



# Adding Up the Numbers

When a pre-purchase survey finds big-ticket problems, there are smart ways to keep the deal alive.

Completing the survey phase of a trawler purchase gives you a clearer picture of the boat's overall condition and needed repairs. By this point, you've spent a lot of time and money. Unless the survey is so bad that you plan to withdraw your offer and walk away, the clock now starts on a short time frame to make important decisions.

The surveyor and diesel mechanic normally need a couple of days after the survey to finalize their written reports. While waiting for their summaries, you should corral the costs associated with addressing the survey findings.

Your notes from attending the survey and listening to the surveyor's debrief should include critical discoveries. It is up to you and your broker to determine reasonable cost estimates for the scope of work. Getting a yard to bid on a laundry list of items takes time. Prioritize the big-ticket issues, and understand that guess-timates may have to suffice. Also keep in mind that it is rare for a final invoice to match the initial estimate, especially if the yard gives you pricing without getting aboard the boat first.

Time is of the essence to establish a valuation. Your survey report will include the price the hull surveyor deems justified in the current market. In addition, your insurance broker will request a copy of the survey report, and your coverage will be based on the surveyor's estimation of current market value. Your insurance underwriter will require prompt repairs for the most critical findings, especially those related to safety and operations.

Post-survey negotiations are not uncommon. Just as you, the buyer, don't have to complete the purchase, the seller has no obligation to pay for repairs. The seller may hold firm, especially if your offer was low. On the other hand, the seller also knows that the same problems will surface again during another survey with a

different buyer. Most sellers don't want to waste that kind of time.

It remains the seller's boat until closing, so technically speaking, any repair work is still the seller's call. And, even if the seller is willing to organize the repairs, the work may not be completed to your standards. In addition, any warranties on the work may not extend to you, since you're not paying the bill. As brokers, we advise our buyers not to spend any money to fix a trawler until they own it. Instead, ask for a price reduction or survey allowance based on real estimates. This strategy allows the deal to remain on schedule. The seller moves on after the closing, and the buyer takes over the management of repairs.

As the buyer, you own the survey report. It should not be shared, except with your broker, lender and insurer. With your permission, your broker can excerpt the important issues found, and match up the survey line items with the repair estimates. We type up a request list to share our concerns, and we open the discussions with the seller and his broker. The purpose is to show our intent to move forward, seeking a fair resolution and settlement.

At this point, you have a fast-approaching deadline to accept or reject. It is crucial to present your requests (not demands) in a fair and detailed manner. In most cases, the seller will be reasonable, especially if there were surprises during the survey, but remember: You are buying a used boat. It typically takes new equipment to replace something that is broken. Think about how you would react if you were the seller (which you will be one day), and be lenient in your requests, since you will be the beneficiary.

Our preferred practice is to negotiate a resolution with the request list, and then create an addendum that adjusts the contract price through a survey allowance. This way, our buyer has a handle on the costs to become the new owner. 🌟