**ANNEX G**

**FORM OF ASSIGNMENT OF CONSTRUCTION CONTRACT**

**ASSIGNMENT OF CONSTRUCTION CONTRACT**

**THIS ASSIGNMENT OF CONSTRUCTION CONTRACT** (this “***Assignment***”) is made as of \_\_\_\_\_\_\_\_\_, 20\_\_\_, by\_\_\_\_\_\_\_ , a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_ (the "***Shipowner***"), to and in favor of the United States of America (the "***United States***"), represented by the Maritime Administrator of the Maritime Administration (the "***Administrator***"), pursuant to Chapter 537 of Title 46 of the United States Code (“***Chapter 537***”).

For value received, the Shipowner , as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_, hereby sells, grants, assigns, transfers and sets over to the United States, represented by the Administrator, all of its rights, title and interest in and to that certain Construction Contract between Shipowner and [Name of Shipyard], (the “***Shipyard***”) dated\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ (the “***Construction Contract***”), annexed hereto as Exhibit A, and as may be amended, in connection with the construction of the certain Vessels, pursuant to the Consolidated Agreement, Contract No. MA-\_\_\_\_\_\_\_between the Shipowner and the Administrator, dated as of even date herewith (as the same may be modified, the “***Agreement***”) in which the Administrator has agreed to guarantee, subject to the terms and conditions thereof, a loan to Shipowner up to the Amount of Administrator’s Guarantee. Capitalized terms not defined herein, unless otherwise defined herein, shall have the respective meanings set forth in the Agreement.

 This Assignment is made to aid the Administrator in appropriate circumstances to better protect its security for the obligations of the Shipowner under the Agreement and the other Transaction Documents. The Shipowner represents and warrants to the Administrator that it has not made any previous assignment of its interest in the Construction Contract, that the Construction Contract is a valid and enforceable agreement, that neither party is in default to the other under the Construction Contract and that all covenants, conditions and agreements have been performed as required therein, except those not due to be performed until after the date hereof. No change in the terms of the Construction Contract shall be valid without the written approval of Administrator provided that the Administrator’s prior written consent shall not be necessary, but prior written notice to the Administrator shall be given, for (a) any mandatory changes to the Construction Contract as a result of any requirements of any governmental agency, or (b) any non-mandatory changes that Shipyard and Shipowner desire to make which do not exceed, with respect to any item of the Vessel’s construction, one (1%) percent of the Vessel’s Contract Price and which do not, in the aggregate, cause the Vessel’s Contract Price to be increased more than five (5%) percent or the delivery and completion date of the Vessel to be extended more than ten (10) days. Notwithstanding the foregoing, no change shall be made in the general dimensions and/or characteristics of the Vessel which would diminish the capacity of the Vessel to perform as originally intended by the Construction Contract, without the Administrator’s prior written consent. The Shipowner agrees not to assign, sell, pledge, mortgage or otherwise transfer or encumber its interest in the Construction Contract so long as this Assignment is in effect.

 The Shipowner agree that the Administrator shall not be under any obligation or liability with respect to the Construction Contract, unless and until the Administrator shall have given to the Shipyard written notice that it has affirmatively exercised its rights to complete or cause the completion of construction of any of the Vessels upon or after the occurrence of a Default under the Agreement. No request by the Administrator to the Shipyard shall be honored unless in writing. In the event that the Administrator does not undertake to complete construction, such obligations and duties shall be assumed by the person or entity so undertaking to complete construction and designated by the Administrator, and the Administrator shall have no liability whatsoever for the performance of any of such obligations and duties. For the purpose of completing the Vessels, the Administrator may reassign its right, title and interest in the Construction Contract to any persons or entities in the Administrator’s discretion upon notice to the Shipyard but without any further requirement for the Shipowner’s or the Shipyard’s consent, and any such reassignment shall be valid and binding upon the Shipowner and the Shipyard as fully as if each had expressly approved the same.

 Subject to the aforesaid limitation on further assignment by the Shipowner, this Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors in interest of the Shipowner, the Administrator and the Shipyard.

 If a Default occurs under the Agreement, until and unless such Default is waived or otherwise excused by the Administrator, the Shipowner hereby irrevocably constitutes and appoints the Administrator as its attorney-in-fact to demand, receive and enforce the Shipowner’s rights under the Construction Contract, to make payments under the Construction Contract, to give appropriate receipts, releases and satisfactions for, and on behalf of, the Shipowner or, at the option of the Administrator in the name of the Administrator, and to do any and all acts in the name of the Shipowner or in the name of the Administrator with the same force and effect as if done by the Shipowner.

 The Shipowner hereby agrees to indemnify and hold the Administrator harmless from and against any and all claims, demands, liabilities, losses, lawsuits, judgments, and costs and expenses (including without limitation reasonable outside counsel and in-house attorneys’ fees) to which the Administrator may become exposed, or which the Administrator may incur, in exercising or failing to exercise any of its rights under this Assignment.

 This Assignment shall be governed by, and construed and interpreted in accordance with the laws of the United States of America, including federal common law, and absent applicable federal law, the laws of the Governing Law State, notwithstanding its conflict of laws rules.

 The term of this Assignment shall expire at such time as the Shipowner’s obligations under the Transaction Documents are paid in full and performed in full.

 This Assignment may be executed in counterparts, each of which shall be deemed an original but all of which when taken together shall constitute but one and the same instrument.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Shipowner has executed this Assignment as of the date first written above.

|  |  |  |
| --- | --- | --- |
| (SEAL)Attest: |  | SHIPOWNER |
| By: |  |  | By: |  |
| Name: |  |  | Name: |  |
| Title: |  |  | Title: |  |

**EXHIBIT A**

**EXECUTED COPY OF CONSTRUCTION CONTRACT**

*(End of Annex G)*