



SHIP MORTGAGE REGISTRATION IN PANAMA

The Panama Ship Mortgage is widely known as a legal instrument that provides confidence to banks, leasing companies and financial institutions when granting loans for the construction, sale and operation of vessels to shipowners around the world.

Registration of the mortgage at the Public Registry automatically grants the mortgagee the right to attach, take possession and management of the vessel or have it sold in order to collect his credit.

Pursuant to Article 260 of Law 55 of 2008, the ship mortgage agreement may be executed within or outside of the Republic of Panama, in any language, in writing, by public deed or private document. If executed as a private document, the signature of the parties must be authenticated by a public notary or by a Consul of the Republic of Panama, in the exercise of his notarial powers.

In addition to the above, the mortgage agreement must be legalized with the Apostille seal or by a Consul of the Republic of Panama prior to being submitted to the Public Registry. The deed may contain all provisions that the parties deem convenient but in all cases shall contain the following terms:

- The name and domicile of the mortgagor and mortgagee;
- The fixed or maximum principal amount secured or of the obligations secured.

Besides the principal, the mortgage shall guarantee all earned interests, court costs, collection expenses, amounts due as a result of fluctuations in currencies or payment methods, and any other sums agreed upon in the mortgage agreement;

- The dates of payment of the principal or of the performance of the secured obligations and interest, or the method for determining such dates, unless the mortgage secures obligations payable on demand, future obligations or obligations subject to conditions precedent.
- If interest has been agreed on, the mortgage agreement must include the interest rate agreed upon, or the method in which it may be determined.
- The name, registration number and call sign, if any, and the registered tonnage and measurements. In the mortgaged vessel is under construction, the title of the vessel must be registered at the Public Registry and evidence thereof shall be provided by means of a builders' certificate including:

- a) The name of the person for whom the vessel is being built;
- b) The assigned navigation and radio license numbers;
- c) The measurement, tonnage and type of service provided by the vessel;
- d) The place, name and address of the ship builder;
- e) Confirmation of the intention of the builder to transfer the title of the vessel to the person for who it is being built, and the latter's acceptance thereof.

Registration Expenses

For the first two million (US\$2,000,000) dollars of amount secured: US\$450

For each additional million, or fraction: US\$150 (up to maximum of US\$1,200)

Net Tonnage Fee: Twelve cents (0.12) per net registered tonnage. If tonnage exceeds 5,000, then total amount is US\$600

Qualification Fee: US\$50

For further information please contact us at info@mls-associates.com