

REPUBLIC OF PANAMA

Ministry of Finance and Treasury

Office of the Directorate of Merchant Marine Circular No. 10

Consular and Maritime Affairs

To: Shipowners/Operators and Legal Representatives
Subject: Preliminary Registration of Title Deeds and Mortgages of Vessels
Reference: Law No. 14 of May 27, 1980 Whereby Certain Articles of the Code Of Commerce are Amended, Others Added, and New Dispositions Adopted

A. Preliminary Recording of Title Deeds

1. Procedure

- a. The interested party shall apply for the preliminary registration of the title deeds to the Consuls by completing the form provided by the General Directorate of the Public Registry (see Appendix for sample)
- b. The Consul shall transmit by telex, fax, or cable the text of the application submitted by the interested party to the Public Registry in Panama City.
- c. Upon receiving such communication from the Consul, the Public Registry shall, in the absence of legal impediment, proceed with the preliminary registration of the title deed. The Public Registry shall communicate to the Consul the authorization to issue a Preliminary Registration Certificate, indicating date and time of journal entry and microfilm data.
- d. If the vessel is mortgaged, evidence of the cancellation thereof or a consent by the mortgagee shall be required to make the corresponding entry in the Journal.

The aforementioned registration may be requested before the Public Registry, in Panama City, through a lawyer qualified to practice in the Republic, on the basis of a document, a duly legalized and compared by a Notary Public, who shall keep a copy of the original document.

2. Duration

The preliminary registration of title deeds shall operate as a final registration during six (6) months, counted as of the date and time in which application was entered in the Journal of the Public Registry, during which period the interested party must legalize the title deed and submit the same for final registration at the Public Registry of Panama City, through a lawyer qualified to practice in the Republic.

Once such period expires, having failed to submit such documents for final registration, the preliminary registration shall be canceled and the Public Registry shall automatically proceed to make the corresponding entries.

3. Correction of Error

If upon proceeding with the final registration, an error should be detected, the same may be corrected within six (6) months following service in person or by publication of the writ of suspension of such registration, without prejudice to the Preliminary Registration, continuing to have the same legal effect during such additional period. Upon failure to make such personal notification within five (5) days following the date of the writ of suspension, service shall be made by posting such notice in an accessible and conspicuous place at the General Directorate of the Public Registry.

B Preliminary Registration of Mortgages

1. Procedure

- a. The interested party shall apply for Preliminary Registration of mortgage to the Consul by completing the form provided by the General Directorate of the Public Registry (see appendix for sample).
- b. The Consul shall transmit by fax, telex, or cable the text of the application of the interested party to the Public Registry in Panama City.
- c. Upon receiving such communication from the Consul, the Public Registry shall, in the absence of legal impediment, proceed with the preliminary registration of the mortgage. The Public Registry shall communicate to the Consul the authorization to issue a Preliminary Registration Certificate, indicating data and time of Journal entry and microfilm data. The Preliminary Registration referred to may be requested before the Public Registry in Panama City, through an attorney qualified to practice in the Republic, on the basis of a document, duly legalized and compared by a Notary Public, who shall keep a copy of the original document.

2. Duration

The preliminary registration of a mortgage shall operate as a final registration, with the mortgagee being free to exercise all the rights derived from the mortgage, during six (6) months, counted as of the date and time in which the same was entered in the Journal of the Public Registry, during which period the interested party must legalize the mortgage and submit the same for final registration at the Public Registry of Panama City through a lawyer qualified to practice in the Republic.

Once such period expires, having failed to submit such document for final registration, the preliminary registration thereof shall be canceled and the Public Registry shall proceed to make the corresponding entries.

3. Correction of Error

If upon proceeding with the final registration, an error should be detected, the same may be corrected within six (6) months following service in person or by publication of the writ of suspension of such registration, without prejudice to the Preliminary Registration having the same legal effect during such additional period. Upon failure to make such personal notification within five (5) days following the date of the writ of suspension, service shall be made by posting such notice at an accessible and conspicuous place in the General Directorate of the Public Registry.

Note: If the vessel is mortgaged, the Public Registry shall order the preliminary recording of the new mortgage, whose registration is being sought, with the priority corresponding thereto.

C. Cancellation of a Mortgage

1. Procedure

In the event of it being necessary to record the cancellation of a mortgage for the preliminary registration of another mortgage of the same rank on national vessels, the following procedure shall apply:

- a. The interested party shall apply for preliminary recording in the Public Registry of the mortgage cancellation, by completing the form provided to the Consul by the General Directorate of the Public Registry (see Appendix for sample).
- b. The Consul shall transmit by telex, fax, or cable the text of the application submitted by the interested party to the Public Registry in Panama City.
- c. Upon receiving such communication from the Consul, the Public Registry shall, in the absence of legal impediment, proceed with the preliminary recording. The Public Registry shall communicate to the Consul the authorization to make note on the Certificate of Preliminary Registration, of the new mortgage providing information pertaining to date and time of the entry of mortgage cancellation in the Boards of the Public Registry and microfilm data.

The preliminary Registration referred to may be requested before the Public Registry in Panama City, through a lawyer qualified to practice in the Republic, on the basis of a document duly legalized and compared by a Notary Public, who shall keep a copy of the original document.

2. Duration

The preliminary registration of the mortgage cancellation shall operate as a final registration during six (6) months as of the date and time in which the same was entered in the Journal of the Public Registry during which period the interested party must legalize such cancellation and submit the same for final registration at the Public Registry of Panama City through a lawyer qualified to practice in the Republic.

Once such period expires, having failed to submit such document for final registration, the preliminary registration shall be canceled and the Public Registry shall automatically proceed to make the corresponding entries. Once the final registration is made, the same shall have retroactive effect to the date and time of the original Journal entry.

3. Correction of Error

Any error detected upon proceeding with the final registration of the mortgage cancellation may be corrected subject to the procedure and terms established in Point B (3).

D. Preliminary Registration of Title Deeds and Mortgages on Vessels Under Construction

Panamanian Consular Officials of the Merchant Marine shall be empowered to receive preliminary registration applications for title deeds and mortgages on vessels under construction. The same procedure established for the preliminary recording of title deed of vessels shall be applied to the vessels under construction.

In regards to the registration of a mortgage of a vessel under construction, it is essential that the ship's ownership is registered at the Public Registry, and that one third of the total value of the hull has already been invested.

To this end, the interested party will request from a Classification Society recognized by the National Government, a construction survey. The survey must show the state of the construction, the length of the keel and other dimensions of the ship, tonnage and probable displacements, quality and kind of ship, place of construction, materials to be used, together with the appraisal of the ship and that corresponding to the part already completed.

With the certification of said examination, the respective registration may be requested from the Public Registry.

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Inquiries concerning the subject of this Circular should be directed to:
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