

## QUIET ENJOYMENT LETTER FOR SHIP FINANCING

1. Date	2. Vessel (state name and IMO number)
3. Mortgagor (state name, e-mail and address for notices)	4. Mortgagee (state name, e-mail and address for notices)
5. Charterer (state name, e-mail and address for notices)	6. Charter Party (state date of and parties to charter party and whether time or bareboat charter)
7. Facility Agreement (state date of and parties to facility or credit agreement)	8. Law and Jurisdiction

Dear Charterer

### 1. Background

- (a) The Mortgagor is the owner of the Vessel.
- (b) The Charterer has agreed to charter the Vessel from the Mortgagor under the Charter Party.
- (c) The Mortgagor has (i) granted a mortgage over the Vessel in favour of the Mortgagee (the "Mortgage") and (ii) assigned to the Mortgagee its rights, title and interest under the Charter Party (the "Assignment"), in each case to secure certain loans made available pursuant to the Facility Agreement.
- (d) In connection with the foregoing, the Mortgagee has agreed to provide an undertaking of quiet enjoyment in relation to the Vessel on the terms set out in this letter.

### 2. Quiet enjoyment

The Mortgagee undertakes to the Charterer that, so long as no event has occurred which would entitle the Mortgagor to terminate the Charter Party in accordance with its terms, the Mortgagee shall not, without the prior written consent of the Charterer, exercise its rights as mortgagee in relation to the Vessel in any manner that would affect or disturb the Charterer's free and uninterrupted use and enjoyment of the Vessel in accordance with the terms of the Charter Party and this letter.

### 3. Acknowledgement

Each of the Mortgagor and Mortgagee hereby notifies the Charterer that the Mortgagor has assigned to the Mortgagee all of its rights, title and interest in and to the Charter Party pursuant to the Assignment. The Charterer acknowledges the above notice of assignment and confirms that it has not received notice of any other assignment of the Mortgagor's rights, title and interest in and to the Charter Party.

### 4. Charterer's undertakings

In consideration for the Mortgagee's undertaking in paragraph 2, the Charterer undertakes to the Mortgagee that:

- (a) it will not cancel, rescind or terminate the Charter Party without giving the Mortgagee written notice at least equal to the notice period, if any, applicable under the Charter Party to the relevant event or circumstance entitling the Charterer to cancel, rescind or terminate the Charter Party in accordance with its terms, it being agreed that this paragraph shall not apply to any termination of the Charter Party occurring by operation of law without action by the Charterer;
- (b) it will not agree to any amendment to or variation of the terms of the Charter Party relating to the duration of charter, charter hire, insurance, charterer credit support or compliance with laws and regulations, without the prior written consent of the Mortgagee (such consent not to be unreasonably withheld or delayed);

- (c) it will continue to pay any amounts owing and payable by it under the Charter Party to the Mortgagor in accordance with the terms of the Charter Party unless and until the Mortgagee instructs the Charterer to pay such amounts to its order, upon which the Charterer shall cease payment to the Mortgagor and shall promptly pay such amounts to the Mortgagee in accordance with the Mortgagee's instructions;
- (d) it will not create or permit to subsist any liens or encumbrances enforceable against the Vessel arising by or through the Charterer except liens arising in connection with the normal operation of the Vessel that are consistent with the terms of the Charter Party or otherwise as expressly permitted in the Charter Party; and
- (e) it will not transfer any of its rights or obligations under the Charter Party except with the prior written consent of the Mortgagee (such consent not to be unreasonably withheld or delayed);

and, in addition, if the Charter Party is a bareboat charter:

- (f) it will not enter or permit to be entered into any agreement for the sub-charter of the Vessel on a bareboat basis except with the prior written consent of the Mortgagee (such consent not to be unreasonably withheld or delayed);
- (g) it will not change the flag, class notation, classification society or name of the Vessel, or change any registration of the Vessel in a bareboat registry, except with the prior written consent of the Mortgagee (such consent not to be unreasonably withheld or delayed); and
- (h) it will allow the Mortgagee to inspect the Vessel at such times and under such conditions as the Mortgagor is permitted to do so under the Charter Party.

## **5. Reservation of Mortgagee's rights**

The Mortgagee's undertaking in paragraph 2 shall not be construed as restricting:

- (a) the Mortgagee from enforcing its rights in respect of the Vessel during the term of the Charter Party, provided that the Mortgagee shall enforce such rights on the basis that the Charter Party remains in place and subject to the terms of this letter; or
- (b) the Mortgagee or any other finance parties from enforcing any other rights not in respect of the Vessel they may have under or in connection with the Facility Agreement.

## **6. Charterer's cooperation**

- (a) In the event that the Mortgagee takes steps to enforce its rights in respect of the Vessel or otherwise under or in connection with the Facility Agreement, and provided that the Mortgagee has not breached its undertaking in paragraph 2, the Charterer shall cooperate with the Mortgagee in good faith and in a timely manner in order to:

- (i) facilitate any transfer of ownership or control of the Vessel or the Mortgagor and/or any assignment, novation or replacement of the Charter Party; and

- (ii) take such actions and execute or procure the execution of such documents as may be necessary to implement such transfer of ownership or control of the Vessel or the Mortgagor and/or such assignment, novation or replacement of the Charter Party,

in each case notwithstanding any restrictions or consent rights that would otherwise apply in the Charter Party.

- (b) The Charterer's undertakings in paragraph 6(a) are subject to:

- (i) the party to whom the ownership or control of the Vessel or the Mortgagor, and/or the Charter Party, is being transferred meeting the Charterer's applicable regulatory and/or compliance requirements;

- (ii) the terms of any assigned, novated or replacement Charter Party being the same as the terms of the original Charter Party save for logical and necessary changes; and

- (iii) the Mortgagee reimbursing the Charterer for any documented out-of-pocket costs and expenses incurred by the Charterer in order to comply with the undertakings in paragraph 6(a).

## **7. Effective date and termination**

The Mortgagee's undertaking in paragraph 2 and the Charterer's obligations under this letter shall take effect on the date stated in Box 1 and shall terminate on the earliest of:

- (a) the Charterer ceasing to be the Charterer under the Charter Party;
- (b) the Mortgagee ceasing to be the mortgagee in respect of the Vessel;
- (c) the Charter Party being cancelled, rescinded or terminated;
- (d) the actual, arranged, constructive or compromised total loss of the Vessel;
- (e) the Charterer failing to comply with its undertakings in paragraph 4; or
- (f) the Charterer failing to comply with its obligations in paragraph 6, and such failure remaining unremedied for a period of thirty (30) days following written notice by the Mortgagee.

**8. Law and Jurisdiction**

This letter and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the law referred to in Box 8. The courts of the place referred to in Box 8 shall have exclusive jurisdiction with respect to any dispute arising out of or in connection with this letter.

**9. Notices**

Any notice, request, demand or other communication under or in connection with this letter shall be made or delivered by one party to another to the relevant e-mail or address stated in Box 3, 4 or 5, as applicable, or to any other address or e-mail as the relevant party notifies in writing. Such notice, request, demand or other communication shall only be effective:

- (a) if delivered by way of e-mail, when it has been received in legible form; or
- (b) if delivered by way of letter, when it has been left at the relevant address or seven (7) days after it has been deposited in the post, postage prepaid, in an envelope addressed to the relevant address.

**10. Miscellaneous**

- (a) For the avoidance of doubt, no charterer of the Vessel other than the Charterer may enforce the terms or enjoy the benefit of this letter.
- (b) No variation or amendment to this letter shall be valid unless in writing and signed on behalf of the Charterer and the Mortgagee.
- (c) References to the parties in this letter include references to successors and permitted assigns.
- (d) This letter may be signed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this letter.

**The Mortgagee**

*[Company]*

Name:

Title:

Acknowledged and agreed by

**The Charterer**

*[Company]*

Name:

Title:

**The Mortgagor**

*[Company]*

Name:

Title:

Working Copy