

## 46 CFR § 356.27 Mortgage Trustee requirements

(a) A lender who is not qualified under § 356.19(a)(1) through (5) to hold a Preferred Mortgage directly on a Fishing Industry Vessel may use a qualified Mortgage Trustee to hold for the benefit of the lender the Preferred Mortgage and the debt instrument for which the Preferred Mortgage is providing security. (b) In order to qualify as an approved Mortgage Trustee, the Mortgage Trustee must: (1) Be eligible to hold a Preferred Mortgage on a Fishing Industry Vessel under 46 C.F.R. § 356.19(a)(1) through (5); (2) Be organized as a corporation and doing business under the laws of the United States or of a State; (3) Be authorized under the laws of the United States or of the State under which it is organized to exercise corporate trust powers; (4) Be subject to supervision or examination by an official of the United States Government, or of a State; (5) Have a combined capital and surplus (as stated in its most recent published report of condition) of at least \$3,000,000; and (6) Meet any other requirements prescribed by the Citizenship Approval Officer. (c) The Mortgage Trustee must submit to the Citizenship Approval Officer the following documentation in order to be an approved Mortgage Trustee: (1) An application for approval as a Mortgage Trustee as set out in paragraph (g) of this section; (2) The appropriate certification and documentation required under section 356.19(b)(1) through (5) to demonstrate that it is qualified to hold a Preferred Mortgage on Fishing Industry Vessels; (3) A copy of the most recent published report of condition of the Mortgage Trustee; and, (4) A certification that the Mortgage Trustee is authorized under the laws of the United States or of a State to exercise corporate trust powers and is subject to supervision or examination by an official of the United States or of a State; (d) Any right set forth in a mortgage on a Fishing Industry Vessel cannot be issued, assigned, or transferred to a person who is not eligible to be a Mortgagee without the approval of the Citizenship Approval Officer. (e) Mortgage Trustees approved by the Citizenship Approval Officer must not assume any fiduciary obligations in favor of Non-Citizen Lenders that are in conflict with the U.S. Citizen ownership and control requirements set forth in the AFA, without the approval of the Citizenship Approval Officer. An approved Mortgage Trustee may request that the Citizenship Approval Officer pre-approve a trust agreement form to ensure that the fiduciary duties assumed by the Mortgage Trustee in favor of a Non-Citizen Lender are consistent with the ownership and control requirements of this Part and the AFA. (f) We will periodically publish a list of Approved Mortgage Trustees in the Federal Register, but current information as to the status of any particular Mortgage Trustee must be obtained from the Citizenship Approval Officer. (g) An application to be approved as a Mortgage Trustee should include the following: The undersigned (the "Mortgage Trustee") hereby applies for approval as Mortgage Trustee pursuant to 46 U.S.C. § 31322(f) and the Regulation (46 CFR Part 356), prescribed by the Maritime Administration ("MARAD"). All terms used in this application have the meaning given in the Regulation. In support of this application, the Mortgage Trustee certifies to and agrees with MARAD as hereinafter set forth: The Mortgage Trustee certifies: (a) That it is acting or proposing to act as Mortgage Trustee on a Fishing Industry Vessel documented, or to be documented under the U.S. registry; (b) That it -- (1) is organized as a corporation under the laws of the United States or of a State and is doing business

in the United States; (2) is authorized under those laws to exercise corporate trust powers; (3) is qualified to hold a Preferred Mortgage on Fishing Industry Vessels pursuant to 46 C.F.R. § 356.19(a); (4) is subject to supervision or examination by an official of the United States Government or a State; and (5) has a combined capital and surplus of at least \$3,000,000 as set forth in its most recent published report of condition, a copy of which, dated , is attached. The Mortgage Trustee agrees: (a) That it will, so long as it shall continue to be on the List of Approved Mortgage Trustees referred to in the Regulation: (1) notify the Citizenship Approval Officer in writing, within 20 days, if it shall cease to be a corporation which:

(i) is organized under the laws of the United States or of a State, and is doing business under the laws of the United States or of a State; (ii) is authorized under those laws to exercise corporate trust powers; (iii) is qualified under 46 C.F.R. § 356.19(a) to hold a Preferred Mortgage on Fishing Industry Vessels; (iv) is subject to supervision or examination by an authority of the U.S. Government or of a State; and (v) has a combined capital and surplus (as set forth in its most recent published report of condition) of at least \$3,000,000. (2) furnish to the Citizenship Approval Officer on an annual basis: (i) the appropriate certification and documentation required under § 356.19(b)(1)-(5) to demonstrate that it is qualified to hold a Preferred Mortgage on Fishing Industry Vessels; (ii) a copy of the most recent published report of condition of the Mortgage Trustee; (iii) a list of the Fishing Industry Vessels for which it is acting as Mortgage Trustee; and, (iv) the identity and address of all beneficiaries for which it is acting as a Mortgage Trustee. (3) furnish to the Citizenship Approval Officer copies of each Trust Agreement as well as any other issuance, assignment or transfer of an interest related to each transaction where the beneficiary under a trust arrangement is not a Commercial Lender, a Lender Syndicate or an entity that is eligible to hold a Preferred Mortgage under 46 C.F.R. § 356.19(a) (1) -(5); (4) furnish to the Citizenship Approval Officer any further relevant and material information concerning its qualifications as Mortgage Trustee under which it is acting or proposing to act as Mortgage Trustee, as the Citizenship Approval Officer may from time to time request; and, (5) permit representatives of the Maritime Administration, upon request, to examine its books and records relating to the matters referred to herein; (b) That it will not issue, assign, or in any manner transfer to a person not eligible to own a documented vessel, any right under a mortgage of a Fishing Industry Vessel, or operate such vessel without the approval of the Citizenship Approval Officer; except that it may operate the vessel to the extent necessary for the immediate safety of the vessel, for its direct return to the United States or for its movement within the United States for repairs, drydocking or berthing changes, but only under the command of a Citizen of the United States for a period not to exceed 15 calendar days; (c) That after a responsible official of such Mortgage Trustee obtains knowledge of a foreclosure proceeding, including a proceeding in a foreign jurisdiction, that involves a documented Fishing Industry Vessel on which it holds a mortgage pursuant to approval under the Regulation and to which 46 App. U.S.C. § 802(c), day of 46 U.S.C. § 31322(a)(4) or 46 U.S.C. § 12102(c) is applicable, it shall promptly notify the Citizenship Approval Officer with respect thereto, and shall ensure that the court or other tribunal has proper notice of those provisions; and (d) That it shall not assume any fiduciary obligation in favor of a Non-Citizen

beneficiary that is in conflict with any restrictions or requirements of the Regulation. This application is made in order to induce the Maritime Administration to grant approval of the undersigned as Mortgage Trustee pursuant to 46 U.S.C. § 31322 and the Regulation, and may be relied on by the Citizenship Approval Officer for such purposes. False statements in this application may subject the applicant to fine or imprisonment, or both, as provided for violation of the proscriptions contained in 18 U.S.C. §§ 286, 287, and 1001.

Dated this        day of        , 20    .

ATTEST:

(Print or type name)

(SEAL)

**MORTGAGE TRUSTEE'S NAME & ADDRESS**

By:

(Print or type name below)

TITLE: