

Ready, Accept, Go

Survey approval by an insurance carrier clears your path to trawler ownership.



Trawler buyers face a limited window of time between receipt of the survey reports and the deadline to sign vessel acceptance. Your due diligence comes down to understanding the significance of the findings, along with analyzing the results of oil-sample lab results and the mechanic's discoveries. Your objective in this phase is to know with certainty that you are ready to accept the vessel on the contract date and have everything in place before you sign the closing paperwork.

Insurance approval happens during this time, and it's a process that takes several days. The survey report needs to be sent to your insurance broker and underwriter. You need acknowledgment that the insurance company approves the survey, and that the company is ready to bind coverage and issue your policy on the closing date. Premiums, deductibles and cruising grounds will be spelled out. Based on your boating experience, you may be obligated to have a U.S. Coast Guard-licensed captain aboard for training until you are qualified as an owner-operator. The underwriter will invariably highlight a few survey items that need repairs, generally with 30 to 90 days to remedy them.

Survey problems don't automatically lower the purchase price. As far as repairs go, discuss with your broker if it is fair to ask the seller to contribute toward any of the survey findings. The seller has no obligation to offer any relief, but since the issues will remain with the boat if you don't complete the purchase, the seller may be inclined to help.

We advise asking for a reasonable amount of money to help you take on the projects. This should be a broker-to-broker discussion so that your proposal is not misconstrued as rejection. If you can negotiate an equitable resolution, then your broker can draft a survey allowance/price adjustment addendum to the contract.

A marine attorney can provide counsel about state and local sales taxes due at closing. Coordinate with your broker to designate a closing agent (whether in-house at the brokerage or a

private documentation service) so that the final paperwork and banking will be completed correctly. We recommend that our buyers engage the services of a documentation company that specializes in boat transactions. Whoever is appointed to facilitate closing normally generates documents such as closing statements and bills of sale, and may serve as a third-party escrow for collection and disbursement of funds.

There are some other questions to ask: Have you selected a new boat name and decided on your hailing port? Where will your new home marina be, and when will you travel to get the boat there after closing?

As things ramp up, keep an eye on the clock so the closing is within the contract dates. Adding a couple more days to do this right is better than the seller starting a new clock, unless the seller has a better offer waiting in the wings. This far into the process, it is usually in everyone's best interest to get the deal done. If delays put the due dates at risk, then ask your broker to explain your situation to the other broker. Create an extension addendum with later dates for acceptance and closing to avoid having the contract expire.

Make sure you have all the necessary funds ready for closing, whether you are using your own bank or a marine lender. Any lender will need confirmation from the insurance company that your policy will be bound and that the vessel is documented by the U.S. Coast Guard, to record the ship's preferred mortgage lien.

You will authorize your broker to apply the deposit to the final balance on the closing statement. Per the purchase agreement, once you sign and accept, your deposit is committed. Wire-transfer banking should always have account numbers verbally verified to minimize fraudulent interceptions.

Review all of the above with your broker, insurer, lender and closing agent to make sure you understand your commitments and obligations. 🌟