



# BIMCO

# LAYUPMAN

STANDARD CONTRACT FOR THE LAYING UP OF VESSELS

## PART I

1. Place and date of Agreement ( <a href="#">Cl. 2</a> , <a href="#">20</a> )	2. Minimum contract period (state number of months from date of completion of de-activation) ( <a href="#">Cl. 17(a)</a> , <a href="#">17(f)</a> )
3. Owners ( <a href="#">Cl. 1</a> )  (i) Name:  (ii) Place of registered office:  (iii) Law of registry:	4. Managers ( <a href="#">Cl. 1</a> )  (i) Name:  (ii) Place of registered office:  (iii) Law of registry:
5. Technical Managers  (i) Name:  (ii) Contact address:	6. Vessel ( <a href="#">Cl. 1</a> and <a href="#">Annex A</a> )  (ii) Name:  (iii) IMO Number: IMO
7. Layup Site (state place or area (latitude/longitude)) ( <a href="#">Cl. 1</a> )	8. Notice of arrival off Layup Site (state number of hours notice) ( <a href="#">Cl. 6</a> )
9. Management Fee (state payment frequency and amount) ( <a href="#">Cl. 11(a)</a> )	10. Managers' nominated account ( <a href="#">Cl. 11(a)</a> )
11. Interest (state rate of interest to apply after due date to outstanding sums) ( <a href="#">Cl. 5(a)</a> )	12. Managers' maximum liability (state amount) ( <a href="#">Cl. 13(b)</a> )
13. Management fee on termination (state number of months to apply) ( <a href="#">Cl. 17(h)</a> )	14. Dispute Resolution (state alternative <a href="#">Cl. 18(a)</a> , <a href="#">18(b)</a> or <a href="#">18(c)</a> ; if <a href="#">18(c)</a> agreed, place of arbitration <u>must</u> be stated) ( <a href="#">Cl. 18</a> )
15. Notices (state full style contact details for serving notice and communication <u>to the Owners</u> ) ( <a href="#">Cl. 19</a> )	16. Notices (state full style contact details for serving notice and communication <u>to the Managers</u> ) ( <a href="#">Cl. 19</a> )

It is mutually agreed between the party stated in [Box 3](#) and the party stated in [Box 4](#) that this Agreement consisting of PART I and PART II as well as Annexes "A" (Vessel Description), "B" (Scope of Work), "C" (Additional Fees, Expenses and Optional Services), "D" (Protocols) and "E" (Associated Vessels) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annexes "A", "B", "C", "D" and "E" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners)	Signature(s) (Managers)
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**PART II  
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**SECTION 1 – Basis of the Agreement**

**1. Definitions**

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them:

“De-activation” means the period of time during which the activities set out in Section 3 of Annex B (Scope of Work) are carried out.

“Flag State” means the State whose flag the Vessel is flying.

“Layup Site” means the location stated in Box 7.

“Layup Period” means the period of time after De-activation and before Re-activation and includes the carrying out of activities set out in Section 4 of Annex B (Scope of Work).

“Managers” means the party providing Management Services as identified in Box 4.

“Management Services” means the services specified in Annex B (Scope of Work) for which the Managers are stated to be responsible therein, and all other functions performed by the Managers under the terms of this Agreement.

“Owners” means the party identified in Box 3.

“Re-activation” means the period of time during which the activities set out in Section 5 of Annex B (Scope of Work) are carried out.

“Vessel” means the vessel named in Box 6 details of which are set out in Annex A (Vessel Details) attached hereto.

**2. Commencement and Appointment**

With effect from the date of this Agreement stated in Box 1 and continuing until and unless terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel in respect of the Management Services.

**3. Authority of the Managers**

Subject to the terms and conditions herein provided, during the period of this Agreement, the Managers shall carry out the Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to fulfil their obligations under this Agreement.

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**SECTION 2 – Obligations**

<b>4. Managers' Obligations</b>	28
The Managers shall:	29
(a) use their best endeavours to perform the Management Services in accordance with sound layup industry practice, including but not limited to compliance with all relevant rules and regulations, and protection of the Vessel and surrounding environment in the case of emergency. The Managers shall have in place and maintain an emergency response plan. The Managers shall waive their right to claim any award for salvage performed on the Vessel and/or to protect the environment. The performance of the Management Services shall be conducted in a manner consistent with appropriate social responsibility;	30 31 32 33 34 35
(b) maintain records of work carried out in performance of the Management Services;	36
(c) provide periodic written reports to the Owners of the observed condition of the Vessel and its equipment and machinery in a form and frequency agreed between the parties; and	37 38
(d) notify the Owners in the event that, during the performance of the Management Services, the Managers become aware of any equipment or machinery (for which the Managers are not responsible under Annex B (Scope of Work)) that needs maintenance and/or repair.	39 40 41
In the performance of their management responsibilities under this Agreement, the Managers shall be entitled to have regard to their overall responsibility in relation to all vessels as may from time to time be entrusted to their management. In particular, but without prejudice to the generality of the foregoing, the Managers shall be entitled to allocate available supplies, manpower and services in such manner as in the prevailing circumstances the Managers in their absolute discretion consider to be fair and reasonable.	42 43 44 45 46
<b>5. Owners' Obligations</b>	47
The Owners shall:	48
(a) pay all sums due to the Managers punctually in accordance with the terms of this Agreement. In the event of payment after the due date of any outstanding sums the Manager shall be entitled to charge interest at the rate stated in <u>Box 11</u> ;	49 50 51
(b) use their best endeavours to perform those items in Annex B (Scope of Work) for which the Owners are stated to be responsible therein;	52 53
(c) maintain records of work carried out in performance of their obligations under Annex B (Scope of Work);	54
(d) advise the Managers of any change of flag or classification society of the Vessel whereupon either party may request an adjustment of the Management Fee (see <u>Clause 11(a)</u> ) to reflect any increase or decrease in cost of providing Management Services as a consequence of such change. If agreement cannot be reached then either party may terminate this Agreement in accordance with <u>Sub-clause 17(f)</u> ;	55 56 57 58
(e) ensure that, throughout the Layup Period, the Vessel is in possession of valid certificates to comply with the requirements of the port authority, Flag State or classification society; and	59 60
(f) ensure that the minimum crew required by the Flag State is maintained until delivery into layup.	61

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**SECTION 3 – Operation**

<b>6. Arrival and De-activation</b>	62
(a) Not later than seventy-two (72) hours or the number of hours stated in Box 8 before the Vessel's arrival off the Layup Site, the Owner shall give notice to the Managers. Upon arrival at the Layup Site the Managers shall attend on board the Vessel and carry out a joint inspection with the Owners to establish that the Vessel is in the condition stated in Annex B (Scope of Work).	63 64 65 66
(b) The de-activation of the Vessel shall be carried out in accordance with Annex B (Scope of Work). During the period of de-activation the Owners and Managers shall be responsible respectively for those tasks allocated to them in Annex B (Scope of Work), and the Vessel shall be moved to the Layup Site. Owners shall remain responsible for the navigation of the vessel until completion of De-activation.	67 68 69 70
(c) The Owners and the Managers shall agree a down-manning plan upon the Vessel's arrival at the Layup Site.	71
(d) On commencement and again on completion of de-activation a Protocol in the form attached to Annex D (Protocols) shall be signed by both parties. On completion of De-activation the Managers shall take delivery of the Vessel into layup.	72 73 74
<b>7. Layup Period</b>	75
The Managers shall carry out the services identified in Annex B (Scope of Work) in relation to the Layup Period.	76
<b>8. Inspection of Vessel</b>	77
The Owners may at any time after giving reasonable notice to the Managers inspect the Vessel for any reason they consider necessary.	78 79
<b>9. Re-activation and Removal of the Vessel from Layup</b>	80
(a) At the time the expiry date of this Agreement becomes known (see Clause 17 (Termination)), the process of Re-activation set out in Annex B (Scope of Work) shall be commenced in such a way as to enable Re-activation to be completed by the expiry date. During the period of Re-activation the Owners and Managers shall be responsible respectively for those tasks allocated to them in Annex B (Scope of Work).	81 82 83 84
On commencement and again on completion of Re-activation a protocol in the form attached to Annex D (Protocols) shall be signed by both parties.	85 86
(b) The Owners and the Managers shall agree an up-manning plan prior to Re-activation.	87
(c) In the event that the Vessel:	88
(i) Can be re-activated prior to the expiry date of this Agreement, the Owners shall take over responsibility for the Vessel not later than such date.	89 90
(ii) Cannot be re-activated prior to the expiry date of this Agreement then the party responsible for the tasks that are preventing completion of Re-activation shall complete those tasks as expeditiously as possible and the terms of this Agreement shall continue to apply.	91 92 93
(d) On completion of Re-activation the Owners shall take over responsibility for the Vessel and remove it from the Layup Site. If the Owners for any reason within their control fail expeditiously to carry out their obligations in accordance with Annex B (Scope of Work) in respect of Re-activation or upon Re-activation fail to remove the Vessel from the Layup Site, the Managers shall be entitled to recover such losses as they may suffer from the Owners. The Managers shall also have a lien over the Vessel and shall have the right but not the obligation to remove the Vessel to a safe place.	94 95 96 97 98 99
(e) In the event that Re-activation under this Agreement is not required, the process for removal of the Vessel from the Layup Site shall be agreed between the parties, and on completion of that process a Protocol in the form attached to Annex D (Protocols) shall be signed by both parties and the Owners shall take delivery of the Vessel out of layup. In the event the Owners fail to take delivery of the Vessel and remove it from the Layup Site, the Managers shall be entitled to recover such losses as they may suffer from the Owners and shall have a lien over the Vessel and shall have the right but not the obligation to remove the Vessel to a safe place.	100 101 102 103 104 105

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**SECTION 4 – Insurance, Income, Expenses and Extension**

<b>10. Insurance Policies</b>	106
(a) The Owners shall procure that throughout the period of this Agreement:	107
(i) at the Owners' expense, the Vessel is insured for not less than its sound market value or entered for its full gross tonnage, as the case may be for:	108
(1) hull and machinery marine risks (including but not limited to crew negligence) and excess liabilities;	109
(2) protection and indemnity risks (including but not limited to pollution and, to the extent applicable, crew liabilities); and	110
(3) war risks (including but not limited to blocking and trapping, protection and indemnity, terrorism and crew risks).	111
Such insurances shall all be in accordance with the best practice of prudent owners of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations ("the Owners' Insurances").	112
(ii) All premiums and calls on the Owners' Insurances are paid by their due date.	113
(iii) The Owners' Insurances name the Managers and, subject to underwriters' agreement, any third party designated by the Managers as a joint assured, with full cover. It is understood that in some cases, such as protection and indemnity, the normal terms for such cover may impose on the Managers and any such third party a liability in respect of premiums or calls arising in connection with the Owners' Insurances.	114
(iv) If obtainable at no additional cost, however, the Owners shall procure such insurances on terms such that neither the Managers nor any such third party shall be under any liability in respect of premiums or calls arising in connection with the Owners' Insurances. In any event, on termination of this Agreement in accordance with <u>Clause 17</u> (Termination), the Owners shall procure that the Managers and any third party designated by the Managers as joint assured shall cease to be joint assured and, if reasonably achievable, that they shall be released from any and all liability for premiums and calls that may arise in relation to the period of this Agreement.	115
(v) Written evidence is provided, to the reasonable satisfaction of the Managers, of the Owners' compliance with their obligations under this <u>Clause 10</u> (Insurance Policies) within a reasonable time of the commencement of the Agreement, and of each renewal date and, if specifically requested, of each payment date of the Owners' Insurances.	116
(b) The Managers shall procure that throughout the period of this Agreement:	117
(i) At the Managers' expense, they maintain professional indemnity insurance for a sum not less than the limit stated in <u>Clause 13(b)</u> .	118
(ii) Written evidence is provided, to the reasonable satisfaction of the Owners, of the Managers' compliance with their obligations under this <u>Clause 10</u> (Insurance Policies) within a reasonable time of the commencement of the Agreement, and of each renewal date and, if specifically requested, of each payment date of the Managers' insurances.	119
<b>11. Fees and Expenses</b>	120
(a) The Owners shall pay to the Managers a management fee ("Management Fee") as stated in <u>Box 9</u> for their services as Managers under this Agreement, which shall be payable in advance. The first instalment shall be payable on signing of the Protocol of completion of De-activation (in accordance with <u>sub-clause 6(d)</u> ). The last instalment shall be paid on a pro rata basis if appropriate. The Management Fee shall be payable to the Managers' nominated account stated in <u>Box 10</u> .	121
(b) The Management Fee shall include travel and communication expenses and the provision of office accommodation, personnel stationery and any facilities and equipment necessary to supply the Management Services, except to the extent identified in Annex C (Additional Fees, Expenses and Optional Services).	122
(c) The Owners shall pay to the Managers a Booking Fee and expenses, as set out in Annex C (Additional Fees, Expenses and Optional Services). The Booking Fee shall be paid within two (2) working days of receipt of written notice from the Managers advising that the port authorities have confirmed that a layup slot is available.	123
(d) The Owners shall pay to the Managers a De-activation Work Fee and a Re-activation Work Fee (in each case, as applicable) together with related expenses, as set out in Annex C (Additional Fees, Expenses and Optional Services); the De-activation Work Fee and the Re-activation Work Fee shall be paid prior to the commencement of related work.	124

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(e) The Owners shall pay for any optional services agreed in Annex C (Additional Fees, Expenses and Optional Services) at the rate stated therein.	157 158
(f) All expenses shall be paid by the Owners within thirty (30) days of receipt of invoice.	159
(g) Any payments under this <u>Clause 11</u> (Fees and Expenses) shall be net of bank charges.	160
(h) All discounts and commissions obtained by the Managers in the course of the performance of the Management Services shall be credited to the Owners.	161 162
(i) Notwithstanding anything contained herein, the Managers shall not be obliged to use or commit their own funds to finance the provision of the Management Services.	163 164

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**SECTION 5 – Legal**

<b>12. Managers' Right to Sub-Contract</b>	165
The Managers shall not subcontract any of their obligations hereunder without the prior written consent of the Owners which shall not be unreasonably withheld. In the event of such a sub-contract the Managers shall remain fully liable for the due performance of their obligations under this Agreement.	166 167 168
<b>13. Responsibilities</b>	169
<b>(a) Force Majeure</b>	170
Neither party shall be liable for any loss, damage or delay due to any of the following force majeure events and/or conditions to the extent that the party invoking force majeure is prevented or hindered from performing any or all of their obligations under this Agreement, provided they have made all reasonable efforts to avoid, minimize or prevent the effect of such events and/or conditions:	171 172 173 174
<b>(i)</b> acts of God;	175
<b>(ii)</b> any Government requisition, control, intervention, requirement or interference;	176
<b>(iii)</b> any circumstances arising out of war, threatened act of war or warlike operations, acts of terrorism, sabotage or piracy, or the consequences thereof;	177 178
<b>(iv)</b> riots, civil commotion, blockades or embargoes;	179
<b>(v)</b> epidemics;	180
<b>(vi)</b> earthquakes, landslides, floods or other extraordinary weather conditions;	181
<b>(vii)</b> strikes, lockouts or other industrial action, unless limited to the employees of the party seeking to invoke force majeure;	182 183
<b>(viii)</b> fire, accident, explosion except where caused by negligence of the party seeking to invoke force majeure; and	184 185
<b>(ix)</b> any other similar cause beyond the reasonable control of either party.	186
<b>(b) Liability to Owners</b>	187
Without prejudice to <u>Sub-clause 13(a)</u> , the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect, (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel) and howsoever arising in the course of performance of the Management Services <b>UNLESS</b> same is proved to have resulted solely from the negligence, gross negligence or wilful default of the Managers or their employees or agents, or sub-contractors employed by them in connection with the Vessel, in which case (save where loss, damage, delay or expense has resulted from the Managers' personal act or omission committed with the intent to cause same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of ten (10) times the annual equivalent of the Management Fee payable hereunder or such other sum as may be agreed by the parties and stated in <u>Box 12</u> .	188 189 190 191 192 193 194 195 196 197 198
<b>(c) Indemnity</b>	199
Except to the extent and solely for the amount therein set out that the Managers would be liable under <u>Sub-clause 13(b)</u> , the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of the Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.	200 201 202 203 204 205 206
<b>(d) "Himalaya"</b>	207
It is hereby expressly agreed that no employee or agent of the Managers (including every sub-contractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, without prejudice to the generality of the foregoing provisions in this <u>Clause 13</u> (Responsibilities), every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this <u>Clause 13</u> (Responsibilities) the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be his servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.	208 209 210 211 212 213 214 215 216 217 218 219



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<b>14. Lien</b>	220
The Managers shall be entitled to exercise a lien on the Vessel for all sums due to the Managers on or before redelivery together with all costs of recovering same, including legal fees.	221 222
<b>15. General Administration</b>	223
(a) The Managers shall keep the Owners informed in a timely manner of any incident of which the Managers become aware which gives or may give rise to claims or disputes involving third parties.	224 225
(b) On giving reasonable notice, the Owners may request, and the Managers shall in a timely manner make available, all documentation, information and records in respect of the matters covered by this Agreement.	226 227
(c) On giving reasonable notice, the Managers may request, and the Owners shall in a timely manner make available, all documentation, information and records in respect of the matters covered by this Agreement.	228 229
<b>16. Compliance with Laws and Regulations</b>	230
The Parties shall not do or permit to be done anything which might cause any breach or infringement of the laws and regulations of the Flag State and the place where the Vessel is laid up.	231 232
<b>17. Termination</b>	233
(a) This Agreement may be terminated by either party by giving notice to the other; in which event this Agreement shall terminate upon the expiration of the minimum contract period stated in <u>Box 2</u> or a period of thirty (30) days from the date on which such notice is received, whichever is the later, unless terminated earlier in accordance with the provisions of this <u>Clause 17</u> (Termination).	234 235 236 237
(b) <i>Owners' or Managers' default</i>	238
If either party fails to meet their obligations under this Agreement, the other party may give notice to the party in default requiring them to remedy it. In the event that the party in default fails to remedy it within a reasonable time to the reasonable satisfaction of the other party, that party shall be entitled to terminate this Agreement with immediate effect by giving notice to the party in default.	239 240 241 242
(c) Notwithstanding <u>Sub-clause 17(b)</u> :	243
(i) The Managers shall be entitled to terminate the Agreement with immediate effect by giving notice to the Owners if any monies payable by the Owners and/or the owners of any associated vessel, details of which are listed in Annex E (Associated Vessels), shall not have been received in the Managers' nominated account within ten (10) days of receipt by the Owners of the Managers' written request, or if the Vessel is repossessed by the mortgagee(s);	244 245 246 247 248
(ii) If the Owners fail to meet their obligations under <u>Clause 10</u> (Insurance Policies), the Managers may give notice to the Owners requiring them to remedy it within ten (10) days, failing which the Managers may terminate this Agreement with immediate effect by giving notice to the Owners.	249 250 251
(d) <i>Extraordinary Termination</i>	252
This Agreement shall be deemed to be terminated in the case of the sale of the Vessel or, if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned or, if bareboat chartered, unless otherwise agreed, when the bareboat charter comes to an end or if the continued operation of the Agreement becomes unlawful.	253 254 255 256
(e) For the purpose of <u>Sub-clause 17(d)</u> hereof:	257
(i) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Vessel's owners cease to be the registered owners of the Vessel;	258 259
(ii) the Vessel shall be deemed to be lost either when it has become an actual total loss or agreement has been reached with the Vessel's underwriters in respect of its constructive total loss or if such agreement with the Vessel's underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.	260 261 262 263
(f) In the event the parties fail to agree an adjustment of the Management Fee resulting from a change of flag or classification society in accordance with <u>Sub-clause 5(d)</u> , either party may end this Agreement by giving the other party not less than one month's notice, the result of which will be the termination of this Agreement upon the expiry of the notice period or the end of the minimum contract period stated in <u>Box 2</u> , whichever is the later.	264 265 266 267 268
(g) This Agreement shall terminate forthwith in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver or administrator is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.	269 270 271 272
(h) In the event of the termination of this Agreement for any reason other than default by the Managers the Management Fee payable to the Managers according to the provisions of <u>Clause 11</u> (Fees and Expenses),	273 274



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shall continue to be payable for a further period of the number of months stated in Box 13 as from the effective date of termination. If Box 13 is left blank then three (3) months shall apply.

(i) The termination of this Agreement shall be without prejudice to all rights accrued due between the parties prior to the date of termination.

**18. BIMCO Dispute Resolution Clause**

(a) This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

(b) This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Agreement shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.

In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.

(c) This Agreement shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.

(d) Notwithstanding Sub-clauses 18(a), 18(b) or 18(c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Agreement.

(i) In the case of a dispute in respect of which arbitration has been commenced under Sub-clauses 18(a), 18(b) or 18(c) above, the following shall apply:

(ii) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.

(iii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.

(iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.

(v) The mediation shall not affect the right of either party to seek such relief or take such steps as it

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considers necessary to protect its interest.	330
(vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.	331 332 333
(vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.	334 335
(viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.	336 337 338
<i>(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)</i>	339
(e) If <b>Box 14</b> in Part I is not appropriately filled in, <u>Sub-clause 18(a)</u> of this Clause shall apply.	340
<i>Note: Sub-clauses 18(a), 18(b) and 18(c) are alternatives; indicate alternative agreed in <b>Box 14</b>. Sub-clause 18(d) shall apply in all cases.</i>	341 342
<b>19. Notices</b>	343
(a) All notices given by either party or their agents to the other party or their agents in accordance with the provisions of this Agreement shall be in writing and shall, unless specifically provided in this Agreement to the contrary, be sent to the address for that other party as set out in <b>Boxes 15 and 16</b> or as appropriate or to such other address as the other party may designate in writing.	344 345 346 347
A notice may be sent by registered or recorded mail, facsimile, electronically or delivered by hand in accordance with this <u>Sub-clause 19(a)</u> .	348 349
(b) Any notice given under this Agreement shall take effect on receipt by the other party and shall be deemed to have been received:	350 351
(i) if posted, on the seventh (7 <sup>th</sup> ) day after posting;	352
(ii) if sent by facsimile or electronically, on the day of transmission; and	353
(iii) if delivered by hand, on the day of delivery.	354
And in each case proof of posting, handing in or transmission shall be proof that notice has been given, unless proven to the contrary.	355 356

**PART II  
LAYUPMAN  
STANDARD CONTRACT FOR THE LAYING UP OF VESSELS**

**SECTION 6 – General**

<b>20. Entire Agreement</b>	357
This Agreement constitutes the entire agreement between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date stated in <u>Box 1</u> shall affect this Agreement. Any modification of this Agreement shall not be of any effect unless in writing signed by or on behalf the parties.	358 359 360 361
<b>21. Third Party Rights</b>	362
Except to the extent provided in <u>Sub-clauses 13(c)</u> (Indemnity) and <u>13(d)</u> ("Himalaya"), no third parties may enforce any term of this Agreement.	363 364
<b>22. Partial Validity</b>	365
If any provision of this Agreement is or becomes or is held by any arbitrator or other competent body to be illegal, invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, the provision shall be deemed to be deleted from this Agreement to the extent of such illegality, invalidity or unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby.	366 367 368 369 370 371
<b>23. Interpretation</b>	372
In this Agreement:	373
<b>(a) Singular/Plural</b>	374
The singular includes the plural and vice versa as the context admits or requires.	375
<b>(b) Headings</b>	376
The headings to the clauses and appendices to this Agreement are for convenience only and shall not affect its construction or interpretation.	377 378
<b>(c) Day</b>	379
"Day" means a calendar day unless expressly stated to the contrary.	380

**ANNEX “A” (VESSEL DESCRIPTION)**  
**TO THE BIMCO STANDARD CONTRACT FOR THE LAYING UP OF VESSELS**  
**CODE NAME: LAYUPMAN**

Name of Vessel:	
IMO Number:	
Call Sign:	
Classification Society:	Class Notation:
Year of Build:	By:
Flag:	Place of Registry:
GT/NT:	
LOA in metres:	Breadth in metres:
Summer Draft in metres:	
Main Engine :	
Vessel's power supply in volts:	
Vessel's power supply in Hx/cycles:	
Auxiliary Engine:	
Main boiler:	
Does the Vessel have thrusters? Yes	If yes, forward or afterward: Forward
Is the Vessel fitted with emergency generator? Yes	If yes, state the kVA:
Is the Vessel fitted with LP CO <sub>2</sub> system? Yes	
Estimated volume of following spaces in cbm (as applicable):	
Thruster room(s):	Accommodation:
Pump room(s):	Engine Room space:
Forecastle space:	
Any other space that should be de-humidified? (List below)	

**NOTES:**

- 1) Vessel must arrive at the Layup Site with all cargo and void spaces in a gas free condition
- 2) Diesel engines and boilers must be operated on MDO for at least 4 hours before final shut down
- 3) Cooling water for LP CO<sub>2</sub> and Freon systems (air-condition/refrigeration) will not be available and it is the Owners responsibility to hand-over vessel to the Managers with systems drained (gas recovered) in an environmentally safe manner.

Vessel Description ([Box 6](#), [Cl. 1](#)).

**ANNEX “B” (SCOPE OF WORK)**  
**TO THE BIMCO STANDARD CONTRACT FOR THE LAYING UP OF VESSELS**  
**CODE NAME: LAYUPMAN**

<b>Activity Matrix</b> Select from the drop-down list on the right which party is responsible for each task. If the task is not part of the agreement, then select “not applicable”.		<b>Responsible Party</b>
<b>1.</b>	<b>Safe Working Practices/ Layup Procedures in Place</b>	Managers/ Owners/ Not applicable
	Preservation of Vessel is achieved by (at Owners’ options):	Owners
1.1	Shutting off the Vessel’s equipment (except emergency equipment and fire pump)	Not applicable
1.2	Effective sealing of the following spaces:	Not applicable
	Accommodation	Not applicable
	Machinery spaces	Not applicable
	Forecastle/ bow thruster spaces (if fitted)	Not applicable
	Pump-room (tankers)	Not applicable
1.3	Dehumidification of the above spaces (in point 1.2) to minimise corrosion and to protect electrical equipment	Not applicable
1.4	Installing anodes on wires around the Vessel to protect the hull	Not applicable
1.5	Turning equipment to prevent grooving of bearings and/or seizure and component distortion. A list to be produced by the Managers together with the Owners’ representative prior to completion of layup	Not applicable
1.6	Application of preservative lubricants to external equipment and machinery not within the dehumidified spaces	Not applicable
1.7	Regular inspections of machinery and equipment as per makers’ recommended procedures and best industry practices	Not applicable
1.8	Layup preparation and all work carried out during the Layup Period to be carefully recorded and documented	Not applicable
1.9	Copies of documents to be kept on board for assisting in Re-activation	Not applicable
<b>2.</b>	<b>Manning</b>	
2.1	The Owners must retain crew on board to carry out the layup preparation as directed by the Managers. The crew can be reduced as work progresses until the Vessel is finally de-manned on its acceptance by the Managers	Not applicable
2.2	A ‘down-manning plan’ should be agreed by Owners and Managers upon arrival of the Vessel at the Layup Site	Not applicable
2.3	Watchmen are to be provided to ensure the security of the Vessel	Managers
2.4	Maintenance staff is to be provided to carry out scheduled programmes	Managers
<b>3.</b>	<b>De-activation</b>	
3.1	Mooring	
	a) Vessel to be (strike through whichever does not apply) (i) Anchored (ii) Rafted	Not applicable
	b) Ballast tanks to be (strike through whichever does not apply) (i) Completely full and corrosion inhibitor added (ii) Completely empty	Owners
	c) Use/De-activation of Impressed Current Cathodic Protection (ICCP)	Not applicable
	d) Mooring buoys to mark anchor chain	Not applicable
	e) Installation of additional anodes	Not applicable
	f) Installation of ‘blanks’ to (i)  (ii)  (iii)	Not applicable
	g) Supply of temporary watch-house	Managers

3.2	General																					
	a) Removal of garbage and perishables	Owners																				
	b) Loose equipment to be stowed/secured in appropriate location	Owners																				
	c) A safe access to the Vessel must be provided for entry and exit	Managers																				
	d) One provision crane to be in good working order with valid load test certificate for use during the Layup Period	Owners																				
3.3	Sealing and Humidity Control																					
	a) Provision of dehumidifiers with capacity (e.g. 1500 CM/H)	Managers																				
	b) Installation of dehumidifiers with adequate associated distribution trunking to achieve air circulation and desired RH in the DH space	Managers																				
	c) Maintain a dehumidified atmosphere within the following recommended areas:	Managers																				
	<table><tr><th>Space/Area</th><th>Min</th><th>Max</th><th>Recommended range</th></tr><tr><td>Machinery space:</td><td></td><td></td><td>30 – 50% RH</td></tr><tr><td>Accommodation:</td><td></td><td></td><td>45 – 60% RH</td></tr><tr><td>Forecastle / bow thruster:</td><td></td><td></td><td>45 – 55% RH</td></tr><tr><td>Pump room (tankers):</td><td></td><td></td><td>30 – 50% RH</td></tr></table>	Space/Area	Min	Max	Recommended range	Machinery space:			30 – 50% RH	Accommodation:			45 – 60% RH	Forecastle / bow thruster:			45 – 55% RH	Pump room (tankers):			30 – 50% RH	
Space/Area	Min	Max	Recommended range																			
Machinery space:			30 – 50% RH																			
Accommodation:			45 – 60% RH																			
Forecastle / bow thruster:			45 – 55% RH																			
Pump room (tankers):			30 – 50% RH																			
	The Manager shall ensure that all areas to be dehumidified are dry (or dried by ship staff) during handover preparation.																					
	d) Supply of silica-gel bags for moisture absorbent	Owners																				
	e) All openings (access doors, portholes, vents, drains and commodes) to be sealed	Managers																				
	f) Inspection openings to be covered with wire gauze to prevent ingress of foreign matter	Owners																				
	g) External equipment removed to be kept in DH space to be stowed carefully and marked/labelled with name and original location	Owners																				
	h) All water and steam systems within the controlled spaces (except those required to be operated during layup) to be drained of water and left open to dehumidified atmosphere	Owners																				
	i) Bilge (tank top) to be dried	Owners																				
	j) Sea water pipes after ship side valves blanked and lines left opened to atomsphere by removing sufficient valve covers, strainers to be removed.	Owners																				
3.4	Machinery																					
	a) Internal Combustion Engines																					
	(i) Fuel lines to be flushed and engines operated on MDO	Owners																				
	(ii) Vaporised Corrosion Inhibitor (VCI) to be mixed with lubrication oil	Owners																				
	(iii) Fuel supply to be isolated	Owners																				
	(iv) Fuel to be tested	Owners																				
	(v) Fuel injectors to be removed, cleaned, coated with oil and stowed near equipment	Owners																				
	(vi) Cylinders to be lubricated with lube oil whilst engine is turned by turning gear	Managers																				
	(vii) Cooling systems to be (strike through whichever does not apply)	Owners																				
	(a) Drained																					
	(b) Filled with treatment chemicals added																					
	(viii) Sea water systems to be drained, strainers opened	Owners																				
	(ix) Crankcase and crosshead inspection covers to be opened	Owners																				
	(x) Exhaust lines to be blanked	Managers																				
	b) Oil Purifiers																					
	(i) Purifier disc stack to be removed	Owners																				
	(ii) Discs to be cleaned and coated with lubricant	Owners																				
	(iii) Bowl and crankcase to be left open	Owners																				
	(iv) Crankcase to be drained, cleaned, and charged with new oil (Owners' supply)	Owners																				
	c) Fresh Water System (FWS)																					
	(i) All fresh water to be drained and dried out	Owners																				
	(ii) Pump suction strainers to be kept open	Owners																				
	d) Salt Water Systems																					
	(i) All salt water to be drained, flushed with fresh water, and dried out. It should be ensured that double barrier for all overboard and sea valves are complied with.	Owners																				



	(ii) Pump suction strainers to be kept open	Owners
	e) Air Compressors & System	
	(i) Lube oil to be drained	Owners
	(ii) System to be recharged with clean oil (Owners' supply)	Owners
	(iii) Compressor to be run for some minutes before final shut-down	Owners
	(iv) Water to be drained off	Owners
	(v) Covers and valves on all stages to be removed and cylinders to be coated with lubricant	Owners
	(vi) Air filters and crankcase covers to be removed	Owners
3.5	Electrical Installation	
	a) Power to be provided from (strike through whichever does not apply) (i) Auxiliary Engines (ii) Portable generator of kVA	Managers
	b) Emergency generator to be laid up (only if there is additional means available to suitably supply power to emergency fire pump)	Owners
	c) Megger test to be carried out on all distribution systems and motors at the commencement of layup, readings recorded and submitted to the Managers and the Owners	Managers
	d) Motors on deck and non-DH controlled areas to be Megger tested, regularly monitored by taking insulation readings and if the condition deteriorates to a point where it would be detrimental to the motor then, where possible, the motors to be removed and stowed in a dehumidified area at Owners' cost	Managers
	e) Silica gel bags to be placed in control panels	Owners
	f) For critical machinery/equipment, fuses to be removed and listed	Owners
	g) All starters, control panels and distribution boards within DH spaces, to leave doors partially open.	Owners
3.6	Accommodation	
	a) All domestic (hot/cold) water to be isolated	Owners
	b) All bathroom scuppers, basin/sink drains in galley and toilets to be sealed	Managers
	c) All steam heating to air-conditioning unit to be isolated	Owners
	d) All Freon/refrigerant to be collected in receiver and system isolated	Owners
	e) All provisions stores to be empty, clean and doors secured in open position	Owners
	f) All cabin linen to be stowed in central locker in clean condition	Owners
	g) All mattresses to be stowed on their edge	Owners
	h) All cupboards and cabin doors to be secured in open position	Owners
	i) All alleyway decks (passages and walkways) to be covered	Owners
	j) Sewage system to be cleaned and flushed out	Owners
3.7	Bridge/ Radio Room	
	a) Navigation and communication systems to be isolated (except local VHF trans-receiver)	Owners
	b) Bridge and radio room doors to be secured open	Owners
3.8	External Equipment	
	a) All moving and working parts of deck equipment to be proved operational and to be coated with preservation grease	Owners
	b) Regular turning of steam/ hydraulic/ electric deck machinery to be done	Managers
	c) Moving parts to be regularly lubricated	Managers
	d) Lifeboat davits to be swung out regularly together with test run of engines	Managers
<b>4.</b>	<b>Layup Period - Maintenance Programme – Check, Inspect and Operate:</b>	
4.1	Sealing arrangement of DH spaces	Managers
4.2	Relative humidity level within DH spaces	Managers
4.3	Protective coatings of exposed machinery	Managers
4.4	Oil level in machinery sumps	Managers
4.5	Fuel, lube oil, hydraulic, air conditioning, provision and water systems for leaks	Managers
4.6	Battery on trickle charge, measure relative density of battery water	Managers
4.7	Run emergency fire pump	Managers
4.8	Water lines to be drained and dried after testing	Managers
4.9	Megger test electrical circuits (list of equipment to be provided by Owners/Managers)	Managers
4.10	Sounding/ gauging of all storage tanks, COT and ballast tanks	Managers
4.11	Turning of equipment as listed	Managers
4.12	Periodic visual examination of all opened machinery and equipment within dehumidified spaces	Managers
4.13	Underwater inspection every (e.g. 6 months)	Owners
4.14	Check condition of anodes on wires and replace as necessary	Managers

4.15	Inspect drains periodically and ensure they are kept dry	Managers
4.16	Replacement/recycling of Silica gel bags (if the gel bags are provided by the Owners)	Managers
4.17	Safety/ checking of mooring arrangements	Managers
<b>5.</b>	<b>Re-activation</b>	
5.1.	General	
	a) Removal of de-humidifying equipment	Managers
	b) Removal of temporary watch-house	Managers
	c) Removal of valve locks	Managers
5.2.	Hull	
	a) Removal of temporary anodes	Managers
	b) Blanks removed	Managers
	c) Underwater condition checked	Owners
	d) Sea chests cleared of any fouling	Owners
	e) Anchoring and mooring equipment to be checked and operated	Owners
	f) Ballast tanks with inhibitor to be drained/ cleaned	Owners
5.3.	Tanks	
	a) All tanks well ventilated and proved gas free	Owners
	b) Heating coils blown through with steam/air	Owners
5.4.	Machinery	
	a) All systems checked for completeness and sufficient operation	Owners
	b) Oil sampled	Owners
	c) Boilers dismantled and cleaned	Owners
5.5.	Main Engine	
	a) If VCI used, removed in accordance with suppliers' recommendations	Owners
	b) Cooling water for pistons and jackets to be circulated and checked for leakage	Owners
5.6.	Safety	
	a) Safety equipment checked in accordance with local authority requirements	Owners

Scope of Work ([Cl. 1](#), [4\(d\)](#), [5\(b\)](#), [5\(c\)](#), [6\(a\)](#), [6\(b\)](#), [7](#), [9\(a\)](#), [9\(d\)](#))

**ANNEX “C” (ADDITIONAL FEES, EXPENSES AND OPTIONAL SERVICES)  
TO THE BIMCO STANDARD CONTRACT FOR THE LAYING UP OF VESSELS  
CODE NAME: LAYUPMAN**

**IMPORTANT NOTE:** The additional fees, expenses and optional services agreed below relate to services offered prior to, during and after the layup period.

<b>1.</b>	<b>Booking Fee and expenses, paid in accordance with Clause <a href="#">11 (c)</a></b>	<b>State amount</b>	<b>Choose from drop down menu</b>
1.1	Administration		Non-refundable
1.2	Port dues/clearance		Refundable
1.3	Tugs and pilotage		Refundable
1.4	Others (please list)		Refundable

  

<b>2.</b>	<b>De-activation Work Fee and expenses paid in accordance with <a href="#">Clause 11 (d)</a></b>
	State price of De-activation Work Fee:

  

<b>3.</b>	<b>Re-activation Work Fee and expenses paid in accordance with <a href="#">Clause 11 (d)</a></b>
	State price of Re-activation Work Fee:

  

<b>4.</b>	<b>Ancillary Services (optional)</b>	<b>State amount</b>	<b>Not applicable/ lump sum/ cost plus fee</b>
4.1	Installation/removal of anodes		Not applicable
4.2	Installation/removal of dehumidifiers		Not applicable
4.3	Installation/removal of blanks		Not applicable
4.4	Installation/removal of genset		Not applicable
4.5	Genset maintenance		Not applicable
4.6	Underwater inspection during de-activation/re-activation		Not applicable
4.7	Others (please list)		

Additional Fees, Expenses and Optional Services ([Cl. 11\(b\)](#), [11\(c\)](#), [11\(d\)](#), [11\(e\)](#)).

**ANNEX “D” (PROTOCOLS)  
TO THE BIMCO STANDARD CONTRACT FOR THE LAYING UP OF VESSELS  
CODE NAME: LAYUPMAN**

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Date of Agreement:

Vessel:

Protocols ([Cl. 6\(d\)](#), [9\(a\)](#), [9\(e\)](#)).

Sample copy

**ANNEX “E” (ASSOCIATED VESSELS)  
TO THE BIMCO STANDARD CONTRACT FOR THE LAYING UP OF VESSELS  
CODE NAME: LAYUPMAN**

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**IMPORTANT NOTE:** Parties should be aware that by completing this Annex “E” they will be subject to the provisions of [SUB-CLAUSE 17\(c\)\(i\)](#) of this Agreement.

Date of Agreement:

Details of Associated Vessels:

Associated Vessels ([Cl. 17\(c\)\(i\)](#))

Sample copy