

JMYS.com Trawler Buying Team



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Purchasing a Trawler – building your Trawler Buying team

By Jeff Merrill

After you have narrowed down the trawler model(s) you want to pursue you should establish a team to support you along the way as you navigate through the key steps from finding a trawler to buying a trawler. This is a major purchase and there is a lot at stake!

- 1) **Yacht Broker** – Think of your yacht broker as the coach of your team. Yacht brokers are professionals with a wealth of knowledge and experience. Most people use a Realtor to buy a home; I recommend you take the same approach for this expensive purchase. Ask your broker what services they provide before, during and after the purchase. Remember, the seller hires the listing broker to help them market the boat. The listing broker has a agreement to be paid a commission (which is often split between listing broker and buyer's broker). Keep in mind that the commission is built in to your purchase price and selecting the right broker to run your team is an important part of your purchase value that is often overlooked. Find a broker who will listen to you, guide you and look out for you and look after you. Yacht brokers can help you determine going prices and also provide recommendations for the rest of the key players on your team. Select someone who you feel comfortable with and trust, then agree to work with them solely. A scattered approach using several brokers leads to confusion and you become less of a priority. Qualified yacht brokerages use a separate banking trust account to keep your deposit secure. Your broker will arrange showings, advise on equipment and essentially be your advocate in finding the boat that is best suited for you. Your broker will prepare an offer to purchase form in order to present your offer to the seller. Good brokers belong to yacht broker associations which use vetted legal forms, be extremely careful if the form your broker wants to use is not current. I've seen a lot of poorly worded contracts and they don't protect the buyer, seller or broker if they are out dated. Brokers know the pulse of the industry and market conditions. A good broker may also know of some boats that are not listed for sale but could be purchased (these are called "pocket listings").
- 2) **Lender** – if you are planning on purchasing your boat by borrowing money via a loan you should meet up with bankers who can provide your funding and help you determine your budget (the cost of the boat and subsequent upgrades plus expenses like slip rent and insurance need to be added together). Most marine lenders are brokers who represent a handful of select banks that provide boat financing. They will usually match each other's rates and typically draw from the same banking resources so pick one person to be your lender and stick with them. Getting "pre-qualified" with a loan amount allows you to shop with confidence and move swiftly when you find the right boat. Most lenders require a current hull survey to establish value. Your personal bank should also be advised what your intentions are regarding the purchase as most funds are sent and received via wire transfer.

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- 3) **Insurance** – You will want to insure your boat against damage and loss. You have many insurance agents to choose from and the types of coverage for policies can vary greatly depending upon your boating experience, what type of boating you intend to do and where you will do your cruising. Just because you can afford the trawler doesn't mean you will be automatically authorized to operate your boat. Many insurance companies require a resume outlining your boating experience and additional training with a licensed captain may be required before you can take off on your own.
- 4) **Legal** – Understanding your choices in how you take title (LLC, family trust, etc.) can offer great protection for your personal assets. How, when and where you take delivery can also affect sales tax, property tax and use tax – the laws vary from state to state. Retain a qualified maritime attorney to help you determine the best way for you to complete the transaction with an understanding of the ramifications present in your particular purchasing situation.
- 5) **Documentation** – Most trawlers purchased in the US will register with the US Coast Guard so that they are documented vessels (buyer must be a US citizen). Documentation provides special protection to you and your boat both at home and abroad. There are special marine documentation companies that provide lien searches, USCG documentation applications and generate USCG Bills of Sale to properly complete the purchase. Some documentation services also act as escrow agents for funds distribution.
- 6) **Surveyor** – A certified marine surveyor (SAMS or NAMS) will need to be hired. Approach this selection like an employee interview (a very important hiring) and find out about their qualifications and experience, particularly on the boat model you are making an offer on. Current survey reports are required by most lenders and insurance companies to determine safety recommendations and establish value. It is always nice to have the ship's maintenance log available for the surveyor so you can determine how the seller has kept their boat. An important subset to consider is hiring a diesel mechanic to conduct an engine/mechanical survey which is particularly helpful when the engines are old or have lots of hours and they can pull oil samples to be sent in for analysis.
- 7) **Home Marina** – Once you make the deal, where are you going to keep the boat? Often times there are long waiting lists for the few coveted dock spaces available so do your homework and find out where you will be mooring.
- 8) **Repair Yard** – Having a relationship with a local yard to manage special repairs and conduct annual maintenance service is very important. Do they know about the type of boat you are buying? Do they have haul out and repair services that are appropriate for your boat? What are the priorities to address and fix before you go out cruising?
- 9) **Delivery Captain** – Buying the boat is the first step, using your new trawler is the second step. There are a lot of systems to learn, let alone the fundamentals of weather, navigation and seamanship. Even if you are a seasoned boater much can be learned from a licensed captain to supplement your knowledge. You may need to move your boat a long distance to return her to your home port. Hiring a captain and mate (and joining them on the trip) will add to your confidence and understanding of how everything works. Many insurance companies require a licensed captain to sign off on your proficiency before you take the helm on your own. Think of this as extra training (and remember most professional athletes have training coaches to help them improve their game)!