	5
§102. Amendments.....	5
§103. Effective Date.....	8

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*

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

5 **A BILL FOR AN ACT** to amend Title 47, Chapters 1 and 3, sections 119, 309, and
6 314 of the Marshall Islands Revised Code (MIRC).

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 Maritime Administration and Preferred Ship
10 Mortgages and Maritime Liens (Technical Amendment) Act, 2023.

11 **§102. Amendments.**

12 *Chapter 1: Section 119 of Title 47, Chapter 1, of the MIRC is hereby amended to*
13 *read as follows:*

14 (1) Any instrument or document which may be registered, filed,
15 recorded, or otherwise submitted to the Maritime Administrator as
16 contemplated or governed by this Title shall be in the form of a
17 written document. An electronic or digital transmission or copy shall
18 be deemed the equivalent of a written or original instrument or
19 document and shall be accepted as may be prescribed by Regulation.

20
21 (2) The signature to any instrument or document may be a manual,
22 electronic, or digital signature. An instrument or document executed

1 by an electronic or digital signature may be acknowledged or
2 notarized in accordance with Regulation.

3
4 *Chapter 3: Section 309 of Title 47, Chapter 3, of the MIRC is hereby amended to*
5 *read as follows:*

6 § 309. Advances and repayments.

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

8 (a) A Preferred Mortgage may secure future advances
9 including contingent obligations and shall not be
10 extinguished or lose its priority because all previously
11 outstanding obligations secured thereby have been fully
12 repaid or otherwise performed, provided that an
13 advance or other value is to be given at a later time
14 pursuant to commitment existing at the time the
15 Mortgage is recorded. For the purpose of this paragraph
16 an advance or other value is given “pursuant to
17 commitment” if the mortgagee or other person entitled
18 to the benefit of the security of the mortgage has bound
19 himself to give it, whether or not a subsequent event of
20 default or other event not within his control has
21 relieved or may relieve him from his obligation.

22 (b) When a Preferred Mortgage secures an obligation in
23 respect of which one or more advances or repayments
24 may be made from time to time in the future and the
25 maximum amount outstanding under the obligation at
26 any one time is limited to a certain amount, the amount
27 to be recorded with respect to such obligation may be
28 either:

29 (i) such maximum amount that may be outstanding at
30 any one time, or

31 (ii) the aggregate of all possible advances that may be
32 made.

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

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

2 (a) Notwithstanding any other provision of this Chapter, a
3 Preferred Mortgage may secure an agreed-upon
4 maximum amount representing all debts or obligations
5 arising or that may arise between the debtor and the
6 creditor within a specified period, whether or not such
7 debt or obligations arise pursuant to commitments
8 under the relevant agreement between the debtor and
9 the creditor existing at the time the Mortgage is
10 recorded. Such maximum amount may exceed the value
11 of the vessel or vessels, which may themselves
12 represent only a part of all of the assets that are subject
13 to the Preferred Mortgage. Only that indebtedness
14 incurred on or prior to the maturity date (including the
15 date of demand of repayment or performance “on
16 demand” obligations) of a Preferred Mortgage made
17 “pursuant to agreement” shall retain its status and
18 ranking as a preferred maritime lien under this Chapter.
19 The indebtedness secured thereby shall include all
20 expenses and interest associated with such
21 indebtedness prior to maturity. A Preferred Mortgage
22 made “pursuant to agreement” under this Subsection
23 shall not be required to represent a commitment to lend
24 or extend other credit on the part of the mortgagee or
25 other person entitled to the benefit of the security of the
26 mortgage, but shall secure all debts or obligations
27 arising or that may arise between the debtor and
28 creditor as a result of transactions the nature of which
29 are subject to or contemplated by the provisions of the
30 mortgage deed, whether present or future, actual or
31 contingent, and shall set forth in addition to other terms
32 and conditions the maximum amount and the maturity
33 date, or a statement of the date of termination if it is
34 other than the maturity date thereof.

35 (b) Nothing contained in this Subsection (2) shall be construed
36 to impair the lien status, recordability, validity or
37 enforceability with respect to a vessel registered under

1 this Chapter of a Preferred Mortgage granted by its
 2 owner that:

- 3 (i) secures obligations, in whole or in part, arising out of
 4 specific successive business contracts or other
 5 transactions, whether or not such contracts or
 6 transactions are related to or arise from the
 7 construction, purchase, sale or chartering of a
 8 vessel registered under this Title, or
- 9 (ii) secures all debts or obligations owed or to be owed
 10 thereunder, so long as the aggregate amount of
 11 such debts or obligations does not exceed at any
 12 one time the stated maximum amount of the
 13 Mortgage.

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

18
 19 *Chapter 3: Section 314 of Title 47, Chapter 3, of the MIRC is hereby amended to*
 20 *read as follows:*

21 § 314. Notice of Mortgage, Certificate of Registry; exhibition.

- 22 (1) Upon recording a Preferred Mortgage, the mortgagor shall place and
 23 use due diligence to retain a Notice of Mortgage on board the
 24 mortgaged vessel. Such Notice of Mortgage and the document of the
 25 vessel shall be exhibited by the Master to any person having business
 26 which may give rise to a maritime lien or to the sale, conveyance, or
 27 mortgage of the vessel.
- 28 (2) The license of a Master who willfully fails to exhibit such document
 29 and ~~copy~~ Notice of Mortgage may be suspended or revoked.

30 **§103. Effective Date.**

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

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BILL SUMMARY


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This Bill proposes to amend Title 47, Chapters 1 and 3, sections 119, 309, and 314 of the MIRC are needed to correct technical items in each section.


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

SIGNATURES

DATE: _____ INTRODUCED BY KESSAI H. NOTE 
Print Name Signature

DATE: _____ INTRODUCED BY Casten Namra 
Print Name Signature

DATE: _____ INTRODUCED BY Wilbur Heine 
Print Name Signature

DATE: _____ INTRODUCED BY _____
Print Name Signature

DATE: _____ INTRODUCED BY _____
Print Name Signature