

# Closing In

What does it take to complete the purchase of a trawler?



Closing on a trawler purchase is a logistical choreography that requires organized communication and timely responses. The deadline to complete the sale is agreed to in the signed contract and addenda. Your paperwork and banking must be ready before the closing date. There are many parties involved; buyers, sellers, brokers, bankers, insurance, attorneys, closing agent and documentation service.

An experienced broker can explain who is responsible for what. Think of your broker as a mediator: He or she can nudge the parties along and help manage the flow of information. Your broker should verify that all vendors involved with the survey process have been paid, while the seller's broker needs to confirm that the seller will provide clear title. Final accounting must be calculated and summarized into the closing statements.

Some yacht brokerage companies handle the closing paperwork and banking transfers in-house. We advise our buyers to appoint a dedicated closing agent who specializes in yacht transactions. A good documentation service talks to buyers every day and conducts hundreds of closings a year. They are great at explaining what is needed to finalize the deal.

There are a lot of documents to review and sign: closing statements, warranty of title, bills of sale. Closing agents can transfer the U.S. Coast Guard documentation of the trawler and assist with state registration for the tender.

Buyers need a plan for how they will take title and what they are doing for state registration and federal documentation. Are you going to change the vessel name or hailing port? It is critical to have insurance ready to bind, and a plan for relocating the trawler to its new slip.

In addition, buyers must pay for the trawler with cleared funds for closing. Your personal financial planning may involve liquidating investments or paying with a marine loan (preferred ship mortgage). Whether your broker is handling the funds collection (deposit plus closing balance and fees) or you are using

a third-party closing agent, it is essential to have the collected funds ready to transfer prior to the closing date. We insist that all banking be done by electronic wire transfer.

What is your responsibility as a buyer for sales tax? This varies by state, but is typically due to the state where the vessel is located at closing. If your primary residence is in another state and you intend to promptly relocate your new trawler, you may need to file a removal affidavit. Some states require your broker to collect sales tax, while other states make that a buyer duty. Your maritime attorney can provide counsel to make the best decisions.

The seller's primary obligation for closing is to provide unencumbered, clear title for the vessel and the tender. Too often, the status of the tender title is overlooked, and the ensuing "dinghy drama" while this is resolved can slow things down. Most trawlers for sale in the United States are documented by the U.S. Coast Guard. An abstract of title should be requested to determine if there are any liens and to make sure the hull numbers match up with the vessel.

Sellers are required to have a notary public witness signing the bills of sale, and possibly other documents. Examples of paperwork to be signed and held by the closing agent include closing statements, warranty of title and dinghy registration. If the seller has a bank loan to pay off, then the balance needs to be determined.

Most trawler closings are done remotely. Unlike a house sale, there is no final walkthrough. Once the buyer and seller complete their obligations, it's a short wait to hear the final word that the closing agent has received all of the documents and banking. As soon as the seller confirms receipt of payment, the title paperwork is released to the buyer, signifying the all-clear that the transaction is complete.

Cue up your favorite music for a celebratory dance, as closing also means you have started the fun part: to get underway for adventures. 🍷

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