



**“AN ACT TO AMEND AND RESTATE CHAPTER 3: PREFERRED
SHIP MORTGAGES AND MARITIME LIENS ON LIBERIAN
VESSELS, OF THE LIBERIAN MARITIME LAW, TITLE 21,
LIBERIA CODE OF LAW REVISED”**

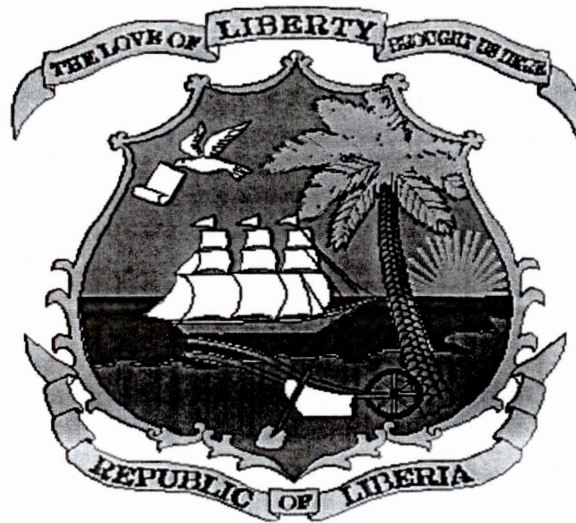
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AN ACT

**TO AMEND AND RESTATE CHAPTER 3: PREFERRED
SHIP MORTGAGES AND MARITIME LIENS ON LIBERIAN
VESSELS, OF THE LIBERIAN MARITIME LAW, TITLE 21,
LIBERIAN CODE OF LAWS REVISED**



REPUBLIC OF LIBERIA

CHAPTER 3.

PREFERRED SHIP MORTGAGES AND MARITIME LIENS ON LIBERIAN VESSELS

§100. Registration and Recordation in the Relevant Index.

(1) A sale, conveyance, hypothecation, mortgage or assignment of mortgage of a Liberian vessel shall not be valid in respect of such vessel, against any person other than the grantor or mortgagor, his heirs or devisees and persons having actual notice thereof until the instrument evidencing such transaction is registered in accordance with Section 14 and recordation is made in the index provided for in Section 14(2)(b)(ii) and in accordance with the provisions of this Chapter.

(2) The Commissioner or the Deputy Commissioner, whose office is designated as the central office in respect of the relevant index, shall make, or cause to be made, a recordation of such instruments in the order of their reception by him, or in the order in which they are received in another location appointed for this purpose in accordance with Section 14(5), in the relevant index in the central office and in respect of each such entry shall record:

- (a) The name of the vessel;
- (b) The names of the parties;
- (c) The time and date of reception of the instrument or, where the instrument was recorded from another location, the place, date and time in that location and the time and date of recording by him of the instrument in the relevant index in the central office in respect of that index;
- (d) The interest in the vessel transferred or affected;
- (e) The amount or amounts of the direct and contingent obligations, including, but not limited to, those provided for in Section 106A, that are or may become secured by any mortgage:

Provided that if a mortgage or other instrument is recorded from a location other than the office of the Deputy Commissioner which is the central office at which the relevant index is maintained, that mortgage or other instrument shall not be deemed to be recorded until the date and time that recordation has been made in the relevant index.

(3) The Deputy Commissioner whose office is the central office of the relevant index, or a person duly appointed by him, at any office appointed for this purpose in accordance with Section 14(5), may record a mortgage or related instrument in the order of time in which the

mortgage or other instrument is produced to him for that purpose, and shall inscribe on each such mortgage or other instrument:

- (a) That it has been so recorded by him;
- (b) The local date and time and the date and time, in the location of the office of the Deputy Commissioner which is the central office of the relevant index, at which the mortgage or other instrument was recorded in the relevant index;
- (c) The index number of the recordation.

(4) Where a mortgage or other instrument is recorded under the provisions of paragraph (3), the person effecting the recordation shall:

- (a) Provide to the mortgagee a certificate of ownership and encumbrance;
- (b) Record the mortgage or other instrument in the relevant index maintained in the office of the Deputy Commissioner;
- (c) At the time and place that the mortgage or other instrument is recorded under this Section, provide to the mortgagee a certified extract of the relevant index relating to that mortgage or other instrument.

(5) In this Section:

“Local date and time” means the official date and time in the location in which is the appointed office from which the mortgage or other instrument is recorded under paragraph (3);

“Other instruments” shall include but are not limited to the instruments referred to in Section 14(2)(b)(ii).

(6) A party to a mortgage or similar instrument recorded under this Chapter, with the consent of the other party or parties, may:

- (a) Within 60 days of the recordation; and
- (b) On submission of all certified copies of the mortgage to the Commissioner or office of Deputy Commissioner which is the central office of the relevant index, or to the office at which the registration and recordation took place, for correction,

correct any error on the face of the document.

(7) No correction may be made under paragraph (6) which would have the effect of requiring an amendment to be made to any matter contained in a certificate of ownership and encumbrance, or in a certified extract of the relevant index previously issued.

(8) A correction made under paragraph (6) takes effect from the day of recordation of the instrument that was previously recorded in accordance with paragraph (3).

(9) The provisions of this Section in respect of registration and recordation shall apply *mutatis mutandis* to the registration and recordation of a corrected document in place of the previously recorded document.

(10) Documents submitted for registration and recordation shall comply with the relevant requirements of Regulations, Rules and Notices made for this purpose in respect of form, acknowledgement and proof of execution and Section 20 shall apply.

Prior legislation: Lib. Mar. Code, t. III, sec. 1; amended Dec. 22, 1949; amended eff. June 19, 2002.

§100A. Registration, Recordation, and Discharge of Financing Charters.

(1) Without adversely affecting the documentation, eligibility for documentation or renewal of documentation of a vessel, a documented owner and a finance charterer may enter into a financing charter and either party may file with the Commissioner or Deputy Commissioner a true copy thereof for the purpose of recordation in the relevant index in respect of such vessel. A financing charter shall be signed by the documented owner and the finance charterer, and shall be acknowledged as may be required by Regulation, Rule or Notice, and shall include the name and official number of the vessel, the date of the financing charter, the names and addresses of the documented owner and the finance charterer and the maximum aggregate of the nominal amount of all charter hire payments, termination payments, purchase or put option amounts payable, or which may become payable, thereunder, exclusive of any interest, indemnities, expenses or fees. A security interest in a vessel in favor of a documented owner evidenced by a financing charter recorded in compliance with this Section 100A shall for all purposes be deemed a preferred mortgage on the vessel in favor of the documented owner, effective as of the date and time of filing. All provisions of this Chapter 3 shall apply to any financing charter filed in accordance with this Section 100A.

(2) A documented owner may also file for the purpose of recordation any renewals, amendments, supplements, assignments or other instruments related to any financing charter filed pursuant to paragraph (1) of this Section 100A.

(3) A documented owner shall have the power to grant one or more preferred mortgages encumbering the whole of a vessel, and any supplements, amendments, assignments or other instruments related thereto notwithstanding that such documented owner or predecessor in interest shall have entered into a financing charter deemed to be a preferred mortgage on the vessel pursuant to paragraph (1) of this Section 100A.

(4) The mere filing or recording of a contract as a financing charter hereunder shall not constitute evidence that such contract in fact is a financing charter or that it creates a security interest.

(5) With respect to any financing charter, the documented owner party thereto shall be deemed a mortgagee under a preferred mortgage and the finance charterer shall be deemed the mortgagor for all purposes under the Laws of the Republic of Liberia, including this Title and any Regulations, Rules and Notices thereunder.

(6) Without affecting the validity of the financing charter as a preferred mortgage, the parties to a financing charter may redact or omit any exhibit thereto including, without limitation, any schedule with respect to the due date and amounts of individual installments of charter hire and the timing and amounts of individual purchase options, termination payments or puts.

(7) An existing demise or bareboat charter which does not itself meet the requirements set forth in this Section 100A may be eligible for filing as a financing charter upon execution and acknowledgement of an amendment or supplement which specifically attaches and incorporates the existing demise or bareboat charter and which amendment or supplement then meets the recording requirements of this Section 100A.

(8) The Deputy Commissioner may accept for filing a discharge of preferred mortgage maritime lien which is evidenced by a recorded financing charter under Section 100A of this Chapter 3; provided, however, that such filing will itself not affect the registration of the vessel or otherwise affect any rights or obligations of the parties under the financing charter.

Eff. April 23, 2018.

§101. Mortgages: preferred status.

(1) A valid mortgage, whenever made, which at the time it is made includes the whole of any vessel, shall have a preferred status in respect of such vessel as of the date of its recordation if the mortgage is recorded as provided herein and the mortgage does not stipulate that the mortgagee waives the preferred status thereof.

(2) The preferred status of a mortgage under this Chapter shall not be prejudiced or impaired by reason of the fact that such instrument secures the payment, pledge or assignment of monies or rights due or to become due to the vessel owner or other party, such as, but not limited to, guarantee fees, insurance options, charter hire, freight revenues or any other fees, costs or charges, direct or contingent, incidental to the sale, purchase or operation of a registered vessel or the applicability of or compliance with any provision of Section 106A, or by reason of the fact that no advance of monies is or has been made at the time of its recordation.

(3) A valid mortgage, whenever made, which:

(a) Includes the whole of any vessel;

(b) Is recorded as provided herein;

(c) Is granted in continuation of a prior recorded mortgage, hypothecation or similar charge on such vessel, whether granted under the laws of Liberia or the laws of another jurisdiction in which the vessel was documented at the time such prior mortgage was recorded, shall have preferred status in respect of such vessel as of the date of recordation of such prior mortgage.

(4) For the purposes of paragraph (3) a mortgage “granted in continuation of a prior recorded mortgage, hypothecation or similar charge” shall mean a mortgage on a Liberian vessel where:

- (a) The vessel covered by such mortgage is a vessel covered by the prior mortgage, hypothecation or similar charge;
- (b) The obligations secured by such mortgage are obligations secured by the prior mortgage, hypothecation or similar charge;
- (c) Such mortgage is granted by the current vessel owner, whether or not the owner is the vessel owner which granted the prior mortgage, hypothecation or similar charge, to secure obligations secured by the prior mortgage, hypothecation or similar charge; and
- (d) For a vessel entering the register, such mortgage is recorded during the period defined in paragraph (6).

(5) Nothing in paragraphs (3) and (4) shall be construed to pre-empt any non-statutory law which, taking into account the foregoing and/or other circumstances, would recognize the preferred status of a mortgage of a Liberian vessel prior to the date of recording thereof.

(6) For a vessel entering the register, the preferred status of a mortgage, hypothecation or similar charge on such vessel recognized under Section 112A shall continue for a period of 30 days following registration of the vessel if the information with respect to such mortgage is furnished as required in compliance with Section 100 or Section 100A at the time of registration as a Liberian vessel.

(7) The preference status provided for in paragraph (6) shall not be adversely affected by the deletion or release of the mortgage as a matter of record from the prior registration of the vessel in connection with or as a condition or a consequence of the deletion of the vessel from the register under which it was formerly registered and the mortgage recorded.

(8) In the interpretation and application of this Section a certified extract from the index maintained by the office of the Deputy Commissioner under Section 14(2)(b)(ii), a certificate of ownership and encumbrance issued by that Deputy Commissioner or, in the case of a mortgage, hypothecation or similar charge recorded in another jurisdiction, similar documentation, including a transcript of registry, certified or issued by the appropriate governmental agency of that jurisdiction, shall be accepted as evidence of the granting and recordation of a mortgage, hypothecation or similar charge, including the date of recordation thereof.

Prior legislation: Lib. Mar. Code, t. III, sec. 2; amended Dec. 22, 1949; amended eff. Mar. 1, 1958; amended eff. Dec. 24, 1984; amended eff. Aug. 28, 1986; amended eff. June 19, 2002; amended eff. April 23, 2018.

§102. Termination of Mortgagee's Interest.

(1) The interest of a mortgagee in a vessel registered under this Title shall not be terminated by a forfeiture of the vessel for a violation of any law of the Republic of Liberia, unless the mortgagee authorized, consented, or conspired to effect the illegal act, failure, or omission which constituted such violation.

(2) A vessel which is the subject of a Preferred Mortgage may not be canceled from the Register for so long as the indebtedness secured by the Preferred Mortgage remains unsatisfied or the Mortgage is not otherwise discharged:

Provided that:

- (a) The registration may be cancelled if the consent thereto by each mortgagee of record, evidenced as the Deputy Commissioner, in the office of whom is the central office of the relevant index, may require, shall have been filed with that office of Deputy Commissioner;
- (b) The Commissioner or Deputy Commissioner referred to in (a) above may strike the vessel from the register where he is satisfied that the vessel is lost, destroyed or transferred to another register following a sale by order of an Admiralty court in a civil action *in rem* and he has notified in writing at his last known address for service each mortgagee of record of his intention to do so no later than 90 days before he intends to strike off.

(3) The cancellation of a registration of a vessel shall not be taken to affect the lien or status of a mortgage recorded under this Chapter nor shall it be taken to terminate the interest of the mortgagee in such vessel.

Prior legislation: Lib. Mar. Code, t. III, sec. 3; amended eff. Mar. 1, 1958; amended eff. Dec. 24, 1984; amended eff. June 19, 2002.

§103. Ship Mortgage: Conditions Precedent.

A mortgage shall not be recordable unless it states the interest of the mortgagor in the vessel, and the interest so mortgaged. A mortgage or instrument of release, satisfaction or discharge thereof shall not be recorded unless it bears an apostille issued by a competent authority of a State Party to the Hague Convention of 5 October 1961, as amended, or has been acknowledged or is submitted with such other proof of due execution as may be required by Regulation, Rule or Notice.

Prior legislation: Lib. Mar. Code, t. III, sec. 4; amended Dec. 22, 1949; amended eff. Aug. 28, 1986; amended eff. June 19, 2002

§104. Bills of Sale: Recording.

- (1) In accordance with Section 14:
 - (a) The Commissioner; or
 - (b) The Deputy Commissioner whose office is the central office of the relevant index; or
 - (c) A person duly appointed for this purpose at a location so appointed, may accept for recording in the relevant index any bill of sale or other instrument of conveyance of a vessel which recites the interest of the seller in the vessel and the interests sold or conveyed, provided it has previously been acknowledged or is submitted with such other proof of due execution as may be required by Regulation, Rule or Notice, and provided further that any bill of sale of a vessel already documented under the laws of Liberia must duly identify the vessel.
- (2) The provisions of Sections 14(5) and 100(3) shall apply *mutatis mutandis* to permit that any document which may be recorded in accordance with paragraph (1) may be recorded at another location appointed for the purpose elsewhere than at the office of the Deputy Commissioner which is the central office in respect of the relevant index.

Prior legislation: Mar. Reg. 3.2, eff. Feb. 28, 1949; amended June 29, 1949; amended eff. Mar. 1, 1958; amended eff. Dec. 24, 1984; amended eff. Aug. 28, 1986; amended eff. June 19, 2002; amended eff. Feb. 14, 2013.

§105. Mortgages: Recording.

- (1) In accordance with Sections 14, 100 and 100A:
 - (a) The Commissioner; or
 - (b) The Deputy Commissioner whose office is the central office of the relevant index; or
 - (c) A person duly appointed for this purpose at a location so appointed,

may accept for recording in the relevant index any mortgage or financing charter on a Liberian vessel whenever made which recites (i) the interest of the mortgagor in the vessel and the interest so mortgaged (ii) the instrument or instruments which evidence the direct and/or contingent obligations secured by such mortgage or financing charter, including the date of each such instrument and the parties thereto, and (iii) the amount or amounts of the direct and/or contingent obligations secured by such mortgage or financing charter, provided such mortgage or financing charter bears the Hague Convention apostille or has been acknowledged or is submitted with such other proof of due execution as may be required by Regulation, Rule or Notice. A mortgage or financing charter which recites the particulars required to be stated by this Chapter and the relevant Regulations: (1) is not required, in order to be enforceable under Liberian law, (A) to state any other terms and conditions or annex any copies or summaries of the instrument(s) which evidence

the direct and/or contingent obligations secured thereby, or (B) to annex any copies or summaries of any agreement or other document that is incorporated by reference into the mortgage or financing charter; and (2) secures modifications, if any, that may be made from time to time to the direct and/or contingent obligations secured thereby in respect of (i) interest rate and payment terms, (ii) a decrease in the total amount of the direct and/or contingent obligations secured by such mortgage or financing charter, (iii) any maturity date (other than an extension of a maturity date stated in the mortgage or financing charter), and (iv) any covenants (except as otherwise provided in the foregoing items (ii) and (iii)).

(2) A mortgage or other similar document shall be recorded in its proper form and, on request and payment of the prescribed fee, there shall be issued a certified extract of the relevant index, as evidence of the recordation of the mortgage as a Preferred Mortgage.

(3) On request, there may be issued a certificate of ownership and encumbrance setting forth all recorded mortgages, encumbrances and similar instruments with respect to a vessel registered under this Title as at the time and date of issue of the certificate.

(4) A mortgage which complies with the conditions enumerated in this Chapter is designated as a Preferred Mortgage and the relevant index may be known as the Preferred Mortgage Index.

(5) Every builder's mortgage recorded in accordance with this Chapter and Regulations made hereunder:

- (a) Binds the ship under construction to which it relates during the period from the commencement of the building thereof until launching;
- (b) Binds the ship under construction to which it relates at and from the time of the launching of that ship unless released, satisfied or discharged; and
- (c) Operates in all respects as if it were a Preferred Mortgage under this Chapter,

and the provisions of this Chapter shall apply to such a mortgage, with such modifications as the circumstances require.

(6) Without prejudice to his other lawful rights and remedies, a mortgagee of a ship under construction shall have the right to:

- (a) Take possession of such ship at any time before its completion, and sell the ship in accordance with the terms and conditions of the mortgage or other recorded instrument;
- (b) Obtain an order of an appropriate court or other duly constituted authority to take possession and sell the ship; or

(c) Apply to the appropriate court for an official or judicial sale of the ship under construction.

(7) The provisions of Sections 14 and 100 shall apply in respect of the registration and recording of mortgages and related instruments in respect of a ship under construction.

Prior legislation: Mar. Reg. 3.2, eff. Feb. 28, 1949; amended June 29, 1949; amended eff. Mar. 1, 1958; amended eff. Dec. 24, 1984; amended eff. Aug. 28, 1986; amended eff. June 19, 2002; amended eff. April 23, 2018.

§106. Allocation of Mortgage indebtedness.

(1) If a Preferred Mortgage includes more than one vessel or property that is not a vessel, the mortgage may provide for the separate discharge of each vessel and all property not a vessel by payment of part of the mortgage indebtedness.

(2) If a vessel covered by a Preferred Mortgage under this Chapter that includes more than one vessel or property that is not a vessel is sold under the order of an Admiralty court in a civil action *in rem* and the mortgage does not provide for separate discharge, the Preferred Mortgage shall constitute a lien on that vessel in the full amount of the outstanding mortgage indebtedness and an allocation of mortgage indebtedness between the vessel and other property covered by the mortgage for the purpose of separate discharge may not be made by such court.

Prior legislation: Lib. Mar. Code, t. III, sec. 5(c); amended Dec. 22, 1949 and Mar. Reg. 3.3, eff. Feb. 28, 1949; amended eff. Mar. 1, 1958; amended eff. Dec. 24, 1984; amended eff. Aug. 28, 1986; amended eff. June 19, 2002.

§106A. Advances and Repayments.

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

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

(a) Such maximum amount that may be outstanding at any one time, or

(b) The aggregate of all possible advances that may be made.

A Preferred Mortgage made pursuant to commitment and the recordation thereof shall clearly indicate whether the amount is the maximum amount that may be outstanding at any one time or is the aggregate of all possible advances.

(3) Notwithstanding any other provisions of this Chapter, a Preferred Mortgage “given pursuant to agreement” may secure an agreed-upon maximum amount representing all the debts and obligations arising or that may arise between the debtor and the creditor within a specified period. Such maximum amount may exceed the value of the vessel or vessels, which may themselves represent only a part of all of the assets which are subject to the Preferred Mortgage. Only the indebtedness incurred on or prior to the maturity date or date of termination of a Preferred Mortgage made “pursuant to agreement” shall retain its status and ranking as a preferred lien under this Chapter. The indebtedness secured thereby shall include all expenses and interest associated with such indebtedness prior to maturity. A Preferred Mortgage made “pursuant to agreement” under this paragraph shall not be required to represent a commitment to lend on the part of the mortgagee, but shall secure all debts and obligations arising or that may arise between the parties as a result of transactions the nature of which are subject to the provisions of the mortgage deed, whether present or future, actual or contingent, and shall set forth in addition to other terms and conditions the maximum amount and the maturity date, or a statement of the date of termination if it is other than the maturity date.

(4) Nothing in paragraph (3) shall be construed to impair the lien status, recordability, validity or enforceability with respect to a vessel registered under this Title of a Preferred Mortgage granted by its owner that:

- (a) Secures obligations, in whole or in part, arising out of specific successive business contracts or other transactions, whether or not such contracts or transactions are related to or arise from the construction, purchase, sale or chartering of a vessel registered under this Title; or
- (b) Secures all debts or obligations owed or to be owed thereunder, so long as the aggregate amount of such debts or obligations does not exceed at any one time the stated maximum amount of the mortgage.

(5) The preferred status of a mortgage made “pursuant to agreement” in accordance with paragraph (3) and which may be secured by more than one vessel or by property that is not a vessel shall not be impaired by reason of the fact that the mortgage does not provide for separate discharge thereof.

Eff. Dec. 24, 1984; amended eff. Aug. 28, 1986; amended eff. June 19, 2002.

§106B. Units of Account.

(1) The obligations secured by a Preferred Mortgage may be expressed in any unit or units of account to which the parties may agree, including but not limited to currency of the Republic of

Liberia, currency or currencies of any foreign state or states, or in equivalents of any other unit or units of account established by intergovernmental organizations.

(2) If a Preferred Mortgage secures an obligation in one or more specified units of account and there is an option to have a unit of account altered from time to time, the principal amount of the mortgage to be recorded shall be denominated in one or more of the said specified units of account. The recordation may include as additional words "or an equivalent amount in any alternate unit of account," or similar language, and if such additional words are recorded, no change in the recorded amount shall be required to reflect the fact that the obligation or any portion thereof is subsequently denominated in a different unit or units of account, unless the parties otherwise agree.

(3) When a Preferred Mortgage secures an obligation in respect of which there is an option to have the obligation amount denominated from time to time in alternate units of account but which continues to be payable in, or by reference to, a specified unit of account:

- (a) the amount of the obligation to be recorded shall be expressed in the specified unit of account; and
- (b) notwithstanding any exercise of the option, no change in the recorded amount shall be required.

(4) A Preferred Mortgage as described in paragraphs (2) or (3) of this Section 106B may additionally secure any loss up to a specified amount arising out of fluctuations between a specified unit of account and any alternate unit of account in which the obligation amount may be denominated from time to time, and such specified amount shall also be recorded.

Eff. Dec. 24, 1984; amended eff. Aug. 28, 1986.

§107. Lien of Preferred Mortgage.

A Preferred Mortgage shall constitute a lien upon the mortgaged vessel in the amount of the outstanding mortgage indebtedness secured by such vessel. The lien of a Preferred Mortgage shall not be in any way impaired or affected as a result of: (i) the vessel's ceasing to be a vessel, until the craft's document is surrendered in accordance with Section 72; or (ii) the expiration, restrictive endorsement, suspension, revocation or cancellation of the vessel's document.

Prior legislation: Lib. Mar. Code, t. III, sec. 6; amended Dec. 22, 1949; amended eff. Dec. 24, 1984; amended eff. Aug. 28, 1986; amended eff. April 23, 2018.

§108. Interest on Preferred Mortgage.

Any other provision of law or regulation to the contrary notwithstanding, a Preferred Mortgage may secure such interest, including interest on interest, on an obligation secured by the mortgage as the parties may agree, which interest may be at fixed rates, variable rates, rates based upon

formulas, or by adding margins to the mortgagee's cost from time to time of funding an obligation secured by the mortgage, or by any other method to which the parties may agree.

Prior legislation: Lib. Mar. Code, t. III, sec. 7; repealed and substituted eff. Dec. 24, 1984; amended eff. June 19, 2002.

§109. Priority; Disclosure of Liens; Penalty.

The mortgagor, before executing a Preferred Mortgage, shall disclose to the mortgagee in writing the existence of any maritime lien, prior mortgage, or other obligation or liability upon the vessel to be mortgaged which is known to the mortgagor.

After the execution of such Mortgage and before the mortgagee has had a reasonable time in which to record it, the mortgagor, without the consent of the mortgagee, shall not incur any contractual obligation creating a lien upon the vessel, other than liens for wages of stevedores when employed directly by the owner, operator, Master, ship's husband, or agent of the vessel, for wages of the crew of the vessel, for general average or for salvage, including contract salvage, tonnage taxes and other charges of the Commissioner and Deputy Commissioner in respect of the vessel.

Whoever, being a mortgagor or the president or principal officer of a corporate mortgagor or the officer, howsoever called of any other legal entity being the mortgagor, violates this Section with intent to hinder, delay or defraud any existing or future creditor of the mortgagor or any lienor of the mortgaged vessel, shall be fined not more than US\$200,000 or imprisoned for a period of not more than two (2) years or both. The mortgage indebtedness shall thereupon become immediately due and payable at the election of the mortgagee.

Prior legislation: Lib. Mar. Code, t. III, sec. 8; amended eff. Aug. 18, 1964; amended eff. Aug. 28, 1986; amended eff. June 19, 2002.

§110. Notice of Mortgage: Exhibition.

Upon recording a Preferred Mortgage, the mortgagor shall place and use due diligence to retain a Notice of Mortgage on board the mortgaged vessel, and cause such Notice of Mortgage to be exhibited by the Master to any person having business which may give rise to a maritime lien or to the sale, conveyance, or mortgage of the vessel.

The license of a Master who willfully fails to exhibit such Notice of Mortgage may be suspended or revoked.

Prior legislation: Lib. Mar. Code, t. III, sec. 9; amended Dec. 22, 1949; amended eff. April 23, 2018.

§111. Discharge of Mortgage.

The mortgagor upon a complete discharge of the mortgage indebtedness shall forthwith file a certificate of such discharge duly executed by the mortgagee, his successors or assigns, with:

- (a) The Commissioner; or
- (b) The Deputy Commissioner whose office is the central office of the relevant index; or
- (c) A person duly appointed for this purpose, at a location appointed for this purpose,

who shall thereupon record the certificate in the relevant index; and the mortgagor may similarly file a certificate of partial discharge, which shall be similarly recorded.

Prior legislation: Lib. Mar. Code, t. III, sec. 10; amended Dec. 22, 1949; amended eff. Mar. 1, 1958; amended eff. Aug. 28, 1986; amended eff. June 19, 2002.

§112. Foreclosure and Default: Jurisdiction and Procedure.

- (1) The lien of a Preferred Mortgage may be enforced in Liberia by a suit *in rem* in Admiralty upon default of any term or condition. In addition to any notice by publication, actual notice of the commencement of suit shall be given by the libellant, in such manner as the Court directs, to the Master, other ranking officer, or caretaker of the vessel, and to any person who has recorded a notice of claim of an undischarged lien upon the vessel, unless after search by the libellant satisfactory to the Court such person is not found within Liberia. Failure to give such notice shall not constitute a jurisdictional defect, but the libellant shall be liable to such person for damages in the amount of his interest in the vessel terminated by the suit.
- (2) The lien of a Preferred Mortgage may also be enforced by a suit *in rem* in Admiralty or otherwise in any foreign country in which the vessel shall be found, pursuant to the procedure of said country for the enforcement of ship mortgages constituting liens on vessels documented under the laws of said country.
- (3) Notwithstanding anything in this Title, the mortgagee may, in addition to all other remedies granted by this Chapter, bring suit *in personam* against the mortgagor in any court of competent jurisdiction for the amount of the outstanding mortgage indebtedness or for any deficiency in the full payment thereof.
- (4) The enforcement by suit *in rem* in admiralty of the rights of the mortgagee with respect to a vessel or vessels covered by a Preferred Mortgage shall not be precluded or impaired, notwithstanding the enforcement of any rights that the mortgagee may have under the said mortgage to property which is not a vessel.

Prior legislation: Lib. Mar. Code, t. III, sec. 11; amended Dec. 22, 1949; amended eff. June 19, 2002.

§112A. Preferred Status.

- (1) As used in Sections 107, 112, 113 and 115 of this Title, the term "Preferred Mortgage" shall include, in addition to a Preferred Mortgage made pursuant to the provisions of this Chapter, any mortgage, hypothecation or similar charge created as security upon any documented foreign

vessel if such mortgage, hypothecation or similar charge has been duly and validly executed and registered in accordance with the laws of the nation where the vessel's ownership is documented; and the term "Preferred Mortgage lien" shall also include the lien of such mortgage, hypothecation or similar charge.

(2) As used in Section 113 of this Title, Preferred Mortgage also means a financing charter of a foreign vessel that has been registered in a public registry at the port of registry of the vessel or at a central office (i) in the foreign country under whose laws the ownership of the vessel is registered in the name of the person stated to be the owner in the financing charter, and (ii) if applicable, in the foreign country under whose bareboat charter registry laws the financing charter of the vessel is registered in order to permit the vessel to sail under the flag of such foreign country.

Eff. July 11, 1969; amended eff. June 19, 2002; amended eff. April 23, 2018.

§113. Foreclosure; Priority of Preferred Mortgage Lien; Exception.

Upon the sale of any vessel in a suit *in rem* in Admiralty for the enforcement of a Preferred Mortgage lien, all preexisting claims in the vessel, including any possessory common law lien, shall terminate and shall thereafter attach in like amount and in accordance with their respective priorities to the proceeds of sale; except that the Preferred Mortgage lien shall have priority over all claims against the vessel, except liens arising prior in time to the recording of the Preferred Mortgage as provided in this Chapter, liens for damages arising out of tort, liens arising under Section 83 of Chapter 2, liens for crew's wages, for general average, and for salvage (including contract salvage) and expenses and fees allowed and costs taxed by the Court.

Prior legislation: Lib. Mar. Code, t. III, sec. 12; amended Dec. 22, 1949; amended eff. Aug. 28, 1986.

§114. Necessaries: Lien; Enforcement.

(1) Whoever furnishes repairs, supplies, towage, use of dry dock or marine railway, or other necessaries, to any foreign or domestic vessel upon the order of the owner or person authorized by the owner, shall have a maritime lien on the vessel.

(2) The managing owner, ship's husband, Master, or any person to whom the management of the vessel at the port of supply is entrusted, including any such appointed by a charterer, owner *pro hac vice* or agreed purchaser in possession, shall be presumed to have authority from the owner to procure such necessaries; but a person tortuously or unlawfully in possession or charge of the vessel shall not have authority to bind it.

Prior legislation: Lib. Mar. Code, t. III, sec. 13; amended eff. April 23, 2018.

§115. Necessaries: Waiver of Lien.

This Chapter shall not prevent the furnisher of repairs, supplies, towage, use of dry dock or marine railway or other necessaries, or the mortgagee, from waiving his right to a lien or in the case of a Preferred Mortgage lien to the preferred status of such lien, at any time by agreement or otherwise.

Prior legislation: Lib. Mar. Code, t. III, sec. 14.

§116. Abolition of Mortgage Endorsement.

(1) Except as provided in paragraph (2) of this Section, nothing previously contained in Sections 63 or 72 of Chapter 2 or Sections 101, 106, 106A, 106B, 107, 109, 110, 111 and 113 of Chapter 3 of this Title, or in any other provision of law, shall require, permit or be construed as requiring or permitting, endorsements upon any vessel's document in connection with the validity, recording, designation as a Preferred Mortgage, or preferred status of any mortgage in respect of any such vessel, or the clearance to be given to such vessel following the recording of any such mortgage.

(2) Notwithstanding the provisions of paragraph (1) of this Section any vessel's document issued or reissued prior to January 1, 1985 and any instrument made, recorded and endorsed prior to January 1, 1985 shall remain subject to the endorsement requirements previously contained in Sections 63 and 72 of Chapter 2 and Sections 101, 106, 106A, 106B, 109, 111 and 113 of Chapter 3 of this Title until such time as the vessel's document is surrendered or reissued or a new document is issued, as the case may be.

Eff. Dec. 24, 1984; amended eff. Aug. 28, 1986.

§116A. Insolvency of Foreign Mortgagee.

(1) This Section shall apply when a foreign Mortgagee under this Chapter is the subject of a collective judicial or administrative proceeding, including an interim proceeding, in the Country where the Mortgagee has its home jurisdiction, pursuant to a law relating to insolvency in which proceeding the assets and affairs of the Mortgagee are subject to control or supervision by foreign court for the purpose of reorganization or liquidation.

(2) In an proceeding arising under Liberian Law against a foreign Mortgagee or its assets, full recognition shall be given to a foreign insolvency proceeding described in (1), any interim or final decisions reached therein, and the procedural rules and the substantive provisions of laws applicable in the home jurisdiction of the Mortgagee in such a foreign insolvency proceeding.

(3) Upon a showing of the commencement of foreign insolvency proceedings as described in (1), the following shall be stayed in any proceedings arising under Liberian Law:

- (a) Commencement or continuation of individual actions or individual proceedings concerning the Mortgagee's assets, right, obligations or liabilities;
- (b) Execution against or other actions concerning the Mortgagee's assets;
- (c) The right to transfer, encumber or otherwise dispose of any assets of the Mortgagee;
and

- (d) The examination of witnesses, the taking of evidence or the delivery of information concerning the Mortgagee's assets, affairs, rights, obligations or liabilities.

(4)

- (a) Upon a showing of the commencement of foreign insolvency proceedings as described in (1), the distribution, administration or realization of all or part of the Mortgagee's assets shall be entrusted to the person or body authorized in the foreign proceedings to administer the reorganization or the liquidation of the Mortgagee's assets or affairs.
- (b) Notwithstanding the provisions for stay in Subsection (3), the authorized person or body identified in (4a) shall be entitled to (i) act in accordance with the procedural rules and the substantive provisions of the laws applicable in the home jurisdiction of the Mortgagee, and (ii) initiate or continue proceedings with regard to the matters identified in Subsection (3) (a-d).

Eff. April 23, 2018.

§117. Effect of Amendment of Chapter.

No amendment of this Chapter shall be so construed as to impair or in any respect invalidate any instrument or other document recorded or any act performed pursuant to this Chapter by the Commissioner or a Deputy Commissioner or his authorized agent prior to the effective date of such amendment.

Eff. Dec. 24, 1984.

-2022-

FIFTH SESSION OF THE FIFTY-FOURTH LEGISLATURE
OF THE REPUBLIC OF LIBERIA

HOUSE'S ENGROSSED BILL NO. 16 ENTITLED:

**"AN ACT TO AMEND AND RESTATE CHAPTER
3: PREFERRED SHIP MORTGAGES AND
MARITIME LIENS ON LIBERIAN VESSELS, OF
THE LIBERIAN MARITIME LAW, TITLE 21,
LIBERIAN CODE OF LAW REVISED"**

On Motion, the Bill was read. On motion, the Bill was adopted on its first reading and sent to committee Room on Tuesday, February 15, 2022 @ 12:27 G.M.T.

On Motion, the Bill was taken from Committee Room for its second reading. On motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading and the Bill was adopted, passed into the full force of the law and ordered engrossed today, Tuesday, July 12, 2022 @ 13:14 G.M.T.



CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

-2022-

FIFTH SESSION OF THE FIFTY-FOURTH LEGISLATURE
OF THE REPUBLIC OF LIBERIA

SENATE'S ENDORSEMENT TO HOUSE'S ENGROSSED
BILL NO: 16 ENTITLED:

**"AN ACT TO AMEND AND RESTATE CHAPTER 3:
PREFERRED SHIP MORTGAGES AND MARITIME LIENS
ON LIBERIAN VESSELS, OF THE LIBERIAN MARITIME
LAW, TITLE 21, LIBERIAN CODE OF LAWS REVISED**

On Motion, Bill read on its 1st reading, Thursday, July 14, 2022 at the hour of 11:20 GMT. On motion, Bill read on its second reading and adopted and sent to Committee Room on Thursday, July 14, 2022 at the hour of 14:18 GMT.

On motion, Bill taken from the Committee Room. On motion under the suspension of the rule, the second reading of the Bill constituted the third and final reading and the Bill was adopted, passed into the full force of the law today, and ordered engrossed today, Tuesday, July 19, 2022 @ 15:50 G.M.T.

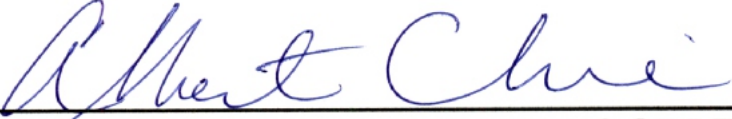


SECRETARY OF THE SENATE, R.L.

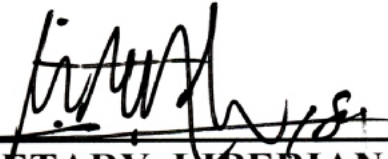
-2022-

ATTESTATION TO:

**“AN ACT TO AMEND AND RESTATE CHAPTER 3:
PREFERRED SHIP MORTGAGES AND MARITIME LIENS ON
LIBERIAN VESSELS, OF THE LIBERIAN MARITIME LAW,
TITLE 21, LIBERIAN CODE OF LAW REVISED”**

for 

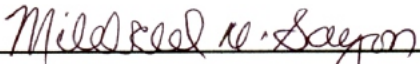
VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/
PRESIDENT OF THE SENATE



SECRETARY, LIBERIAN SENATE



ACTING SPEAKER, HOUSE OF REPRESENTATIVES, R.L.



CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

Gmelt



THE HONORABLE HOUSE OF REPRESENTATIVES

Capitol Building
P.O. Box 9005
Monrovia, Liberia
Website: www.legislature.gov.lr



Office of the Chief Clerk

-2022-

**FIFTH SESSION OF THE FIFTY-FOURTH LEGISLATURE OF THE REPUBLIC
OF LIBERIA**

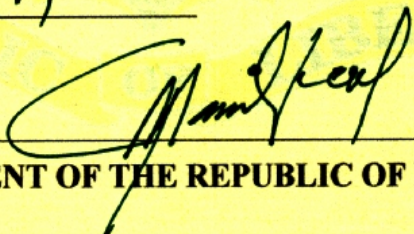
SCHEDULE OF HOUSE'S ENROLLED BILL NO. 21 ENTITLED:

**“AN ACT TO AMEND AND RESTATE CHAPTER 3: PREFERRED SHIP
MORTGAGES AND MARITIME LIENS ON LIBERIAN VESSELS, OF
THE LIBERIAN MARITIME LAW, TITLE 21, LIBERIAN CODE OF LAW
REVISED”**

**PRESENTED TO THE PRESIDENT OF THE REPUBLIC OF LIBERIA FOR EXECUTIVE
APPROVAL**

APPROVED THIS: 22ND DAY OF JULY A.D. 2022

AT THE HOUR OF 4:20 PM



THE PRESIDENT OF THE REPUBLIC OF LIBERIA