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INSTRUCTIONS FOR APPLICATION FOR SHIPYARD FINANCING GUARANTEES

Applications for Title XI guarantees (Guarantees) for shipyards under 47 U.S.C. Chapter 537 (46 U.S.C. 1271--1280 a; the "Act"), and the regulations prescribed to carry out the provisions of the Act (46 CFR Part 298; the "Regulations"), shall be prepared and submitted in substantially the form annexed. No Title XI Guarantee may be granted unless a completed application has been received.

Prior to filing an application, a preliminary meeting should be arranged with the Director, Office of Shipyards and Marine Financing, in Washington, D.C. to discuss the Title XI application and requirements of the Title XI program.

Please answer each question as completely as possible. The metric measurement system may be used when supplying data. If any item in the application is inapplicable to the Applicant's particular case or the answer is "None," this should be so stated. The application must be printed or typewritten and ten (10) complete copies shall be filed with the Secretary, Maritime Administration. Three of these copies must be duly executed and certified by the applicant. All required attachments must be included with the application, except that only three (3) copies of Attachment I are required. The name and address of the Applicant shall be printed or typed on all accompanying papers for identification. Subsequent amendments and supplements to the application may be in letter form and shall be properly identified.

Applicants must complete Parts I and II. Other parts are to be completed in accordance with the type of Guarantee applied for, as set forth in Part I, Item 4.

A filing fee of \$5,000 must accompany the application. Applications will not be processed until the fee is received.

ALL INFORMATION SUPPLIED IN PART I WILL BE RELEASED FOR PUBLIC INFORMATION PURPOSES. ALL INFORMATION SUPPLIED IN PARTS II THROUGH III WILL BE SUBJECT TO THE FOLLOWING:

IF THE APPLICATION, INCLUDING THE ATTACHMENTS THERETO, CONTAINS INFORMATION THE APPLICANT CONSIDERS TO BE TRADE SECRETS OR COMMERCIAL OR FINANCIAL INFORMATION AND PRIVILEGED OR CONFIDENTIAL, OR OTHERWISE EXEMPT FROM DISCLOSURE UNDER THE FREEDOM OF INFORMATION ACT (FOIA), 5 U.S.C. 552, THE APPLICANT SHALL ASSERT A CLAIM OF EXEMPTION AT THE TIME OF APPLICATION. THE SAME REQUIREMENT SHALL APPLY TO ANY AMENDMENT TO THE APPLICATION.

ANY AMENDMENT TO THE APPLICATION FILED SHALL BE MARKED "AMENDMENT" AND SHALL CONTAIN A STATEMENT ON THE FIRST PAGE THEREOF, CLEARLY IDENTIFYING THE DOCUMENT AS AN AMENDMENT TO AN APPLICATION FOR FINANCING GUARANTEES, STATING THE NAME OF THE APPLICANT AND THE DATE OF THE APPLICATION.

PART I--SUMMARY INFORMATION

1. Name and address of applicant
2. Name and address of parent company (*if applicable*)
3. Congressional district number of applicant
4. Nature of application (*check as many as applicable*):
 - a) Construction period financing (*Also complete Part III*)
 - b) Mortgage period financing
 - c) Refinancing of existing Title XI debt
5. The Proposal:
 - a) Describe briefly the proposed project.
 - b) Provide the total estimated actual cost (details to be provided in Part II, Section IV C); the requested level of financing (i.e., 87 1/2%, 75%); and the estimated guarantee amount.
 - c) Indicate the requested period of the guarantee.
 - d) Indicate the estimated modernization commencement and completion date.
 - e) Has the Applicant or a related company previously applied for Title XI Guarantees? If so, under what name and what was the outcome?
 - f) Will the project involve the guarantee of:
 - Bonds
 - Notes
 - Bank Debt
 - Other (specify)
 - g) Name and phone number of principal contact concerning the Title XI application.
 - h) Does the Applicant have a web site on the Internet? If so, please provide the site identification.

PART II--APPLICATION

The undersigned, _____ (herein referred to as the "Applicant"), hereby applies to the United States of America, represented by the Secretary of Transportation, acting by and through the Maritime Administrator (the "Administrator") under the Act and the Regulations for Shipyard Financing Guarantees.

I. THE APPLICANT: Its Identity

A. Form of Organization:

Please detail the business structure of the Applicant (e.g., corporation, partnership, limited partnership, limited liability company). Provide name, the place of formation, date of formation and tax identification number or equivalent. In addition, please provide certified copies of the certificate of incorporation and bylaws, certificate of formation, partnership agreement or other documentation forming the entity.

B. Ownership:

1. The Applicant shall provide the following information regarding the entity's officers, directors, partners or members: name and address, office or position, nationality, and interest owned (e.g., shares owned and whether voting or non-voting).
2. Please provide a brief statement of the general effect of each voting agreement, voting trust or other arrangement whereby the voting rights of any interest in the Applicant are controlled or exercised by any person who is not the holder of legal title to such interest.

II. THE APPLICANT: Background

A. Business Activities - Please provide a brief description of the Applicant's principal business activities during the past five years.

B. Affiliated Entities - Please list all business entities that directly or indirectly through one or more intermediaries, control, are controlled by or are under common control with the Applicant. Please indicate the nature of the business transacted by each entity and the relationship between these entities. This information may be presented in the form of a chart. Indicate whether any of the affiliated entities have previously applied for or received Title XI assistance.

C. Bankruptcy - Please indicate whether the Applicant, any predecessor or affiliated entity has been in bankruptcy or reorganization under any insolvency or reorganization proceeding. If so, please give details.

D. Default - Please provide a statement indicating whether the Applicant or any predecessor or affiliated entity is now, or during the past five years has been, in default under any agreement or undertaking with others or with the United States of America. Is the Applicant currently delinquent on any Federal debt? If so, please provide explanatory information.

E. Banking References - Please provide the following information:

1. Principal bank(s) or lending institution(s) - name and address
2. Nature of relationship
3. Individual references. Name(s), telephone and fax number(s) of banking officer(s).

F. Financial Information - The Applicant shall submit as Attachment III the following financial statements, footnoted to explain the basis used for arriving at the figures:

1. The most recent financial statement of the Applicant, its parent and other significant participants, as applicable (year end or intermediate), and the three most recent audited statements with details of all existing debt. If the Applicant is a new entity and is to be funded from or guaranteed by external source(s), provide the above mentioned statements for such funding source(s);

2. A pro forma balance sheet of the Applicant and guarantor (if applicable) as of the estimated date of execution of the guarantees reflecting the assumption of the Title XI obligations, including the current liability; and
3. Pro forma balance sheets for five years subsequent to the Closing.

III. THE APPLICANT: Management/Operations

A. Past Business Activities - A brief description of the principal business activities during the past five years of each officer, director, partner or member listed above in item I B. If these persons (have) act(ed) as executive officers in other entities, please indicate the names of these entities and whether such entities have defaulted on any U.S. debt.

B. Business Relationships - The name and address of each organization engaged in business activities which have a direct financial relationship to those carried on or to be carried on by the Applicant with which any person listed above has any present business connection, the name of each such person and, briefly, the nature of such connection.

C. Please provide a copy of any management agreement(s) or contracts between the Applicant and any related or unrelated organization(s) which will affect the management or operation of the Title XI project.

D. Please provide a detailed statement showing the ability of the Applicant to successfully operate the shipbuilding technology, including name, education, background of, and licenses held by, all senior supervisory personnel concerned with the physical operation of the shipbuilding technology.

E. Please provide a brief description of the general character (i.e., number of building ways, launch method, drydocks and size) and location (i.e., water depth, length of riverfront) of the principal properties of the Applicant employed in its business. Describe each site, if more than one location. Describe financial encumbrances, if any.

F. Please provide a detailed statement showing the Applicant's ability to successfully construct/reconstruct or repair vessels.

G. Describe the types of vessels which will be built or repaired by the Applicant.

H. Describe all union affiliations. Describe the size and capabilities of the work force.

IV. THE PROJECT

A. Project Description

1. Please provide: 1) a specific statement detailing the work scope of all engineering, construction, and facility improvements completed and planned for which Title XI financing is proposed, including a Master Construction Schedule, Critical Path Analysis, Schedule of Values and Material ordering Schedule; and 2) an additional brief statement describing the scope of other work and improvements which are not included in the Title XI project. This portion of the application should be supplemented by exhibits such as Gantt chart, plant/yard layouts, construction plans, specifications and others as necessary to present a comprehensive scope of the work.

2. Please provide a comprehensive statement describing the technologies and production processes which will be employed including a detailed analysis of the productivity increases and/or savings which will be achieved. This portion of the application should be supplemented by exhibits such as process control and process flow diagrams and others as necessary to present a comprehensive description of the modern or advanced technologies to be utilized in the shipyard.

The supplemental exhibits requested in 1 and 2 above should be presented as Attachment I to this application.

B. Economic Soundness

1. Quantify any projected savings or productivity improvements on:
 - a) work in the shipyard or backlogged
 - b) new orders - new buildings/repairs
2. Describe how the shipyard will be competitive for new orders.
3. Describe any vessels under construction or repair and related dollar value.
4. Describe size and dollar amount of any backlog.
5. Provide a description of the type and volume of work the Applicant has performed over the last five years. Identify major customers.
6. Provide a market forecast for the next five years after completion of the shipyard improvement for the major vessel types the Applicant hopes to build.
7. Describe how the shipyard improvement will enable the shipyard to meet customer needs.
8. Describe any marketing activities by the Applicant with respect to attracting new customers.
9. **Revenue** - Provide a detailed statement of the revenues expected to be generated from the project.

10. Expenses:

- a) Provide a detailed breakdown of estimated daily operating expenses for the shipyard, such as wages, including staffing, and aggregated to a straight line, overtime and fringe benefits; utility costs; cost of stores, supplies and equipment; maintenance and repair cost; insurance costs and other expenses (indicate items included).
- b) Provide a detailed breakdown of annual capital costs and administrative expenses, segregated as to:
 - 1) Interest on debt;
 - 2) Principal amortization; and
 - 3) Salaries and other administrative expenses (indicate basis of allocation).

11. Forecast of Operations - Utilizing the revenues and expenses provided above, provide a forecast of operations for the shipyard on a cash basis for the Applicant's first full year of operations and the next four years. The Applicant should supply adequate backup detail to support its assumptions.

C. Design - Complete Attachment I and II to this application. In addition, please provide the name of the proposed supervising architect and state his/her experience and qualifications.

D. Cost of the Project--The following information shall be submitted with respect to the cost of the project.

1. **Actual Cost of Construction** - A detailed cost estimate and summary of the construction or manufacture of the shipbuilding technology including those items which would normally be capitalized as construction costs and other items requested to be included in Actual Cost such as:

Labor, Material & Equipment	\$
Land	
Escalation	
Changes & Extras	
Owner Furnished Items (at cost)	
Design	

Engineering	
Inspection	
Guarantee Fee	
Commitment Fee(s)	
Net Interest During Construction_	
Total Actual Cost (excluding foreign items)	\$
Foreign Equipment and Service (by category as shown above)	\$
Total Actual Cost Including foreign items	\$

Please provide a justification for the inclusion in Actual Cost of any foreign equipment or services.

At a minimum, the cost estimate is to include component and equipment listings, unit costs, extended costs and copies of supplier quotations or invoices. This information is to be submitted as Attachment V to the application. Depending on the scope of the project, the Applicant may be required to have the contracting manufacturer or supplier submit back-up cost details and technical data.

If any category above is inapplicable, enter zero beside that category. Net Interest during Construction is total estimated Construction Period interest on non-equity funds less estimated earnings from the escrow fund, if such a fund is to be established.

2. **Contracts** - If any of the above costs have been incurred by written contracts such as the construction, supply, design/engineering or project management agreement, signed copies should be forwarded with the application. If contracts are anticipated to be signed, provide a draft and indicate the expected date of contract execution.

3. **Other Costs** - Provide a detailed statement showing the cost of any items not listed in IV D1 above and which will be purchased in conjunction with the project. In addition, please include a detailed statement showing any other costs associated with the project which were not previously included such as: legal and accounting fees, printing costs, insurance, underwriting fees, incentive payments, etc.

E. Technological Life - Provide an assessment and justification as to the technological life of the shipbuilding technology.

F. Financing:

1. Describe, in detail, how and when funds are to be provided to cover 1) the equity for the project (the difference between the capitalizable cost and the Guarantee amount); 2) the required working capital; and 3) initial operating expenses. If any other person or entity is providing funding to the Applicant to assist in the financing of the project, please provide complete details about this funding.

2. Please provide a detailed statement with respect to the types and value of assets (other than the shipbuilding technology being financed), including any corporate guarantees, being offered by the Applicant to collateralize the Secretary's issuance of the Guarantee.

3. What type of debt amortization is proposed? If other than level principal, please provide a justification.

G. Environmental Impact - Are any international, Federal, State, Tribal, or local approvals, permits or certificates required pursuant to any law, rule, regulation or ordinance related to the environment? If so, provide copies of all such approvals, permits or certificates, or applications for same, that encompass the project. Please identify any environmental study or assessment that has been performed.

PART III -- CONSTRUCTION PERIOD FINANCING

If the application involves construction period financing (e.g., issuance of the guarantee to aid in the pre-completion construction of the project), the following information is to be supplied:

1. Has the manufacturer(s) obtained a performance bond or insurance? If so, this performance bond or insurance documentation should be submitted.
2. If the manufacturer has not obtained a performance bond or insurance, identify any consideration that is to be given in lieu thereof, (i.e., a guarantee by the manufacturer or parent company). If a guarantee of the manufacturer's performance is to be executed or the manufacturer is believed to have sufficient financial resources and operational capacity, the most recent audited financial statements of the appropriate party should be submitted.
3. Provide a detailed draw-down schedule with dates and amounts.

ATTACHMENTS

Please complete the following attachment forms as requested and file them with the application. There are no forms for Attachments I, III, and V, which shall be furnished by the Applicant.

Attachment I - Plans and Specifications. For a complete description of requirements, see Part II, Section IV A 1 and 2.

Attachment II -- Identifying characteristics of the project.

Attachment III -- Financial Information. For a complete description of requirements, see Part II, Section II F.

Attachment IV - A completed Lobbying Form must accompany the application and must be updated prior to closing.

Attachment V - Supporting Cost Information. For a complete description of requirements, see Part II, Section D1.

NOTE:

- 1) For all requested information that is not being supplied at the time of application filing, indicate when these materials are to be supplied and the reason for not supplying them with the application.
- 2) For Applicants with an existing Title XI contract(s), certain information requested in this application may already be on file with the Maritime Administration and need not be re-submitted if the information is current. For any such information, please advise and note when the information was submitted.
- 3) The Maritime Administration reserves the right to request additional information on any aspect of the project.

Dated _____ 20_____

(Name of Applicant)

By _____
(Name and Title)

Attest:

Secretary _____

I, _____, do certify that

I am the _____ of _____
(Title) (Name of Applicant)

the Applicant on whose behalf I have executed the foregoing application; this application is made for the purpose of inducing the United States of America to grant guarantees pursuant to the provisions of Title XI of the Merchant Marine Act, 1936, as amended. I have carefully examined the application and all documents submitted in connection therewith and, to the best of my knowledge, information and belief, the statements and representations contained in said application and related documents are full, complete, accurate, and true.

(Name)

NOTE: The U.S. Criminal Code makes it a criminal offense for any person to knowingly make a false statement or representation or to conceal or cover up a material fact from any department or agency of the United States as to any matter within its jurisdiction (18 U.S.C. 1001).

TABLE OF IDENTIFYING CHARACTERISTICS AND MANUFACTURER FOR EACH ITEM OF THE PROPOSED SHIPBUILDING TECHNOLOGY

Including:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 15.
- 16.
- 17.
- 18.

DECLARATION REGARDING LOBBYING

I, _____, do hereby declare under penalty of perjury, in accordance with the provisions of 28 United States Code 1746, that the following statements are true and correct to the best of my knowledge:

1. I am the Chief Executive Officer of _____, an applicant (the "Applicant") for a loan guarantee pursuant to 47 U.S.C. Chapter 537, and this Declaration is hereby submitted in compliance with the provisions of 31 U.S.C. 1352, as amended by the Lobbying Disclosure Act of 1995, Pub. L. 104-65, December 19, 1995 (the "Lobbying Act").

2. The submission of the information set forth herein has been duly authorized and approved in the manner required by the Applicant's Articles of Incorporation and its By-Laws.

3. There immediately follows a list of any lobbyists who have an obligation to register under the Lobbying Act and who have made lobbying contacts on behalf of the Applicant in connection with the requested loan guarantee:

4. The Applicant will file a further declaration in the form of this Declaration at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the information contained in this Declaration.

5. The terms "lobbyist" and "lobbying contacts" used herein have the meanings given to them by the Lobbying Act.

DATED: _____

Name

Title: