

# On The Money

Be as sure about financing and expenses as you are about the trawler you're buying or selling.

“Please tell the seller I am a *cash buyer* and can move very quickly.” I hear this sentence quite often, and it contains important information, but I have yet to meet a seller who is willing to give a discount or an expedited closing for a cash purchase. Cash is a positive measure of the buyer's readiness, and sellers listen when money talks, but it really doesn't matter how the seller is paid—as long as he gets paid in full and on time.

I've learned how buyers and sellers think during my years of being on all sides of trawler deals. You learn a lot about the thinking behind decisions when you look at things from the other party's perspective.

Buyers should try to imagine the seller's point of view (as an owner, you will one day be a seller). The seller is looking for a net number in his bank account at a closing completed in the shortest amount of time. The real advantage of a cash buyer is that the process will be less complicated, since the transaction isn't dependent upon lender approval.

If you are going to take out a loan, begin the application process sooner rather than later. Connect with a marine lender who specializes in boat loans, or ask your broker for help. I've seen many buyers who have the ability to pay with cash, but who take out a boat loan because of favorable rates, and to manage the growth of their capital assets.

Getting prequalified for a loan will also help you establish your purchase budget. You will realize the true price range you must work within. Knowing how much money you can afford can help you focus on specific boat models.

Having your payment method ready is essential *before* you write up an offer. Some purchase and sales agreements, like the IYBA (Florida) and YBAA (East Coast) agreements, do not allow an offer to be presented if there is any uncertainty about the ability to fund at closing. Other forms, like the CYBA (California) and NYBA (Northwest) agreements, treat financing (the ability to pay) as a contingency to be initiated after the seller accepts the offer. However, they do not allow the survey to begin until the buyer signs off on being financially capable.

During the contract phase (between the seller accepting the offer and the buyer accepting the boat), there are many important tasks to complete such as a survey, trial run, haul out

and engine inspection. This is not the time to figure out how you are going to pay.

In addition to contract price and timing, the seller will closely review the likelihood of a deal closing. The seller has to weigh the risk of missing out on a better, qualified buyer while the boat is under agreement. Once a seller accepts your offer, he cannot sign any other contracts until you make your final decision (or if you void your agreement by missing a contract deadline).

In the pre-Covid world, the typical time frame from accepted offer to closing was 30 days. The current market is filled with strained service personnel and backlogs in every sector. Many deals are taking closer to 45 days to complete. No buyer

wants to endure the survey parade (spending time and money) unless he is certain that he is buying the right trawler. Similarly, sellers don't want to take their trawler off the market a day longer than necessary. If the buyer requests an extension due to an unexpected problem, not all sellers are eager to approve a delay.

The purchase price is the big number, but remember that there are other costs the buyer pays for. To complete the transaction, additional expenses may include the deposit (typically 10 percent, secured

in the broker's bonded trust account); travel during survey days; the surveyor's fee; the diesel mechanic's fee; the haul-out rate; legal expenses; documentation (to confirm the title, and prepare the U.S. Coast Guard bill of sale and closing statements); wire-transfer fees; insurance; a delivery captain; taxes; marina slip fees; and various upgrades and fixes.

Once you close the deal, your spending will shift to repairs, improvements and other ownership costs. As with most good things in life, boating has a price tag associated. Plan the financial part of the deal correctly, and you will be right on the money. ✨

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**Jeff Merrill** has helped with hundreds of trawler transactions across the United States and abroad. For 20 years, he has shared trawler skills and tips at TrawlerFest, at JMYS.com and on his YouTube channel. Jeff is a certified professional yacht broker and a licensed managing broker in California and Florida.