

Before the Deal

Preparing your team and documents before making an offer on a trawler will save you time and hassles.

The success of your transaction requires planning *before* you write up the offer. You must run through a sequence of events and rely on other people who will influence your results. Avoid surprises by taking the time up-front to ask your broker to walk you through the steps.

It is imperative to have your payment method ready (cash or loan), and it's best to have your insurance application approved (or at least in process). Your broker will need the details of the vessel, seller name and how you are going to be identified as the buyer.

Every person involved in the process needs to understand your deadlines, and you need to understand all the elements of the deal. Here's a look at all the people and details that you should be thinking about.

Broker. Your broker can answer your questions, offer his or her network of contacts to assist, and help you assemble an experienced team. Your broker is the primary communications conduit. Brokers know what is normal and what to expect, including fair negotiations on survey findings.

Vessel. Details of the trawler you are buying need to be included. Your broker can look up the U.S. Coast Guard number, how the boat is registered and the hull identification number. The tender hull identification number and outboard serial number are also needed. Engine models and serial numbers are often requested.

Seller. If you don't know the owner's contact information, write in "registered owner." The seller's actual name can be added later. Your broker should try to determine the ownership entity and whether the seller has a loan or owns the boat outright.

Title. Decide up-front how you intend to take title. If you aren't sure, add "or assigns" after your name so you can change it later. Popular choices are individual, trust or limited liability company. If the vessel is held in an LLC, you may or may not want to acquire the LLC. A maritime attorney can help you sort through your options. Your citizenship and state of residence also can influence the choices available to you.

Deposit and funding. It is best, and often required, that your financing be in place before you submit your offer. Get prequalified if you are taking out a loan. Once your offer is accepted, you will send 10 percent as a deposit to your broker's trust account. You need to have the balance of funds available for closing.

Insurance. You need proof of insurance to moor in a marina. Your insurance application should be in process or completed before you make your offer. Your underwriter will require a cur-

rent prepurchase valuation survey by an accredited hull surveyor. The survey report may call out safety deficiencies that need to be corrected. Your boating experience is a determining factor in coverage. Bind coverage on the deal-closing date.

Surveyor and diesel mechanic. While your survey should include an underway demonstration and haul out, we also advise our clients to hire a diesel mechanic to evaluate machinery and pull oil samples for lab testing. The hull survey will include a market valuation and identify safety issues and deficiencies. Problematic findings can often be negotiated as a repair allowance. The lender and underwriter will need to approve the survey.

Documentation. Paperwork dominates the final steps. Clear title is determined by ordering an abstract of the title from the U.S. Coast Guard. Dinghy registration also needs to be transferred. Closing statements are prepared and signed by the buyer and seller. The most important piece of paper is the bill of sale, which the seller must have notarized. Some documentation services also act as an escrow, and once all of the funds and paperwork are received, the deal can close.

Taxes. Sales tax, use tax and/or property tax can be a significant cost, depending upon where you close. Some states require tax to be paid at closing, while others provide more time. If you are going to remove your trawler from the state you purchased it in, then you may need to file for a permit (Florida, for instance, has a 90-day decal). A maritime attorney can give you counsel for the particulars of your situation and circumstances.

Marina location. Where will you take possession at closing, and when will you move your trawler to a more permanent location? All marinas require proof of insurance.

Each deal takes on a life of its own with unexpected detours and potential delays. Since it is your money on the line, you need to remain involved in all decisions. You are not expected to know it all. This is why you bring in consultants and professionals who specialize in the key aspects of your transaction. ✨



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.