

SALVAGE GUARANTEE FORM ISU 5

(SCOPIC REMUNERATION)

To: [See Note 1]

Dear Sirs,

“.....” (the “Vessel”) [See Note 2] **Salvage
Lloyd’s Form of Salvage Agreement incorporating the
SCOPIC Clause dated..... (the “LOF”)**

1. In consideration of, and upon condition that, you refrain from arresting, re-arresting or otherwise detaining the Vessel or any other vessel, property or asset in the same beneficial or associated ownership or management in connection with your claim for SCOPIC remuneration for services rendered to the Vessel under the terms of the LOF, we hereby undertake to pay to you on demand any liability on the part of the Registered/Bareboat Owners of the Vessel,[See Note 3] (the “Owners of the Vessel”) for SCOPIC remuneration, to the extent that it exceeds any actual or potential Article 13 award, together with interest and costs in relation thereto, which may be due to you whether by final un-appealable award or judgment or by written agreement between you, the undersigned and the Owners of the Vessel.
2. Any monies paid by the undersigned hereunder shall be deemed to have been paid by the undersigned as surety for the party or parties hereby guaranteed, provided that, notwithstanding anything hereinbefore contained, the liability of the undersigned as between the undersigned on the one hand and you on the other hand shall be that of principal debtor, and the undersigned shall not be released by time being given or other indulgence shown to the party or parties hereby guaranteed or by any other act, matter or thing whereby the undersigned, if liable as a surety only, would or might have been released.
3. This security shall be governed by and construed in accordance with English law and we undertake, when called upon to do so, to give irrevocable instructions to English

solicitors to accept service of proceedings issued by you against us in relation to this undertaking.

4. Provided always that our liability under this security shall not exceed the sum of US\$....[See Note 4] (US Dollars) including interest and costs.
5. Acceptance of this security is without prejudice to your right under 3(iv) of the SCOPIC Clause to seek an order from the Arbitrator that the Owners of the Vessel provide increased security and we are authorised by the Owners of the Vessel, to confirm to you that any right you may have to arrest, re-arrest or otherwise detain the Vessel or any other vessel, property or asset in the same beneficial or associated ownership or management will again become enforceable, notwithstanding the provisions of clause 1 of this security, in the event that the Owners of the Vessel do not promptly comply with an order from the Arbitrator for the provision of additional security.
6. The above undertaking is issued on the basis that the underlying salvage contract is currently and will remain on the current edition of Lloyd's Open Form with SCOPIC incorporated and invoked and without any agreement whatsoever that varies its standard provisions or terms. In the event that that is not the case, all obligations contained within this undertaking are void unless we confirm otherwise to you in writing.

Signed this..... day of.....20

By.....

Authorised signatory of.....

SEE OVER FOR NOTES ON COMPLETION OF THIS GUARANTEE FORM

GUIDANCE NOTES ON THIS COMPLETION OF SALVAGE GUARANTEE ISU 5

N.B. The wording of this security (updated ...March 2015) has been agreed between the International Group of P&I Clubs and the International Salvage Union in accordance with clause 6 of the Code of Practice between them dated 1.8.99

1. The security should be addressed to the contractors named in the LOF.
2. Insert the name of the vessel or property which is the subject of the LOF.
3. Insert the full name of the Registered Owners or Bareboat Owners of the vessel subject of the LOF and delete either the word *Registered* or *Bareboat*, as appropriate. [NB The Guarantor Club will wish to ensure the party it is securing is its member while the Contractor will wish to ensure it is the party to whom the LOF service is being provided].
4. Article 3(i) of the SCOPIC Clause requires the owner of the vessel to provide *Initial Security* in the sum of USD3m, inclusive of interest and costs, within two working days of invocation. Articles 3(ii), (iii) & (iv) together provide the mechanism by which the *Initial Security* can be revised.
5. In the event the terms of the LOF have been amended by a side-agreement, side – letter or otherwise in a manner that has the potential to change the amounts payable by one or more interested party, the amendment(s) must be disclosed to the P&I Club before security is issued, or if security has already been issued, then before the side-agreement is entered into so they can advise whether they are able to provide SCOPIC security or confirm its continued validity. Failure to make disclosure will result in the security becoming void in accordance with Clause 6. This provision is particularly directed to ensure that P&I are entitled to void and rescind a guarantee where they discover that a side-agreement has been agreed which has the potential to change the amounts payable by one or more interested party.