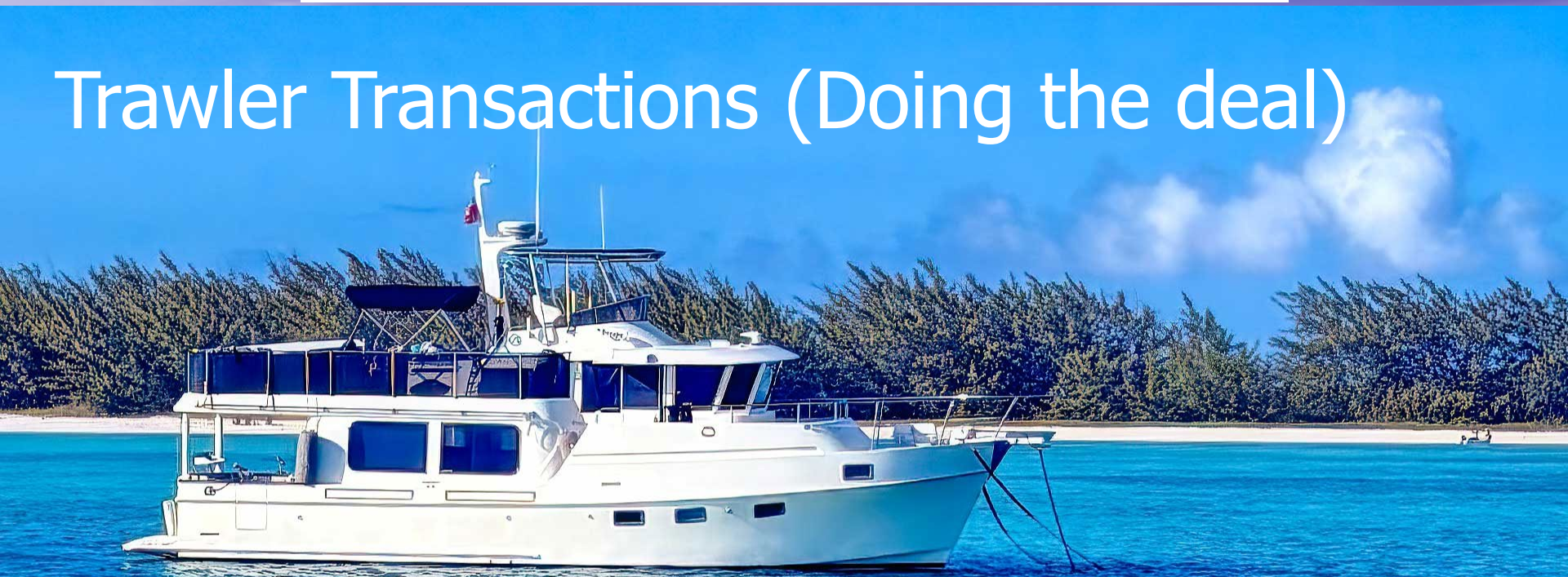
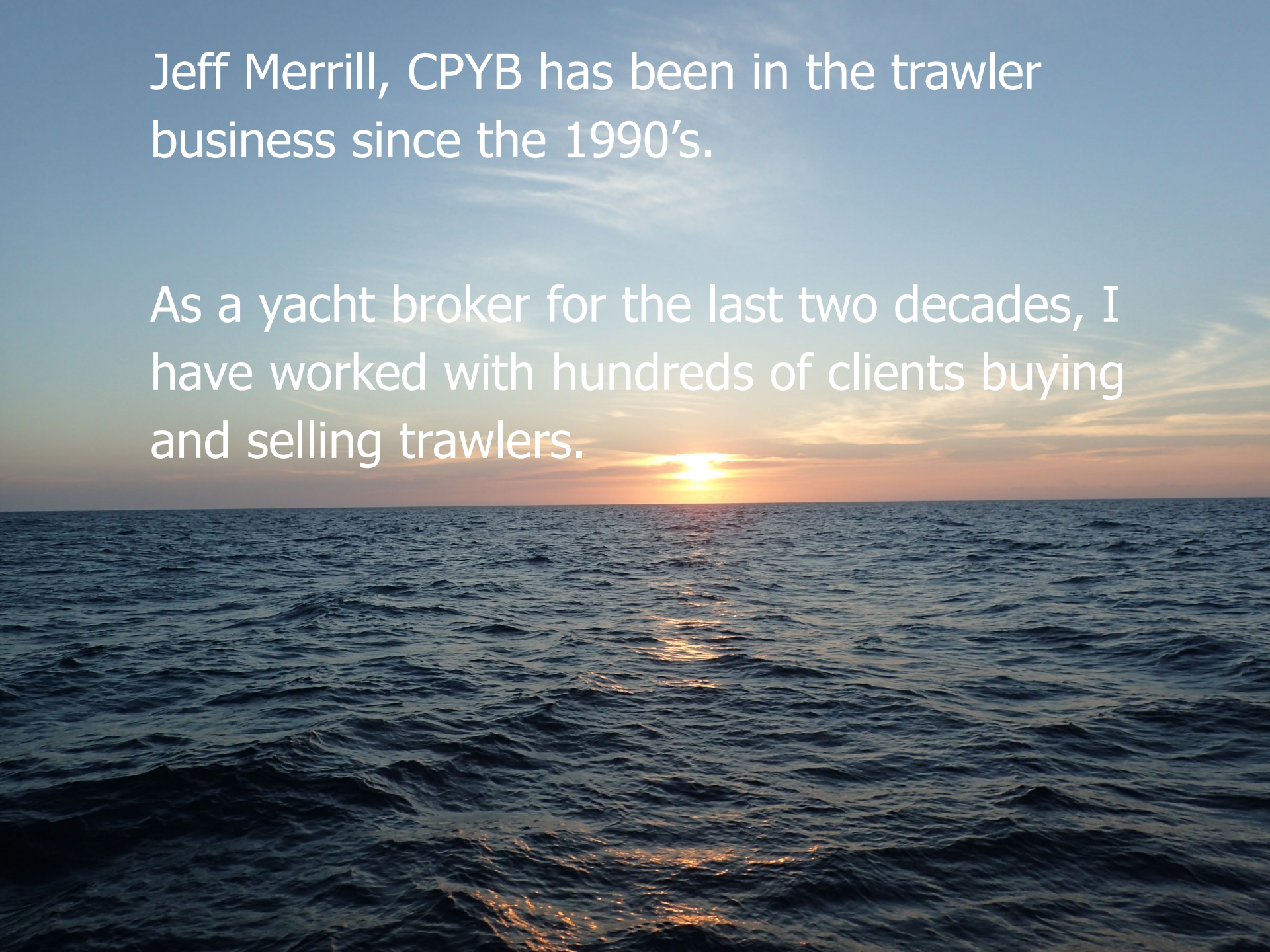
Trawlerfest

BOATSHOW • EDUCATION • RENDEZVOUS

Trawler Transactions (Doing the deal)



Presented by Jeff Merrill, CPYB


Jeff Merrill, CPYB has been in the trawler business since the 1990's.
As a yacht broker for the last two decades, I have worked with hundreds of clients buying and selling trawlers.

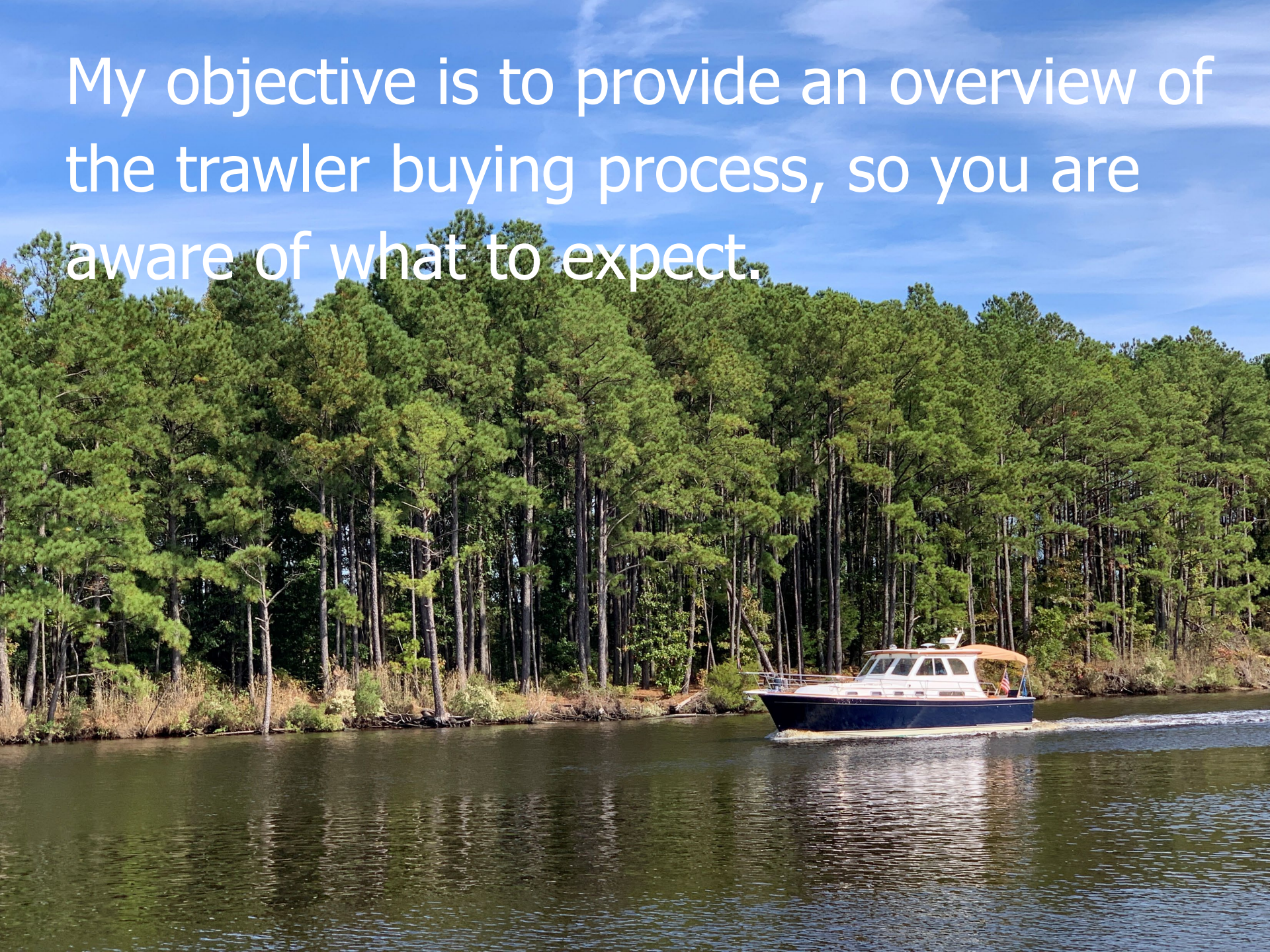
You don’t have to take notes…

This PowerPoint is available
please sign up for our emails

Please ask questions / offer tips
or save for the end

Email sign up clip board passed around

So, you want to buy a trawler…?


My objective is to provide an overview of the trawler buying process, so you are aware of what to expect.

I wrote a series of “Trawler Transactions” articles for PassageMaker magazine (available on JMYS.com).

PassageMaker Magazine column Trawler Transactions (on JMYS.com)

JMYS Trawler Specialists

IT'S YOUR CHOICE | PURCHASING A TRAWLER | TRAWLER SKILLS | SELLING YOUR TRAWLER | TRAWLER LIFESTYLE

Trawler Transactions

Jeff is honored to have his own column in Passagemaker Magazine, titled *Trawler Transactions*. In this series, he uses his years of experience as a yacht broker to break down the process of buying a trawler, and the individual steps into detail to make sure you are aware of what to expect and can prepare for ownership long before you complete the purchase.

Critical Issues

Nov/Dec 2023

Rendering a Smart Verdict

October 2023

Haul or Nothing

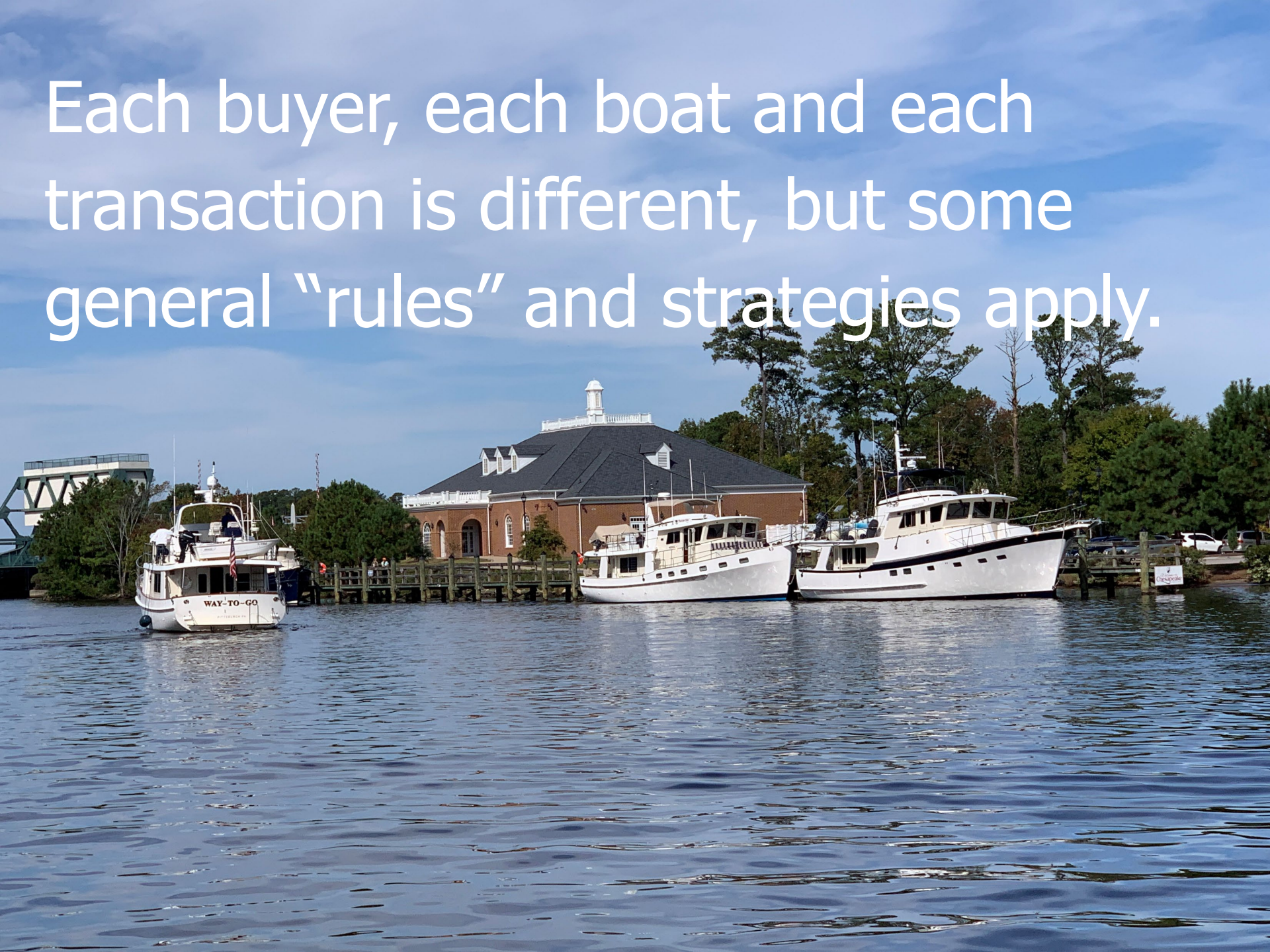
September 2023

Mechanical Inspection

May/June 2023

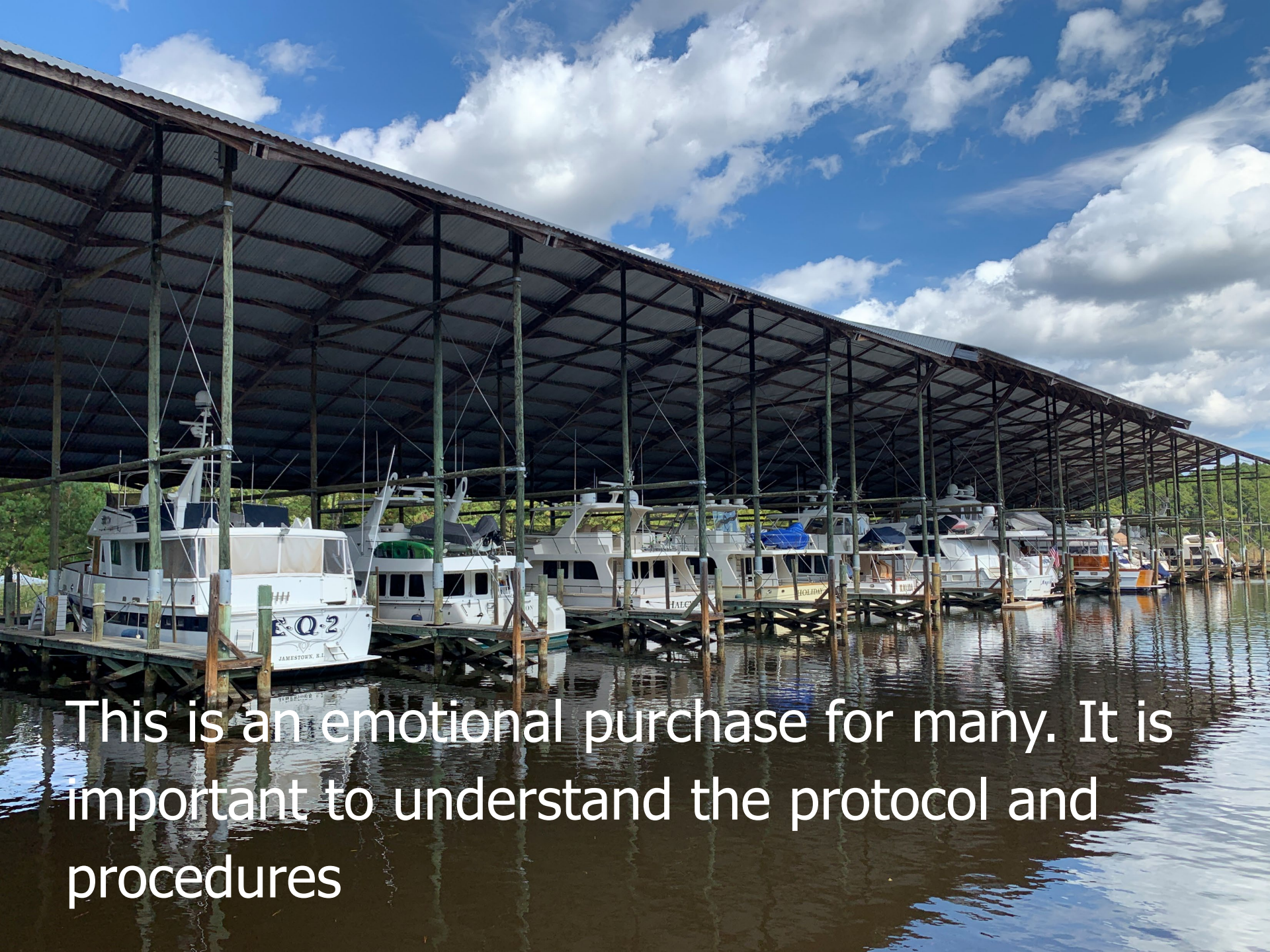
The Clearest Eyes

April 2023

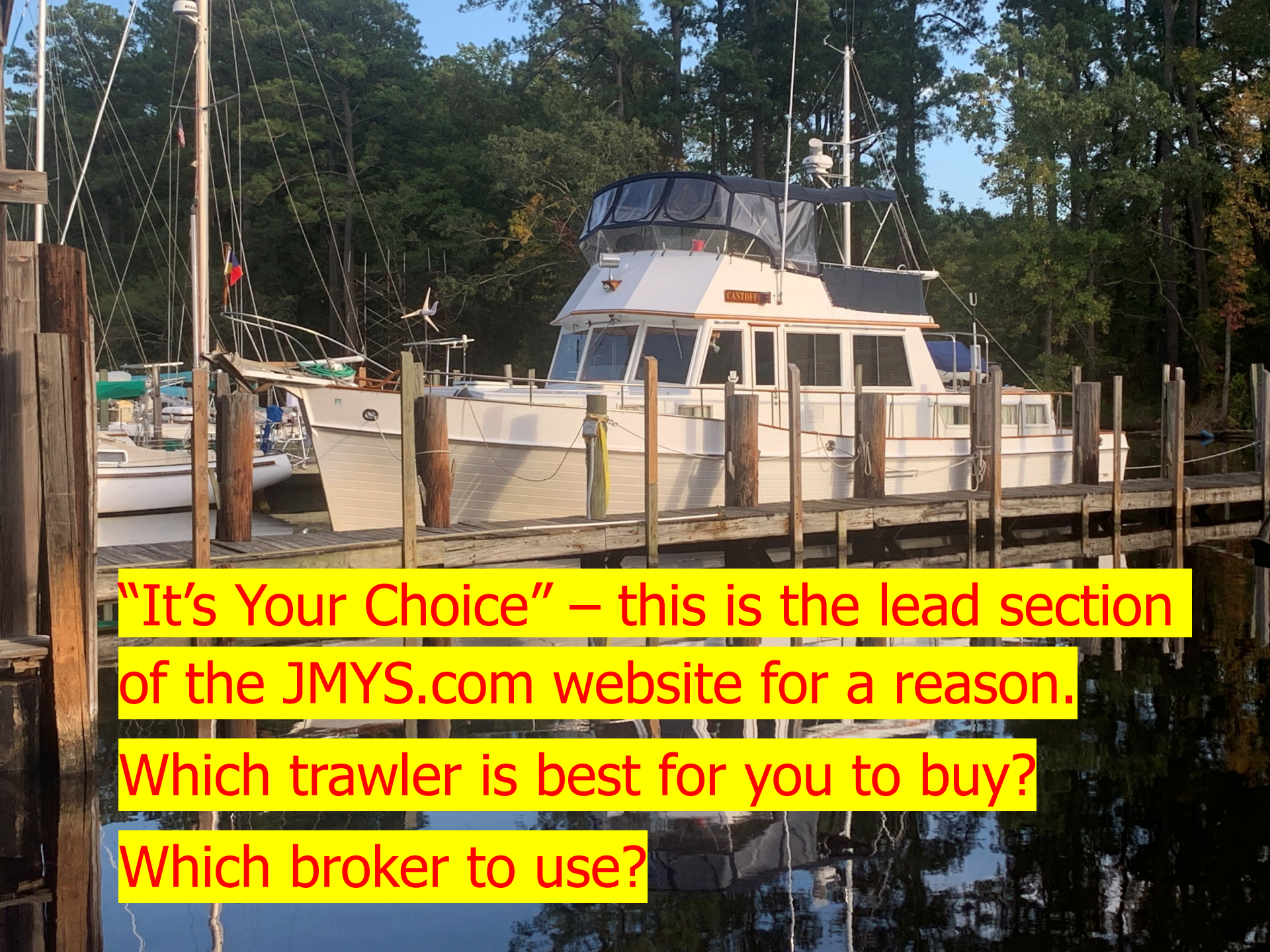

Each buyer, each boat and each transaction is different, but some general “rules” and strategies apply.
WAY-TO-GO


The first rule
Buying a trawler is…
A “financially irresponsible” decision…

The “value” of owning a trawler is the joy of spending quality time with family and friends – you will savor these memories for the rest of your life.



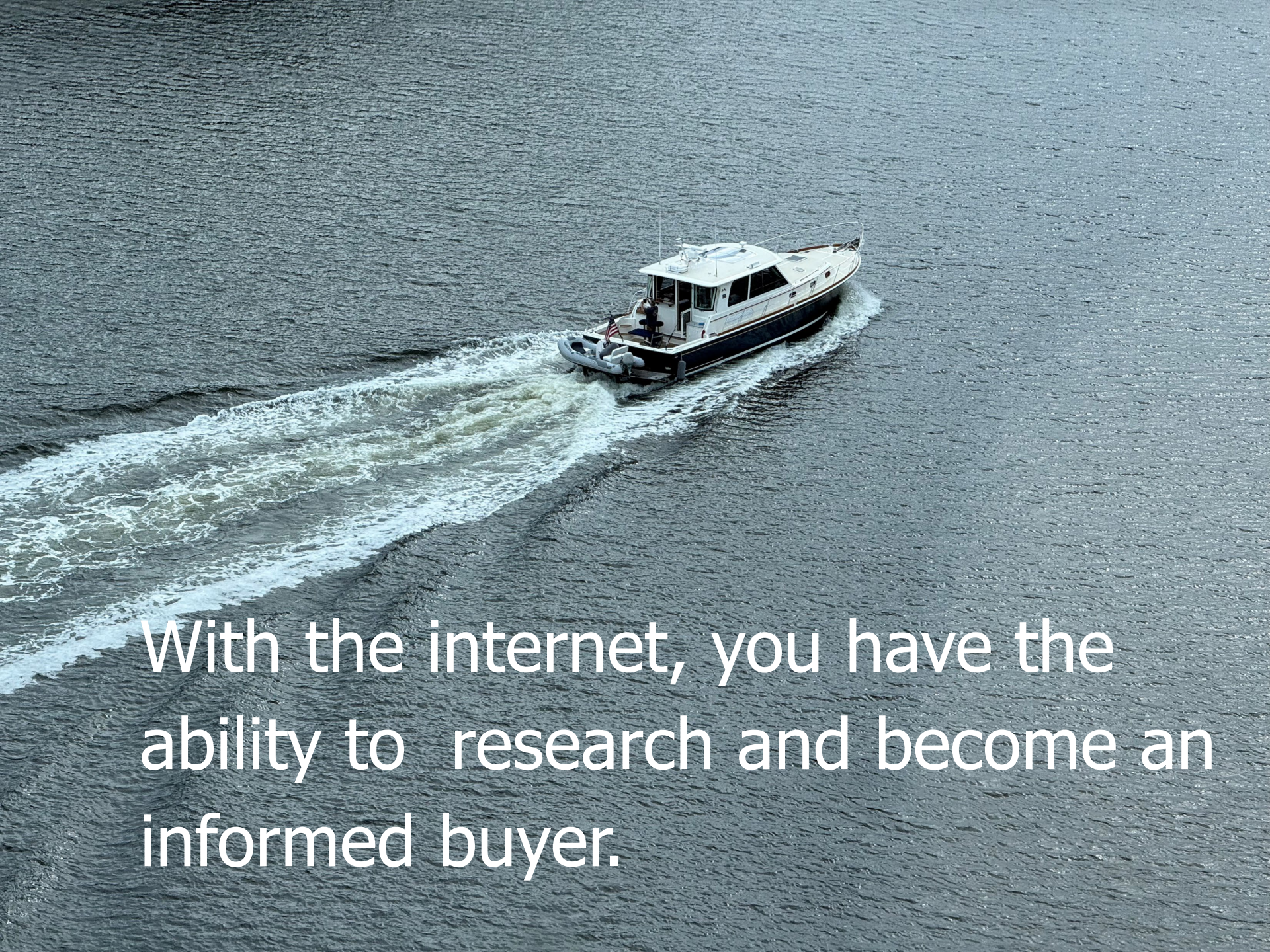
This is an emotional purchase for many. It is important to understand the protocol and procedures

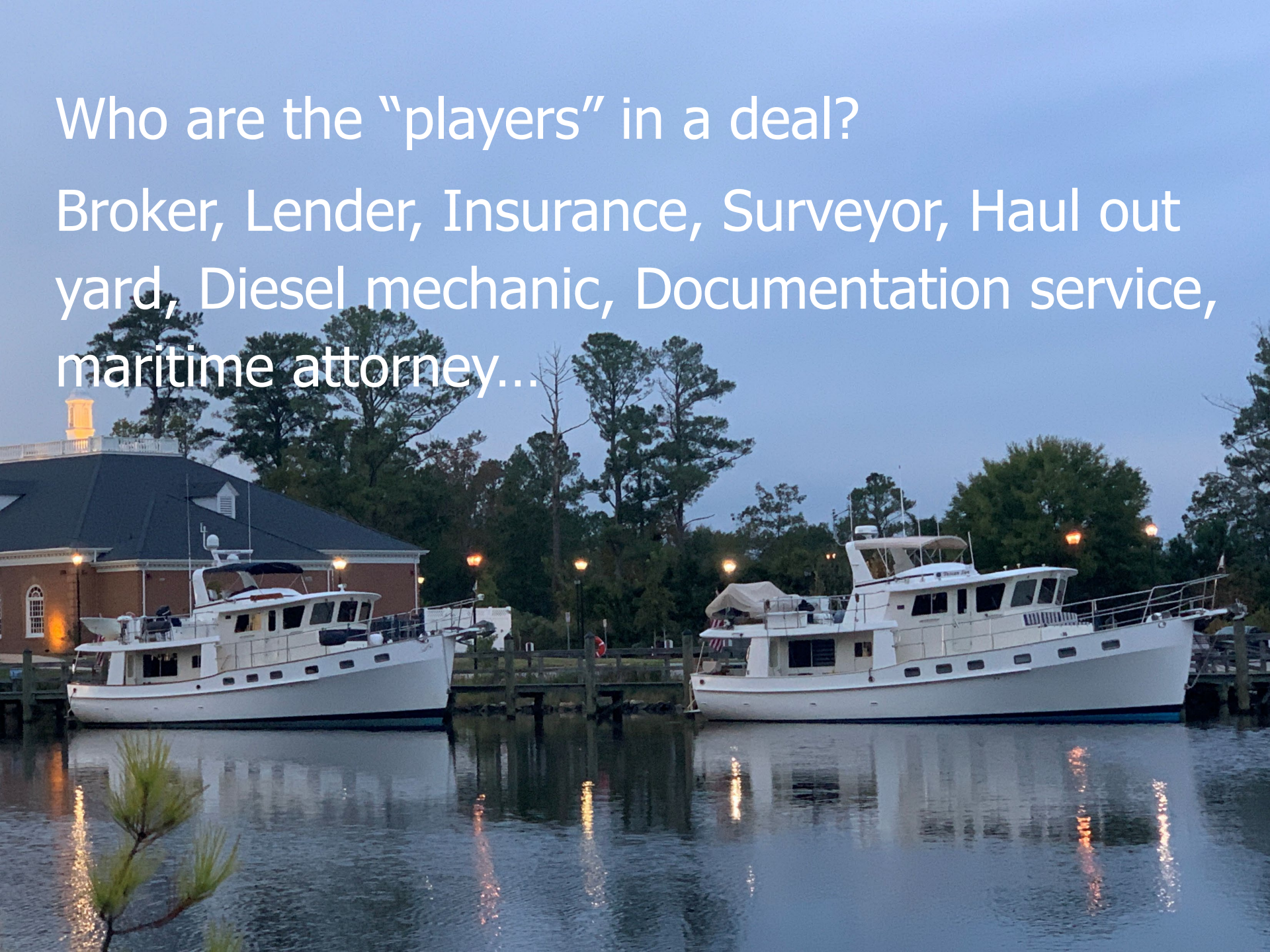


"It's Your Choice" – this is the lead section of the JMYS.com website for a reason.

Which trawler is best for you to buy?

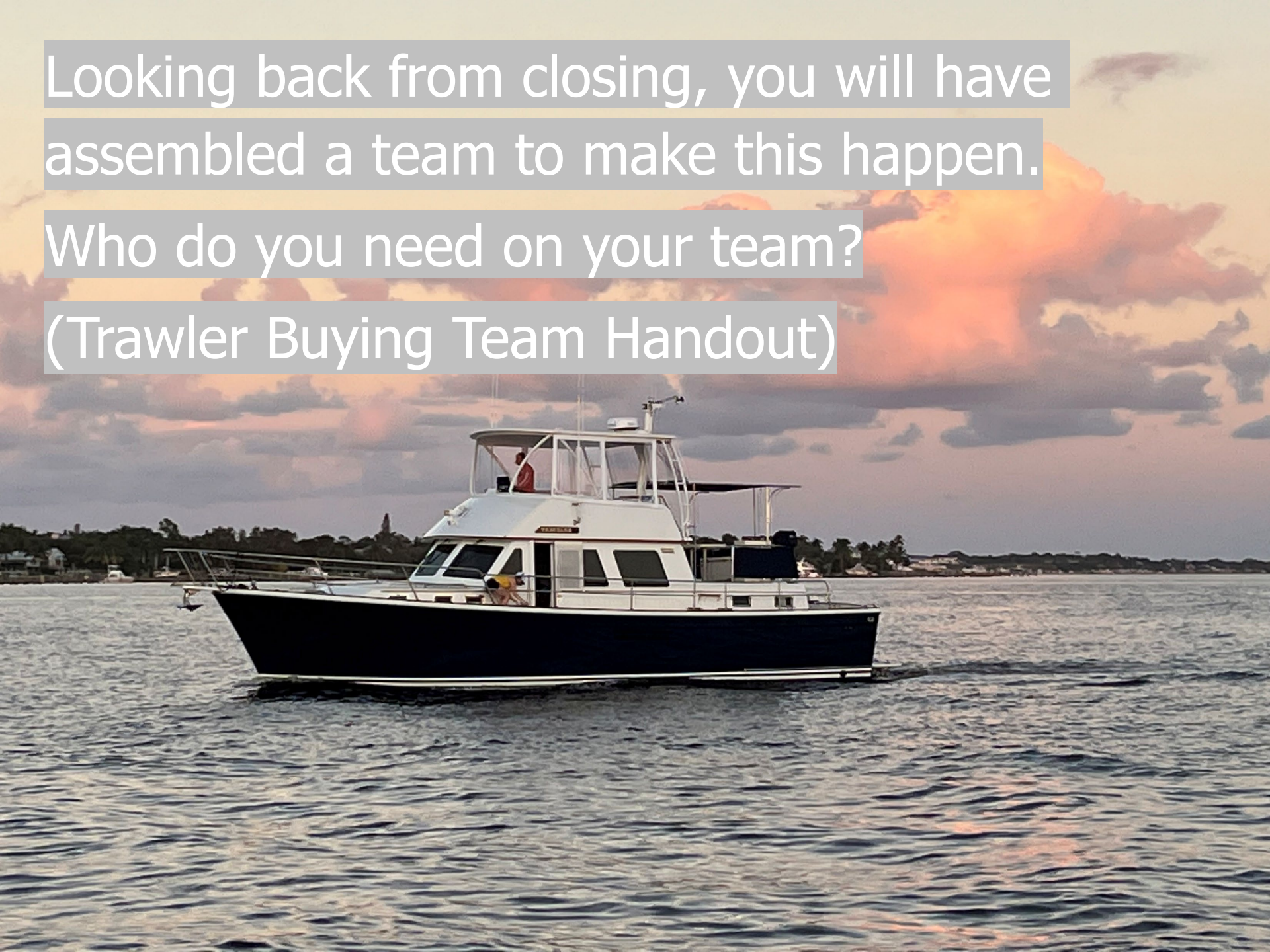
Which broker to use?


With the internet, you have the ability to research and become an informed buyer.



Who are the “players” in a deal?

Broker, Lender, Insurance, Surveyor, Haul out yard, Diesel mechanic, Documentation service, maritime attorney…


Looking back from closing, you will have assembled a team to make this happen.
Who do you need on your team?
(Trawler Buying Team Handout)

Jeff Merrill Yacht Sales, Inc. | www.JMYS.com
4153 Country Club Drive | Long Beach, CA 90807

Jeff Merrill Yacht Sales, Inc. | 6878 NW 20th Ave. | Fort Lauderdale, FL 33309-1513

Purchasing a Trawler – building your Trawler Buying team

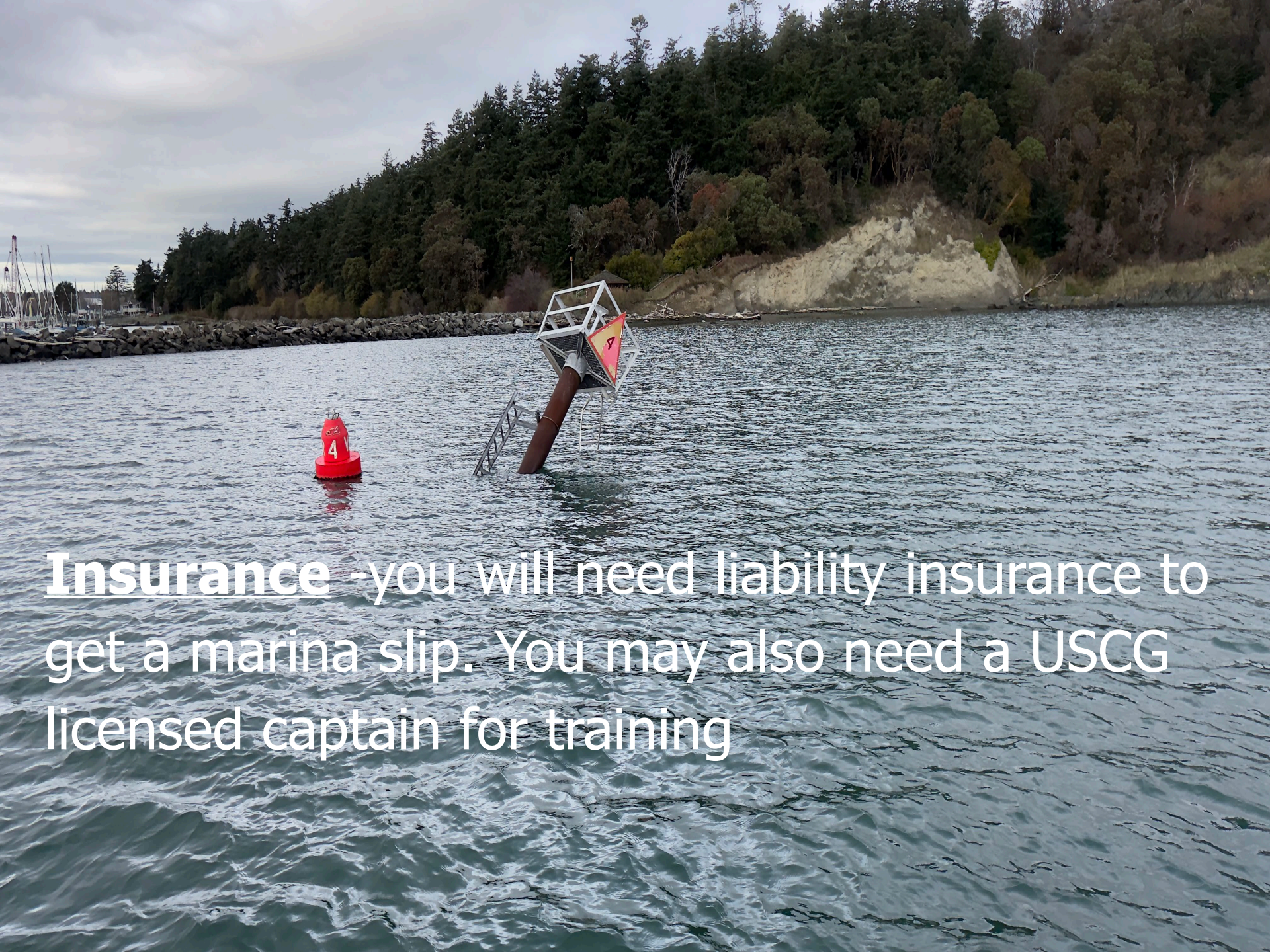
By Jeff Merrill

After you have narrowed down the trawler model(s) you want to pursue you should establish a team to support you along the way as you navigate through the key steps from finding a trawler to buying a trawler. This is a major purchase and there is a lot at stake!

1) **Yacht Broker** – Think of your yacht broker as the coach of your team. Yacht brokers are professionals with a wealth of knowledge and experience. Most people use a Realtor to buy a home; I recommend you take the same approach for this expensive purchase. Ask your broker what services they provide before, during and after the purchase. Remember, the seller hires the listing broker to help them market the boat. The listing broker has a agreement to be paid a commission (which is often split between listing broker and buyer's broker). Keep in mind that the commission is built in to your purchase price and selecting the right broker to run your team is an important part of your purchase value that is often overlooked. Find a broker who will listen to you, guide you and look out for you and look after you. Yacht brokers can help you determine going prices and also provide recommendations for the rest of the key players on your team. Select someone who you feel comfortable with and trust, then agree to work with them solely. A

Yacht Broker (use their knowledge and experience – get referrals, interview)


Lender (are you paying cash or getting a loan?) Advice from personal financial advisor?



Insurance -you will need liability insurance to get a marina slip. You may also need a USCG licensed captain for training

Maritime Attorney

What is your plan for taxes on closing?

How will you take title?

Surveyor (SAMS or NAMS)

Approved by bank and insurance?

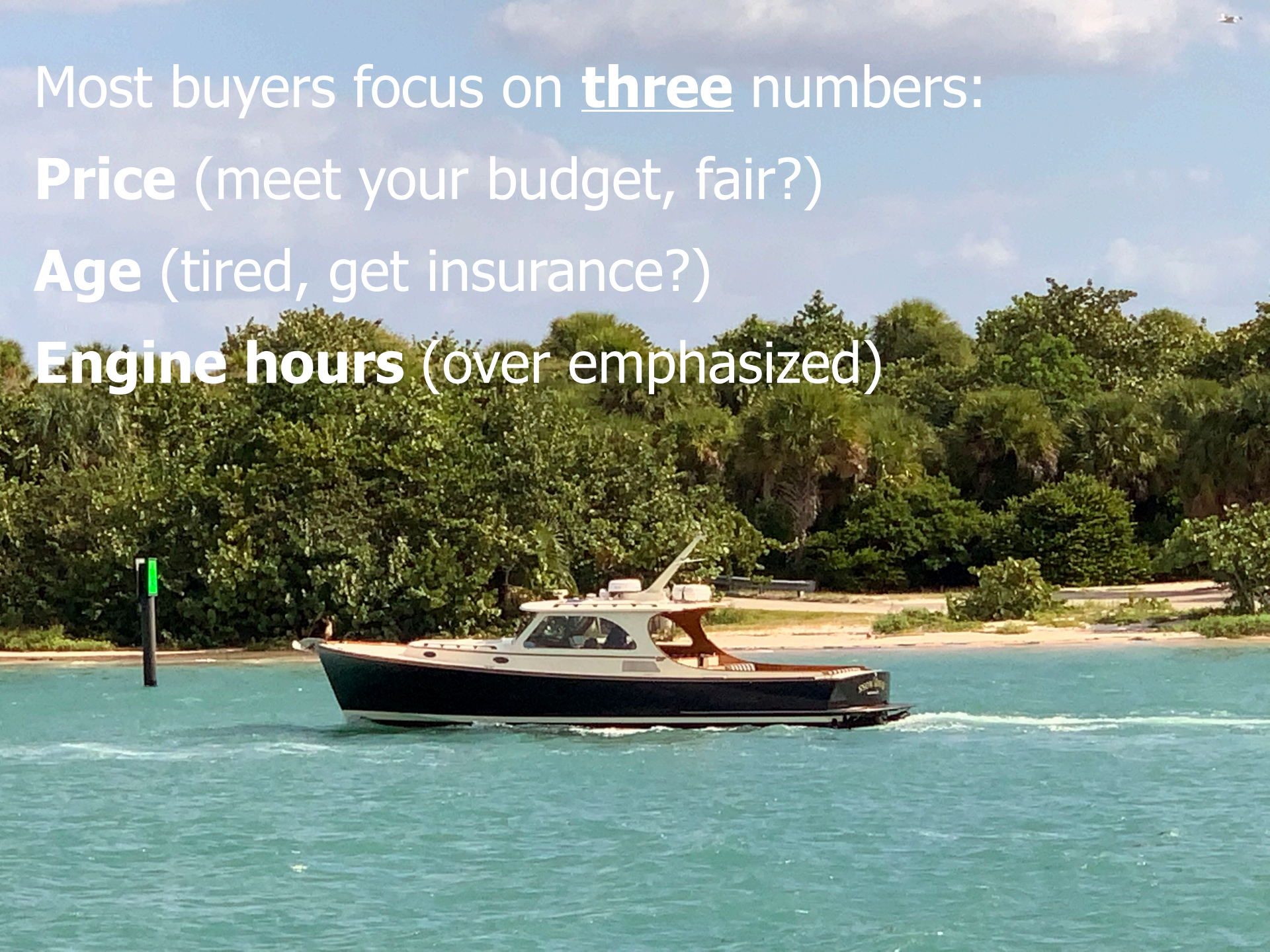
Available on dates you need?

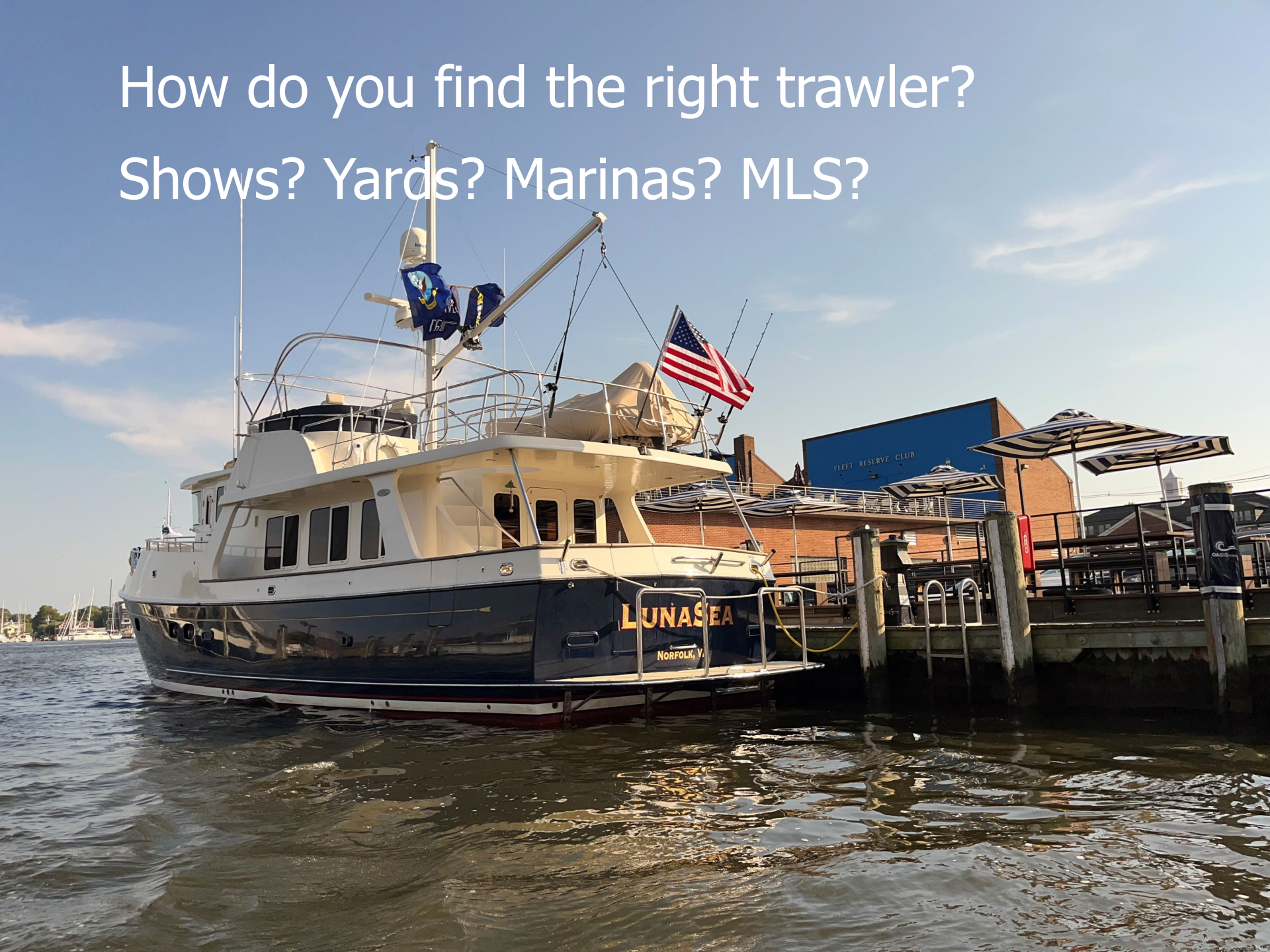
Familiar with the trawler brand/model you want to purchase?

Diesel Mechanic – you are buying a power boat with engine(s), transmission(s), generator(s). Oil reports?

Haul out yard – where will this happen, tide dependent, who pays and who signs?

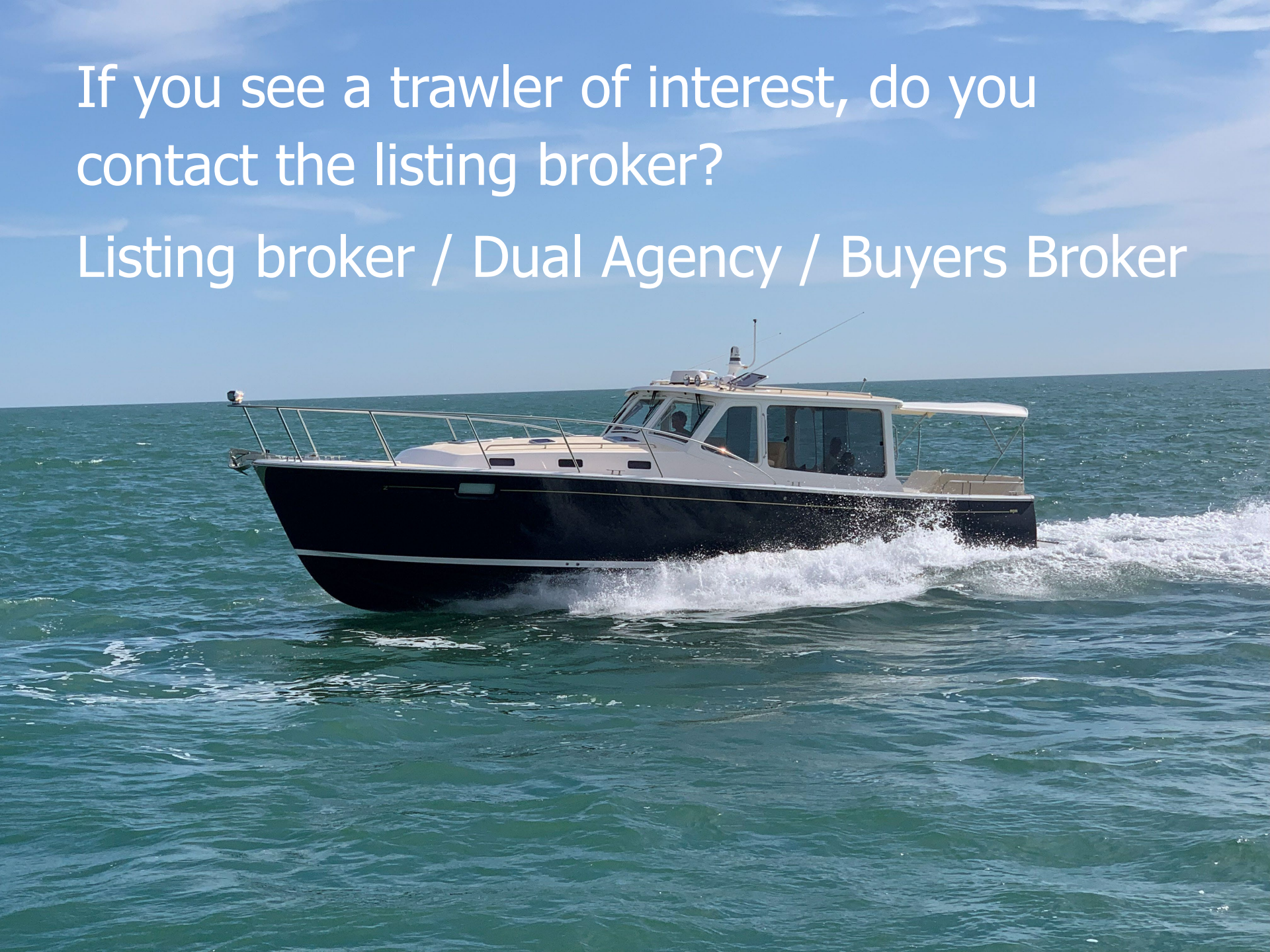
Documentation/Closing Agent – who handles final banking, closing documents, Bills of Sale, etc.


Most buyers focus on **three** numbers:
Price (meet your budget, fair?)
Age (tired, get insurance?)
Engine hours (over emphasized)

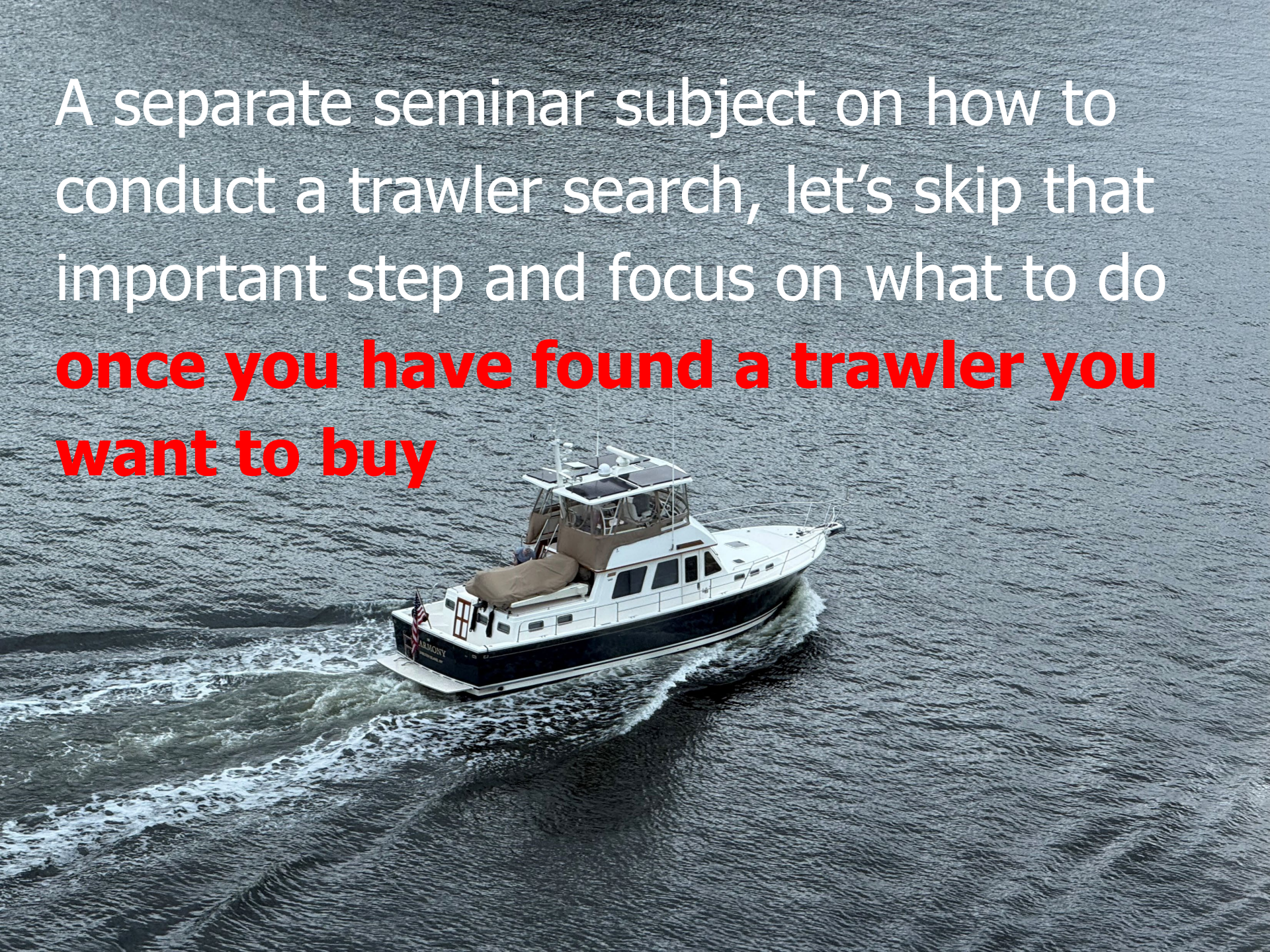

How do you find the right trawler?
Shows? Yards? Marinas? MLS?
FLEET RESERVE CLUB
LUNASEA
NORFOLK, V

If you see a trawler of interest, do you contact the listing broker?

Listing broker / Dual Agency / Buyers Broker

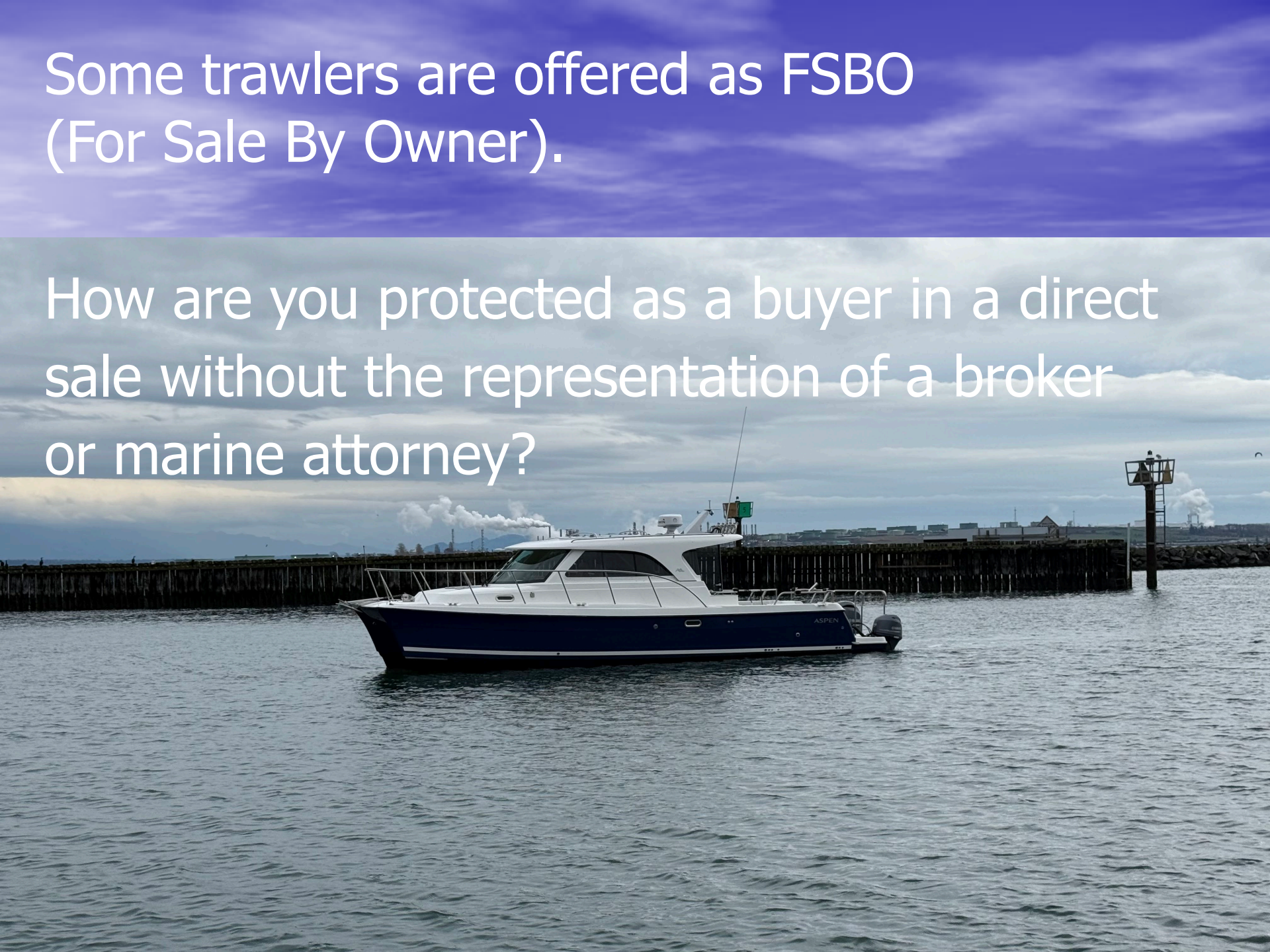


A separate seminar subject on how to conduct a trawler search, let's skip that important step and focus on what to do **once you have found a trawler you want to buy**

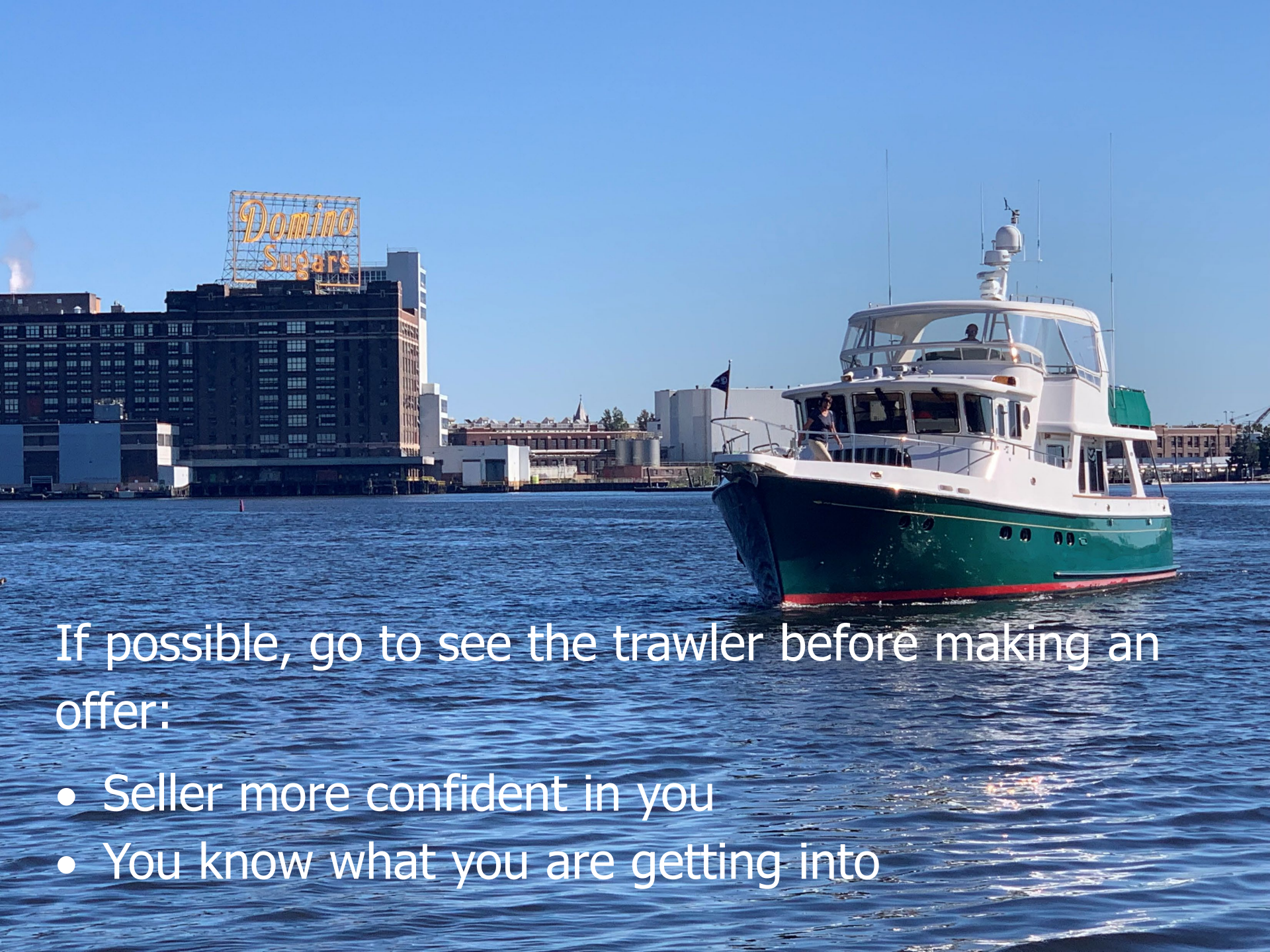


Some trawlers are offered as FSBO (For Sale By Owner).

How are you protected as a buyer in a direct sale without the representation of a broker or marine attorney?

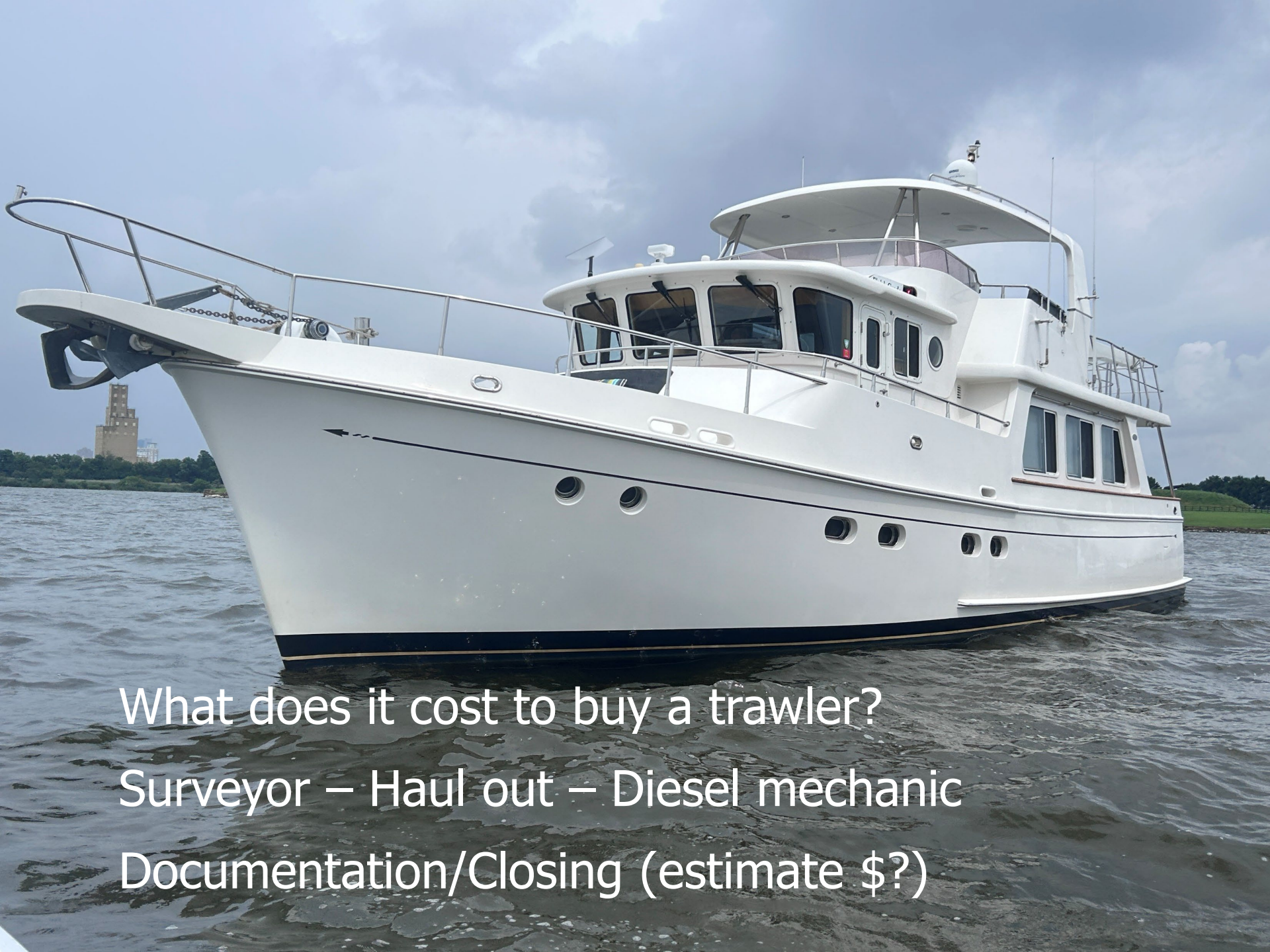



This discussion will focus on the more traditional sales process using
licensed/credentialed yacht brokers



If possible, go to see the trawler before making an offer:

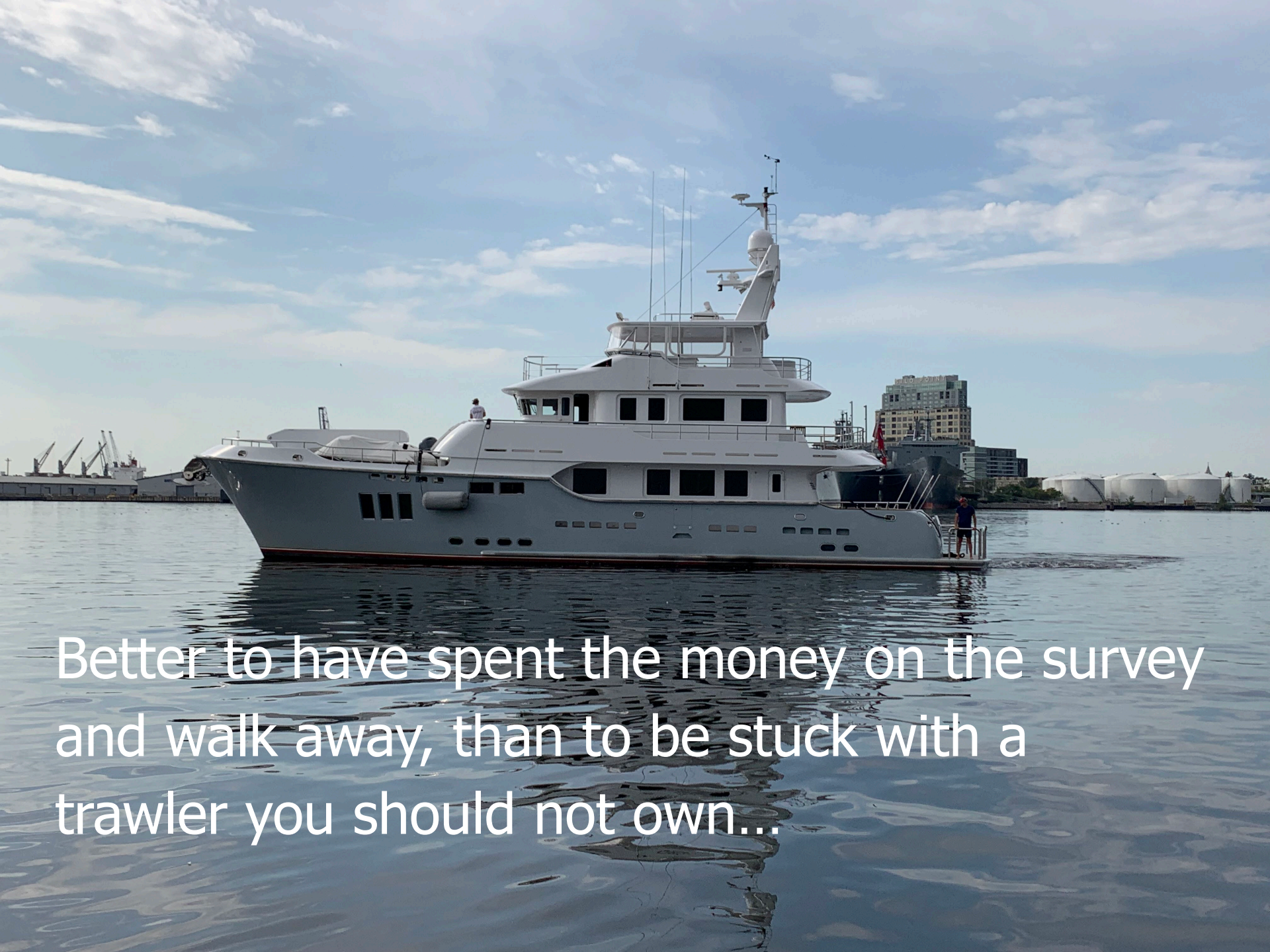
- Seller more confident in you
- You know what you are getting into



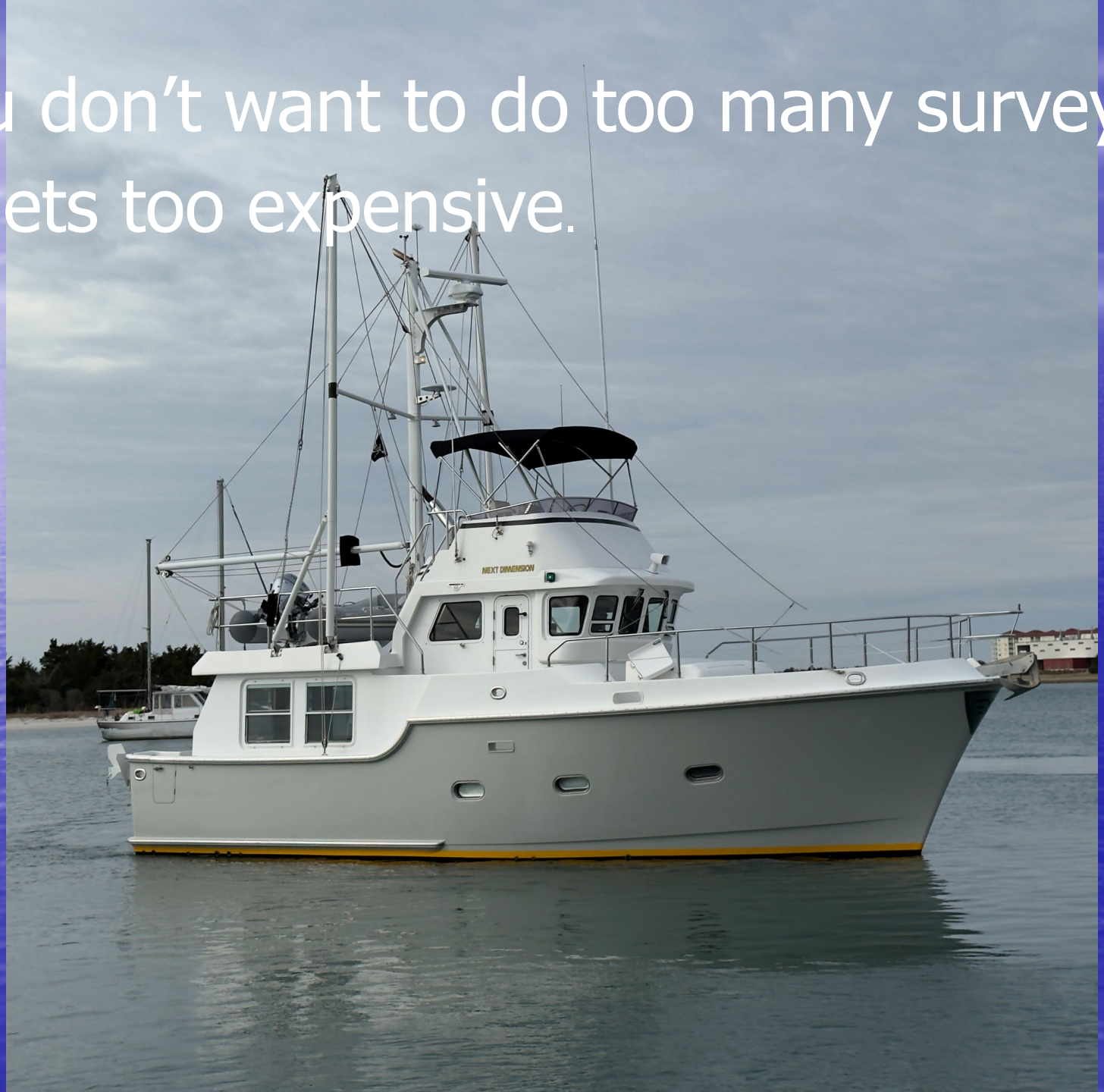
What does it cost to buy a trawler?

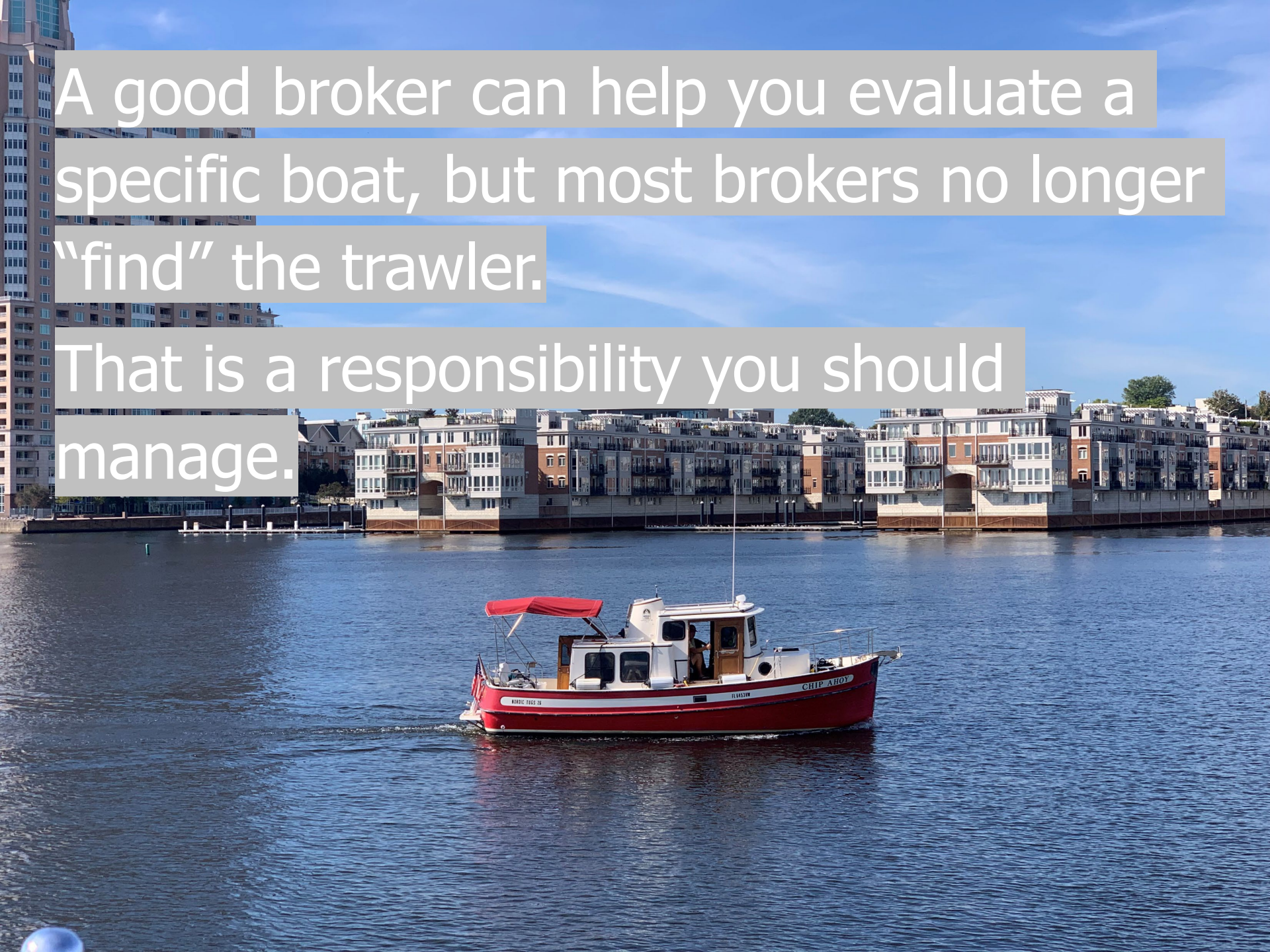
Surveyor – Haul out – Diesel mechanic

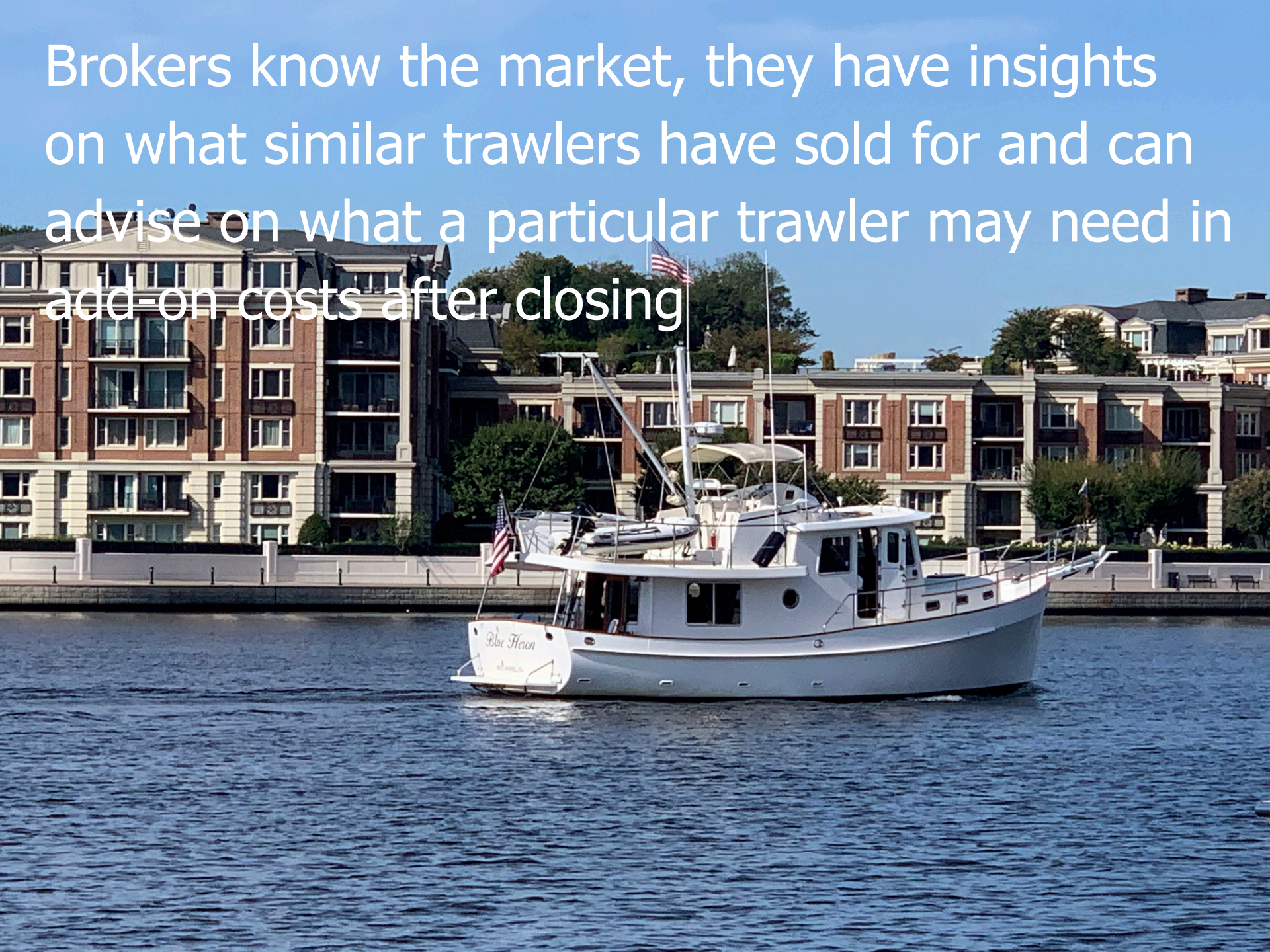
Documentation/Closing (estimate $?)

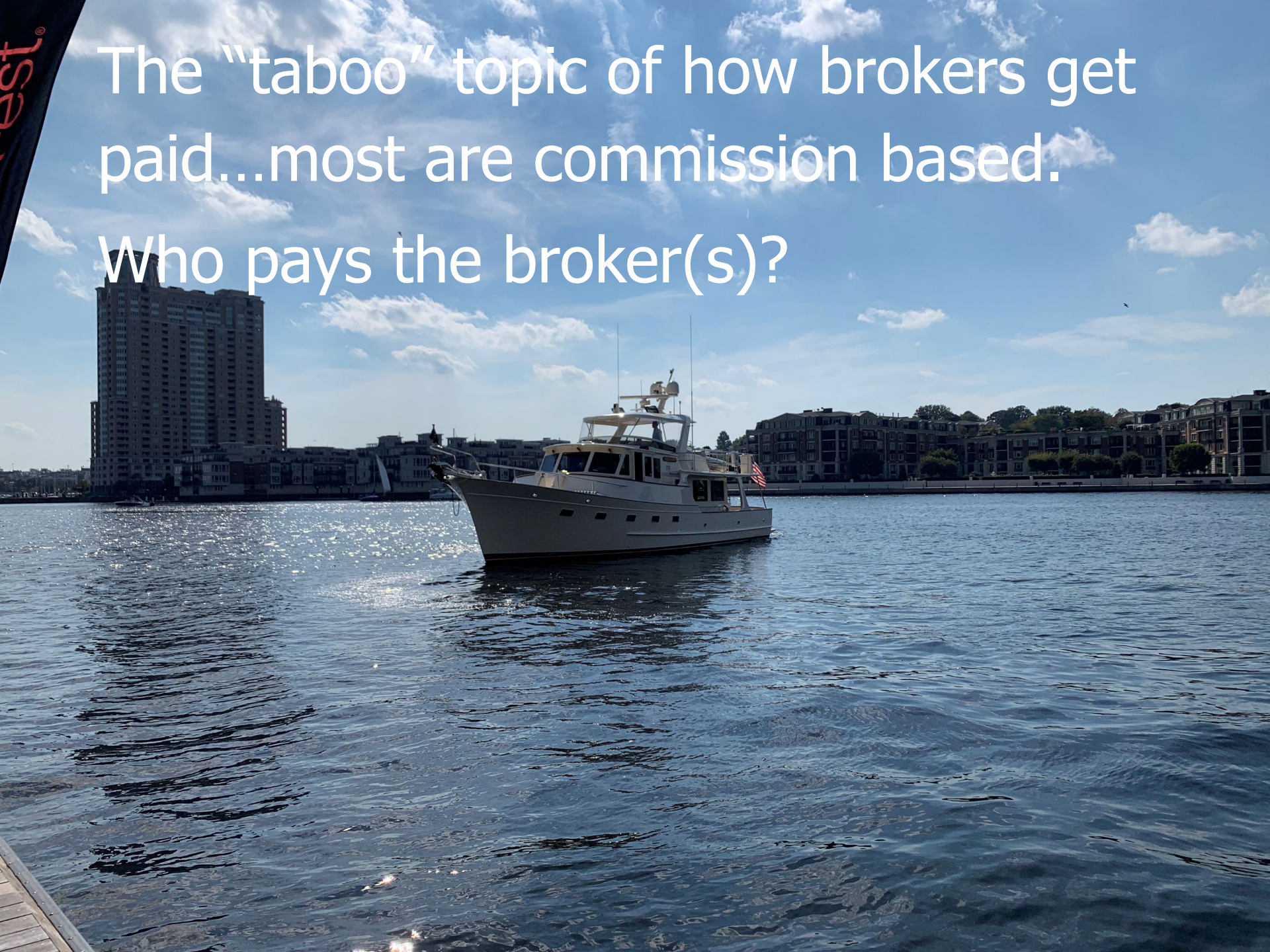

Better to have spent the money on the survey and walk away, than to be stuck with a trawler you should not own...

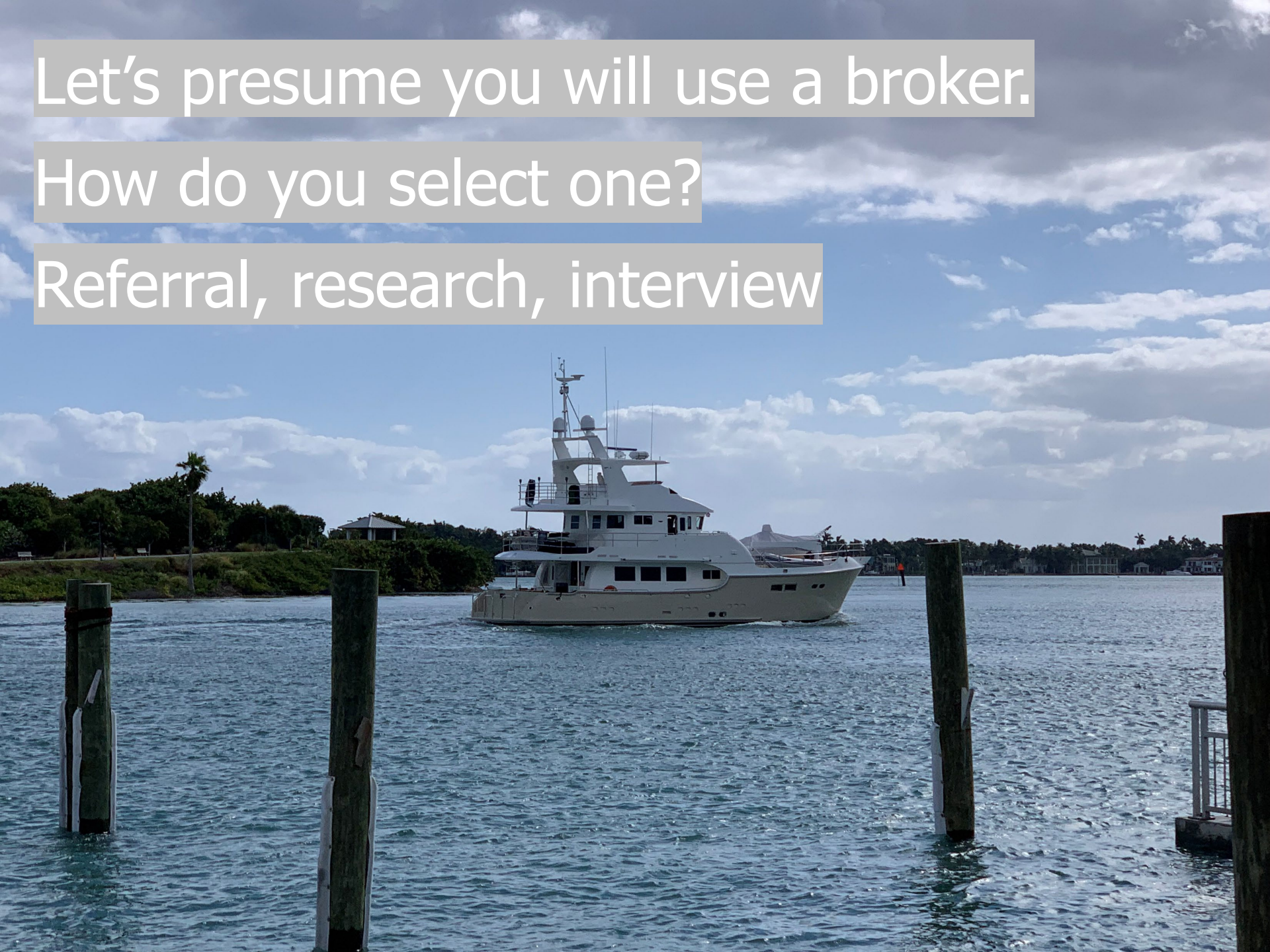
You don’t want to do too many surveys, it gets too expensive.

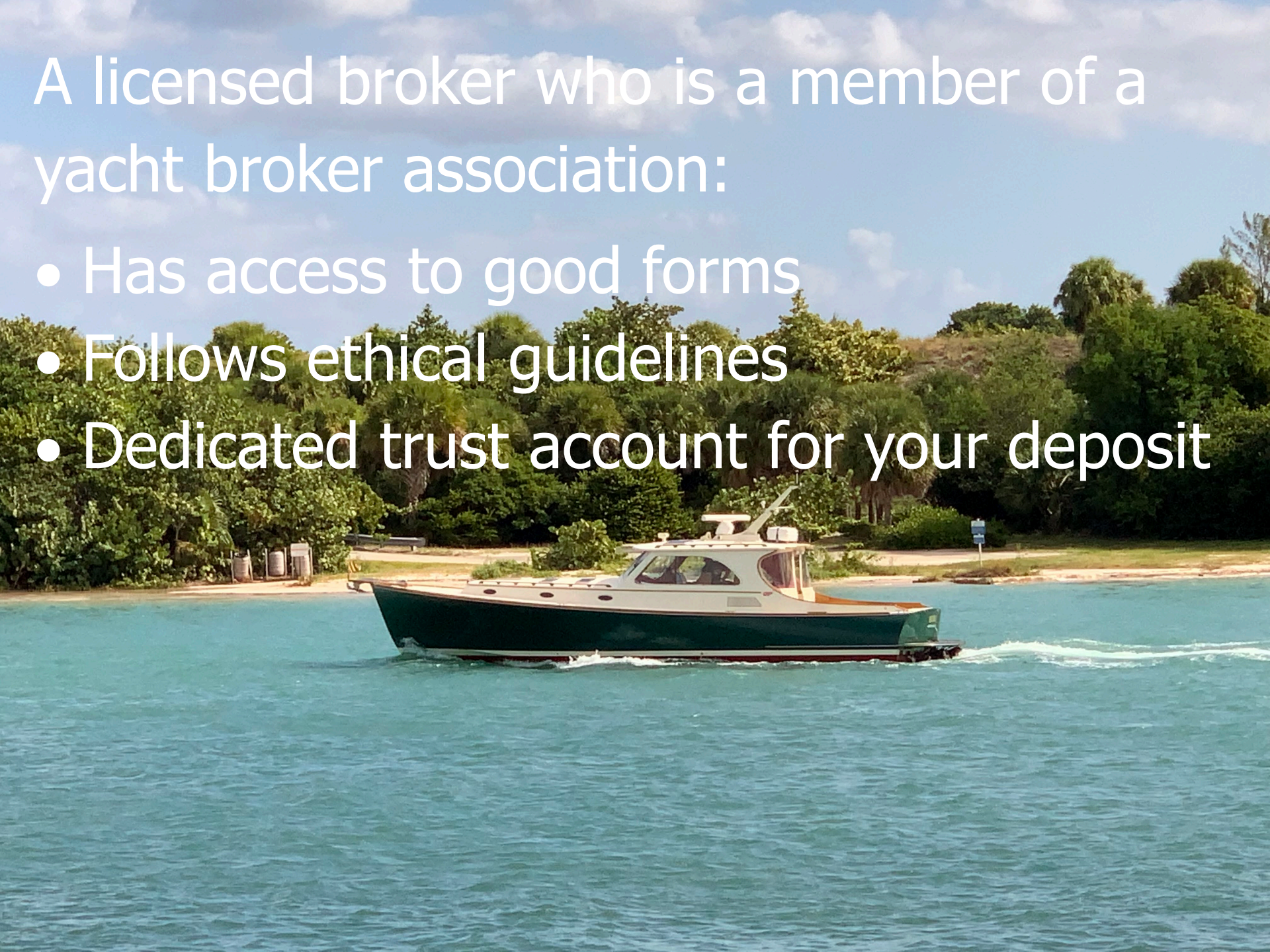



A good broker can help you evaluate a specific boat, but most brokers no longer "find" the trawler.
That is a responsibility you should manage.
CHIP AHOY


Brokers know the market, they have insights on what similar trawlers have sold for and can advise on what a particular trawler may need in add-on costs after closing
Blue Heron

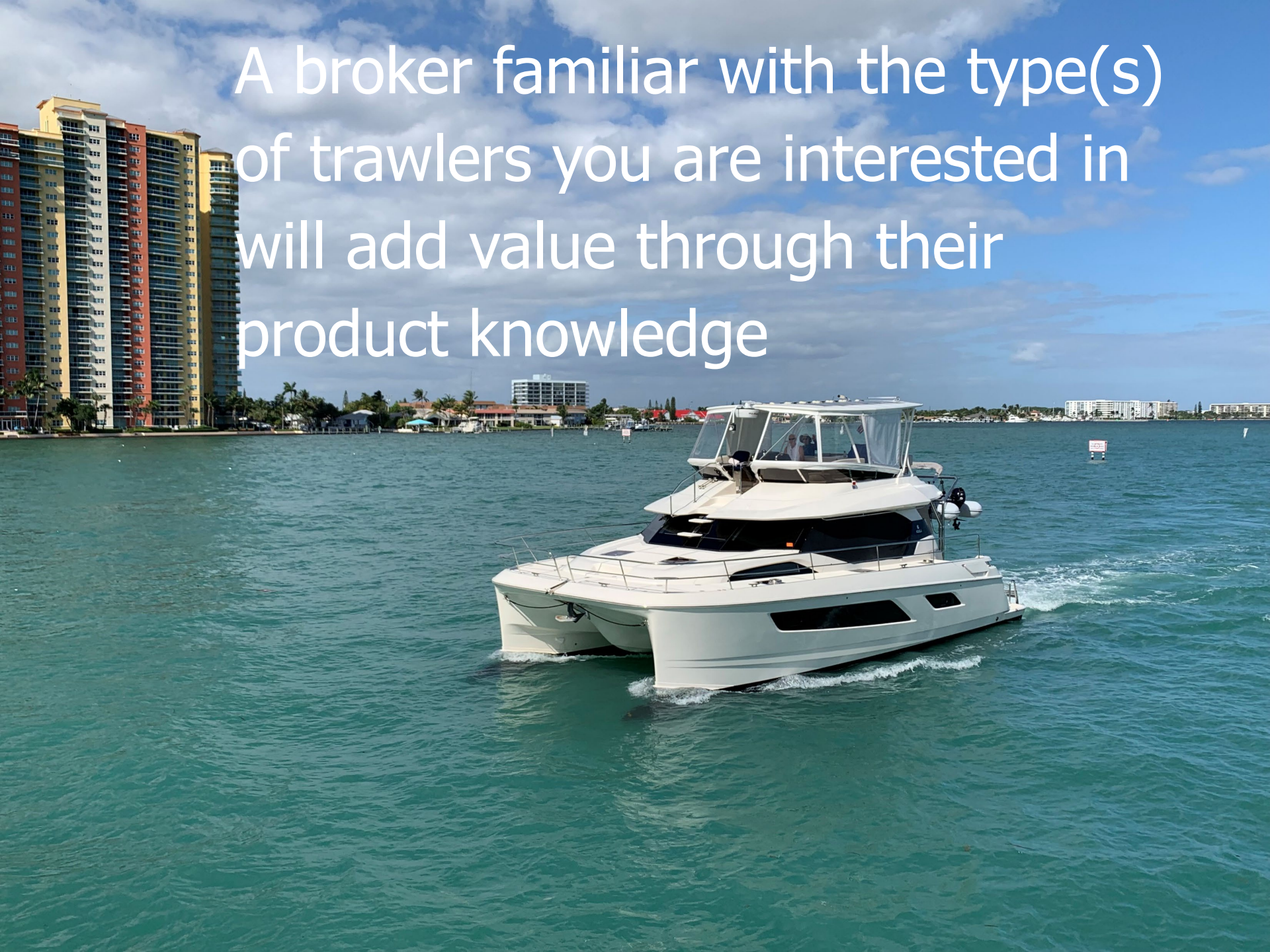

The “taboo” topic of how brokers get paid…most are commission based.
Who pays the broker(s)?


Let’s presume you will use a broker.
How do you select one?
Referral, research, interview



A licensed broker who is a member of a yacht broker association:

- Has access to good forms
- Follows ethical guidelines
- Dedicated trust account for your deposit


A broker familiar with the type(s) of trawlers you are interested in will add value through their product knowledge

You are entering into a business contract.

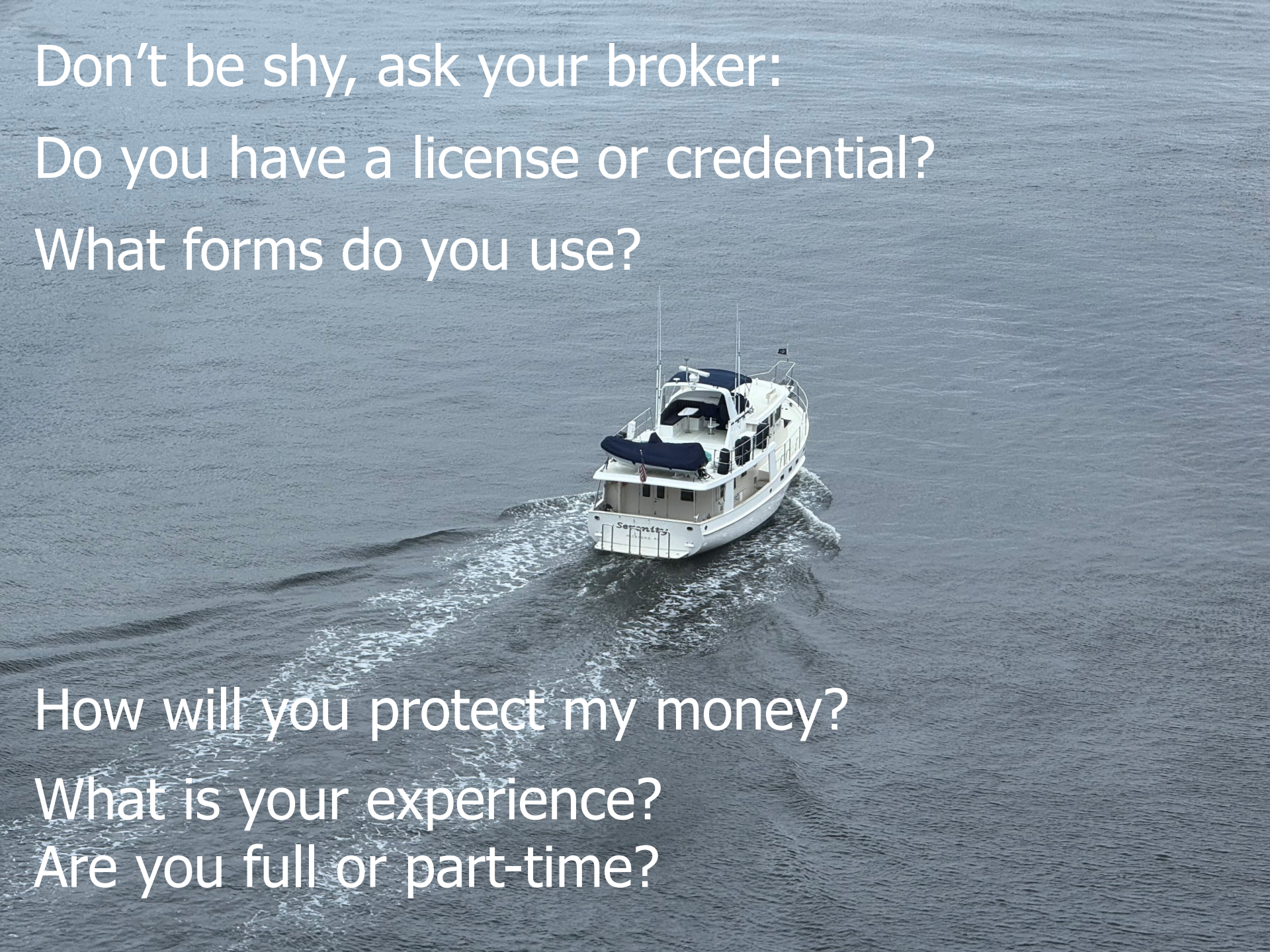
Yacht brokerage is “loosely” regulated in some states.


A licensed yacht broker has a
fiduciary responsibility to look after
your best interests.

Don’t be shy, ask your broker:

Do you have a license or credential?

What forms do you use?



How will you protect my money?

What is your experience?

Are you full or part-time?


How does a purchase and sale agreement work?
Signed Association PSA form
No requirement to use an Association form…


Ask your broker to share a blank PSA with you before you make an offer so you can review and ask questions

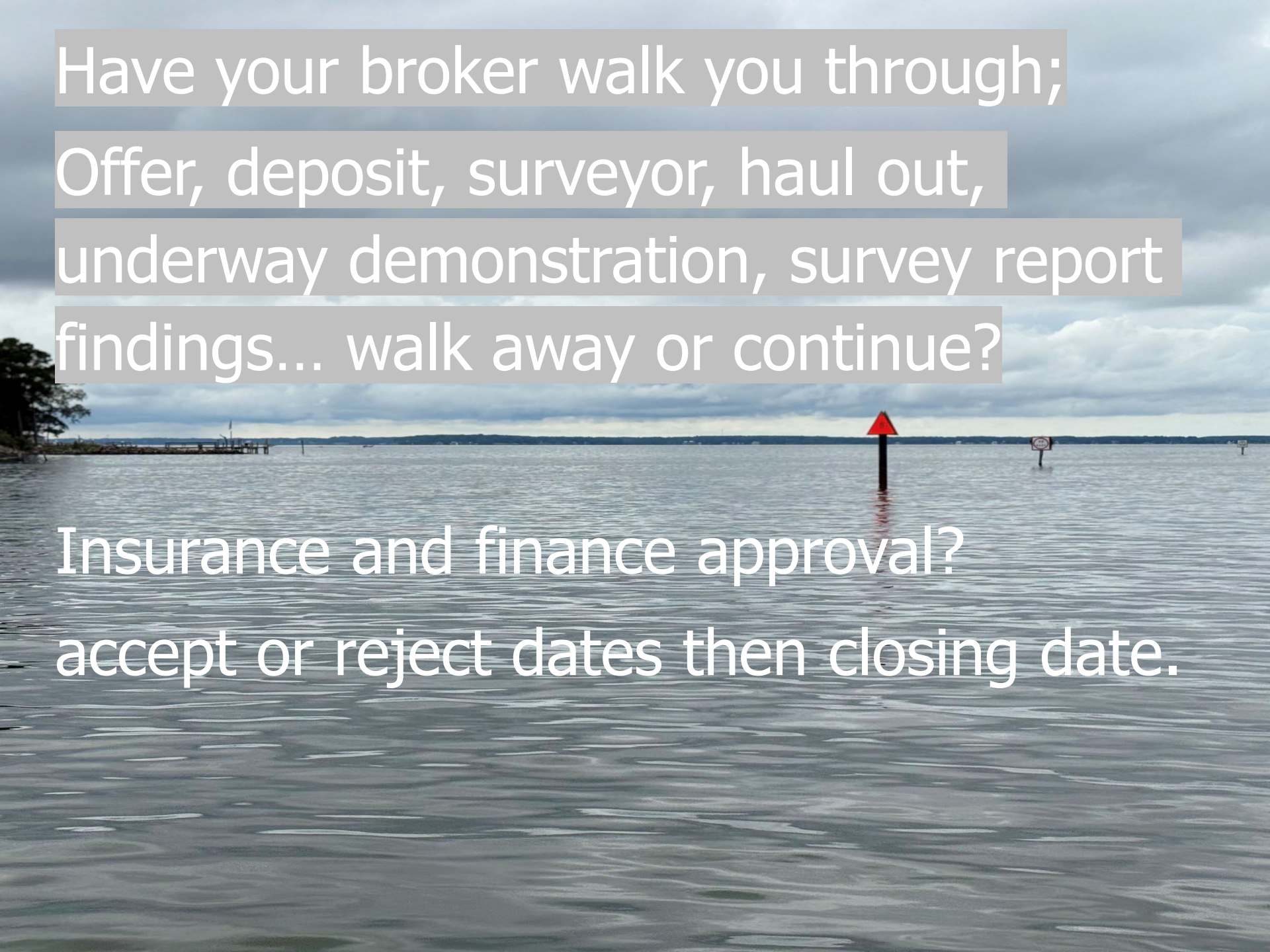
Are you ready to make an offer?

Do you have your financing?

Do you have an insurance plan?

Where will you keep the boat after closing?

A brokerage deal is typically 45 – 60 days



Have your broker walk you through;

Offer, deposit, surveyor, haul out, underway demonstration, survey report findings… walk away or continue?

Insurance and finance approval?

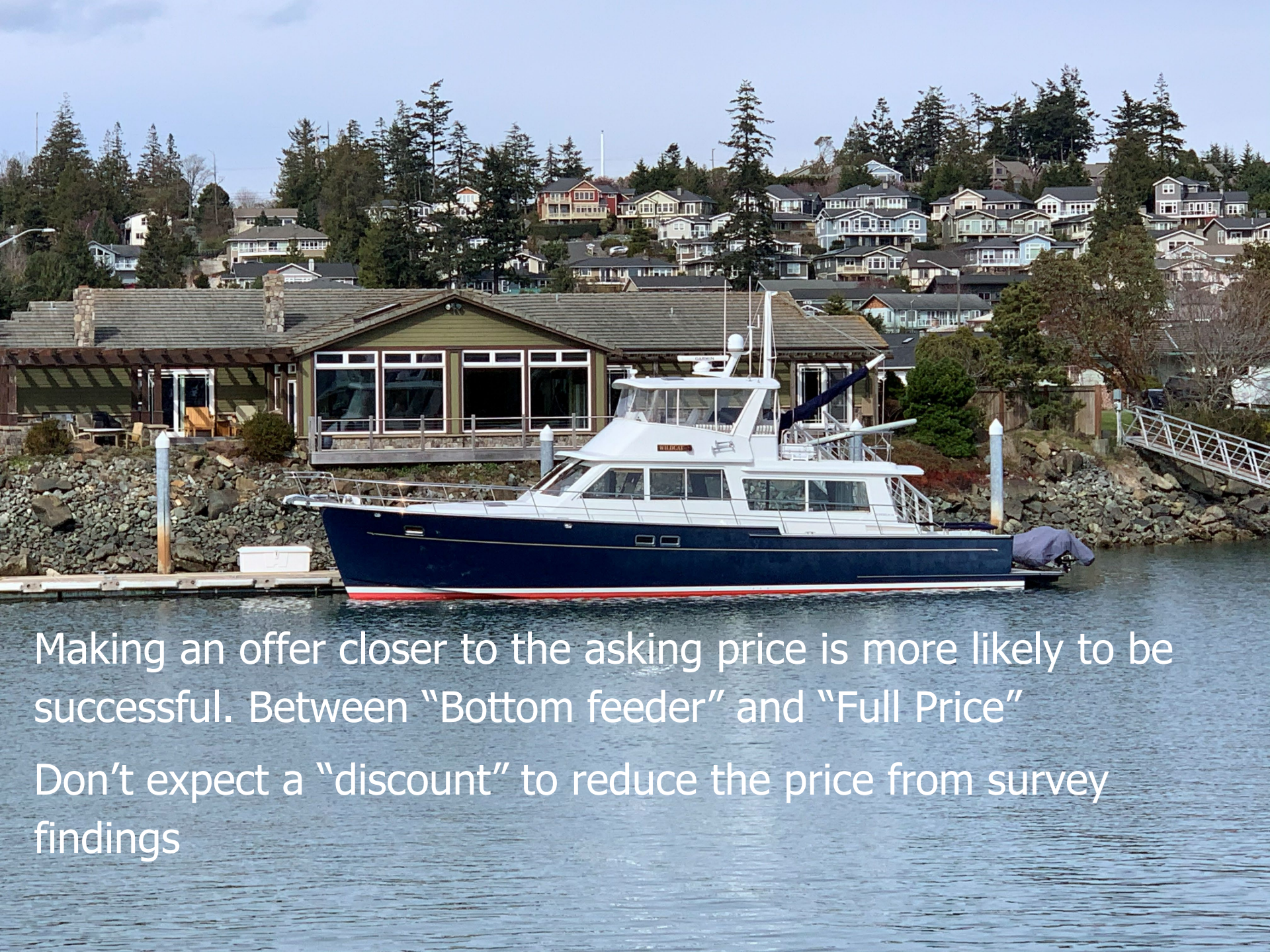
accept or reject dates then closing date.


Time is of the essence. Dates are firm. Things change. Have your broker write an addendum signed by Buyer and Seller if you need to adjust dates


Synchronize available calendar dates with your broker as part of your offer review.
Write up the offer based on survey date(s) and allow enough time

How do you and your broker come up with a “fair” offer price?

Comparables, SoldBoats.com, recent sales no longer than two years old



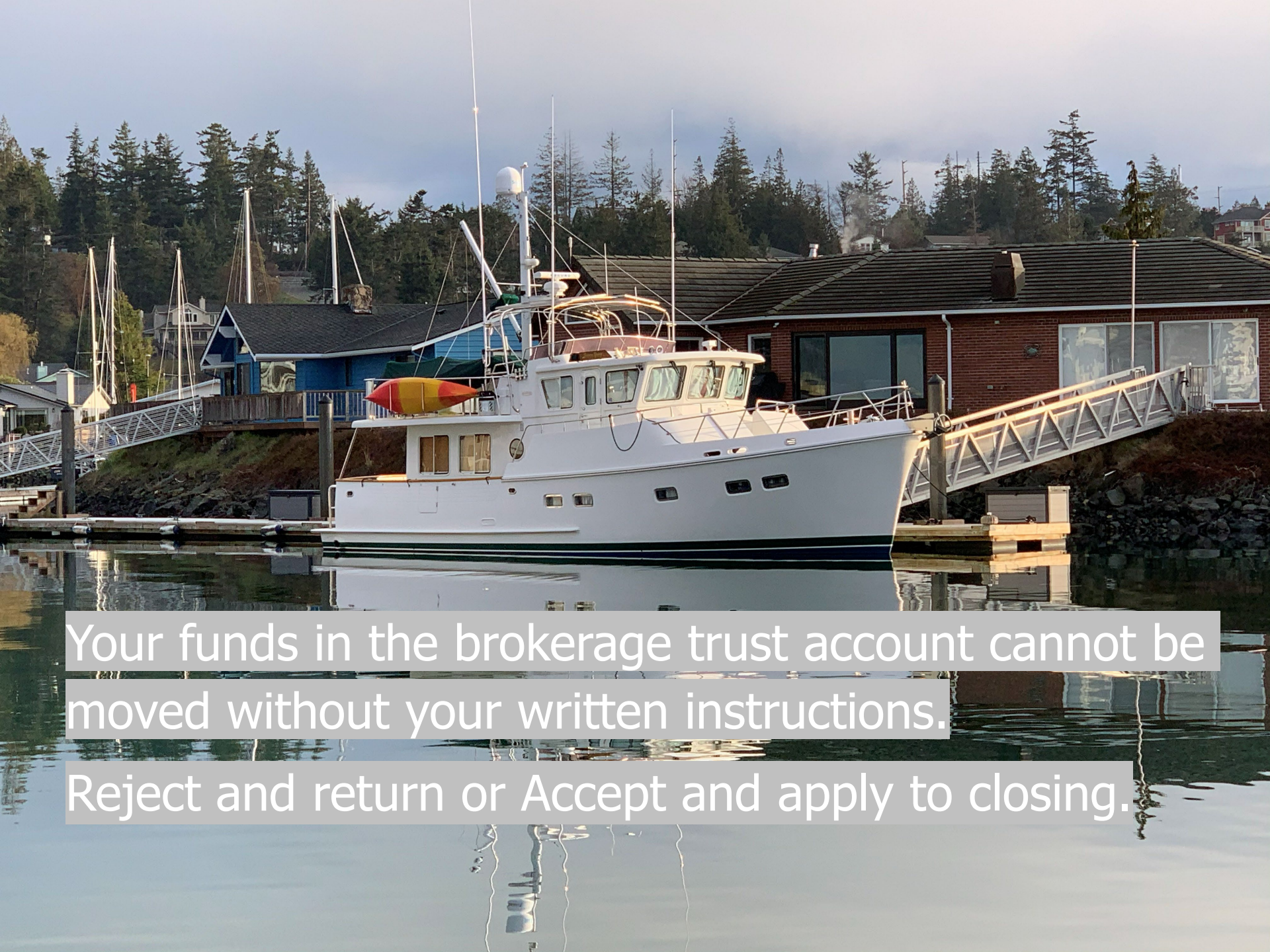
Making an offer closer to the asking price is more likely to be successful. Between “Bottom feeder” and “Full Price”

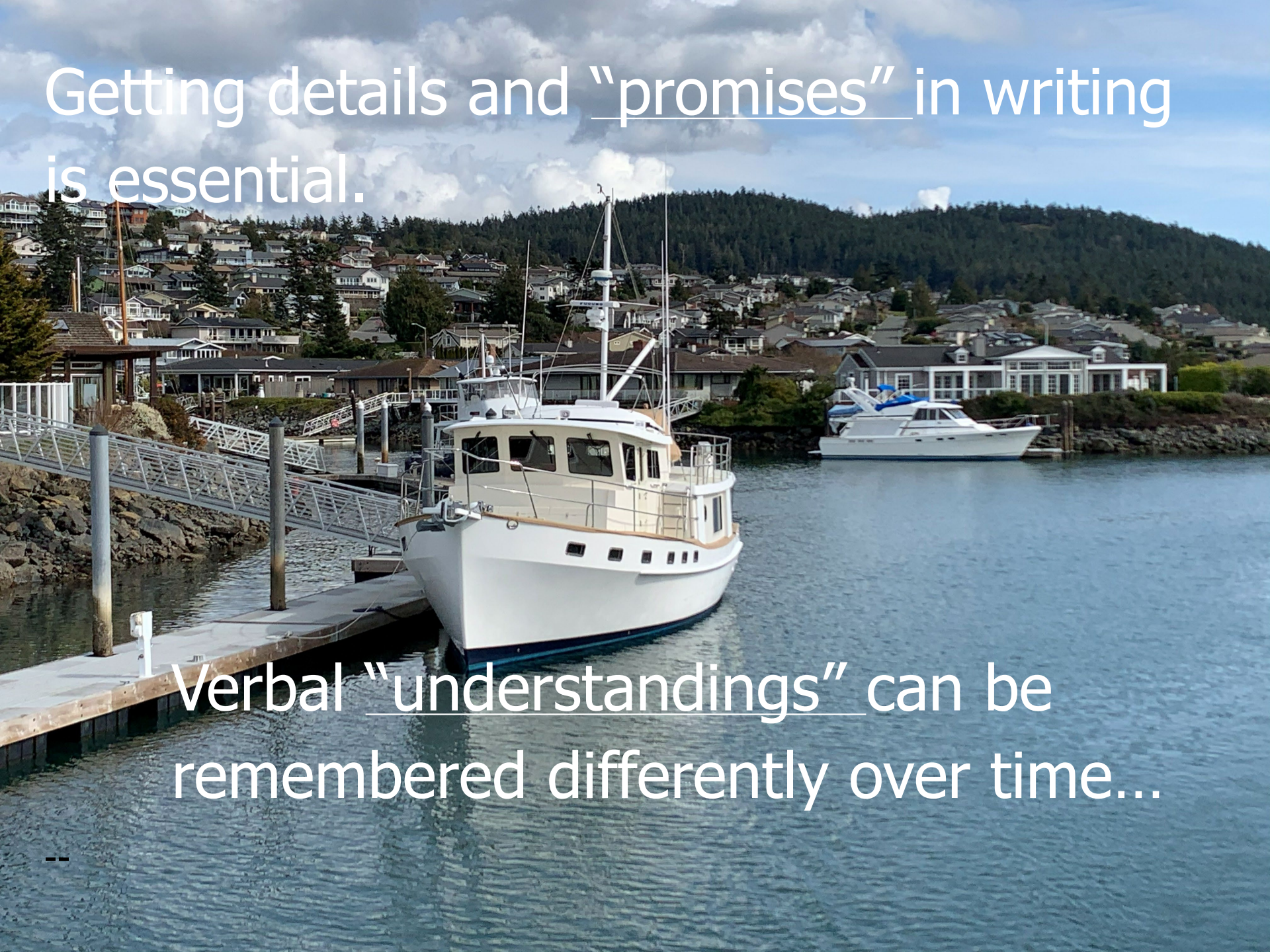
Don’t expect a “discount” to reduce the price from survey findings


The written PSA offer (digitally signed) is emailed to the seller broker by your broker. There may be a volley of counter offers…too many and it wears people out
Ruby

Once your offer is accepted - then you wire transfer your deposit to your brokers trust account

(ask for a receipt)


Your funds in the brokerage trust account cannot be moved without your written instructions.
Reject and return or Accept and apply to closing.


Getting details and "promises" in writing is essential.
Verbal "understandings" can be remembered differently over time...
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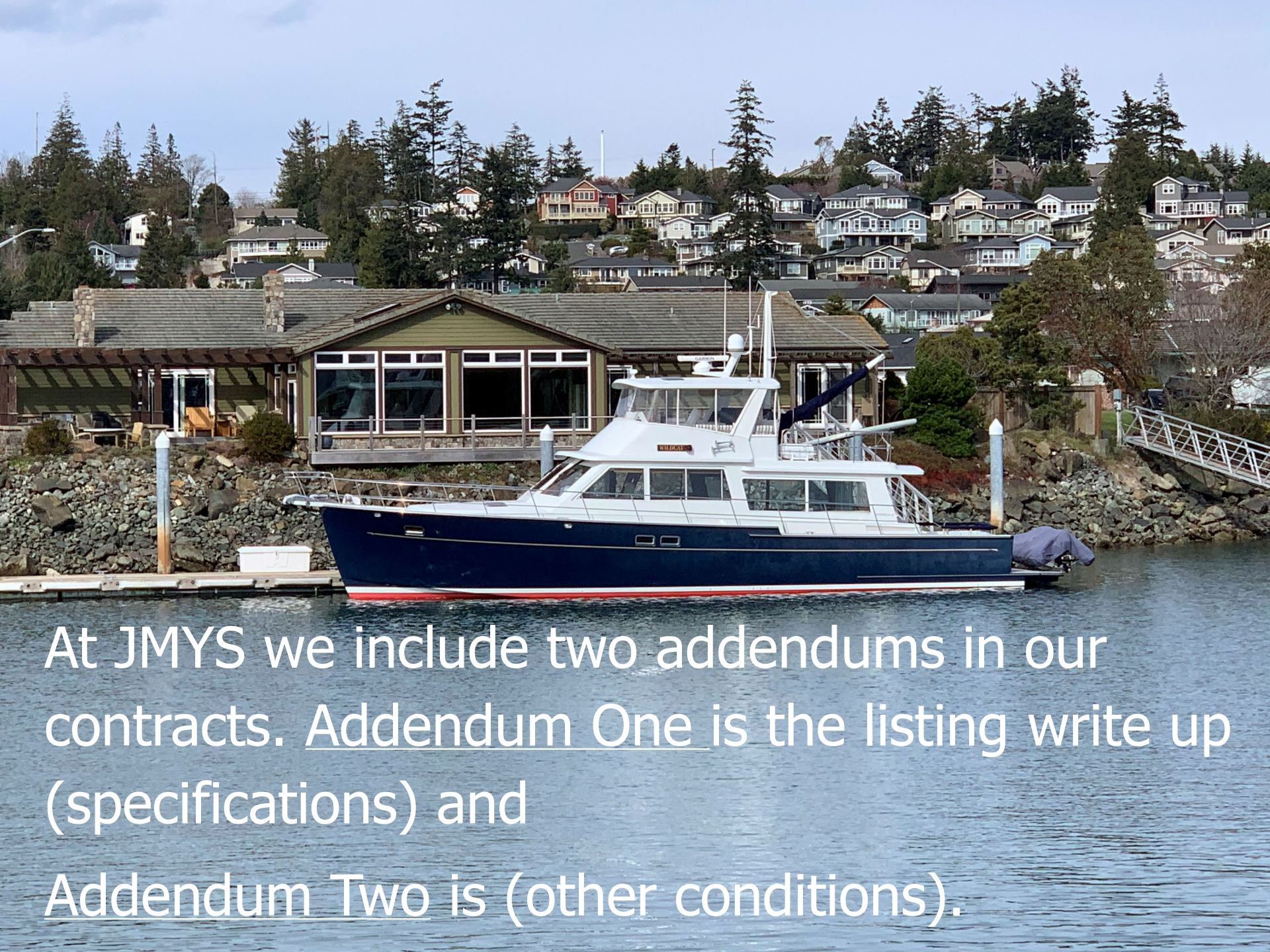


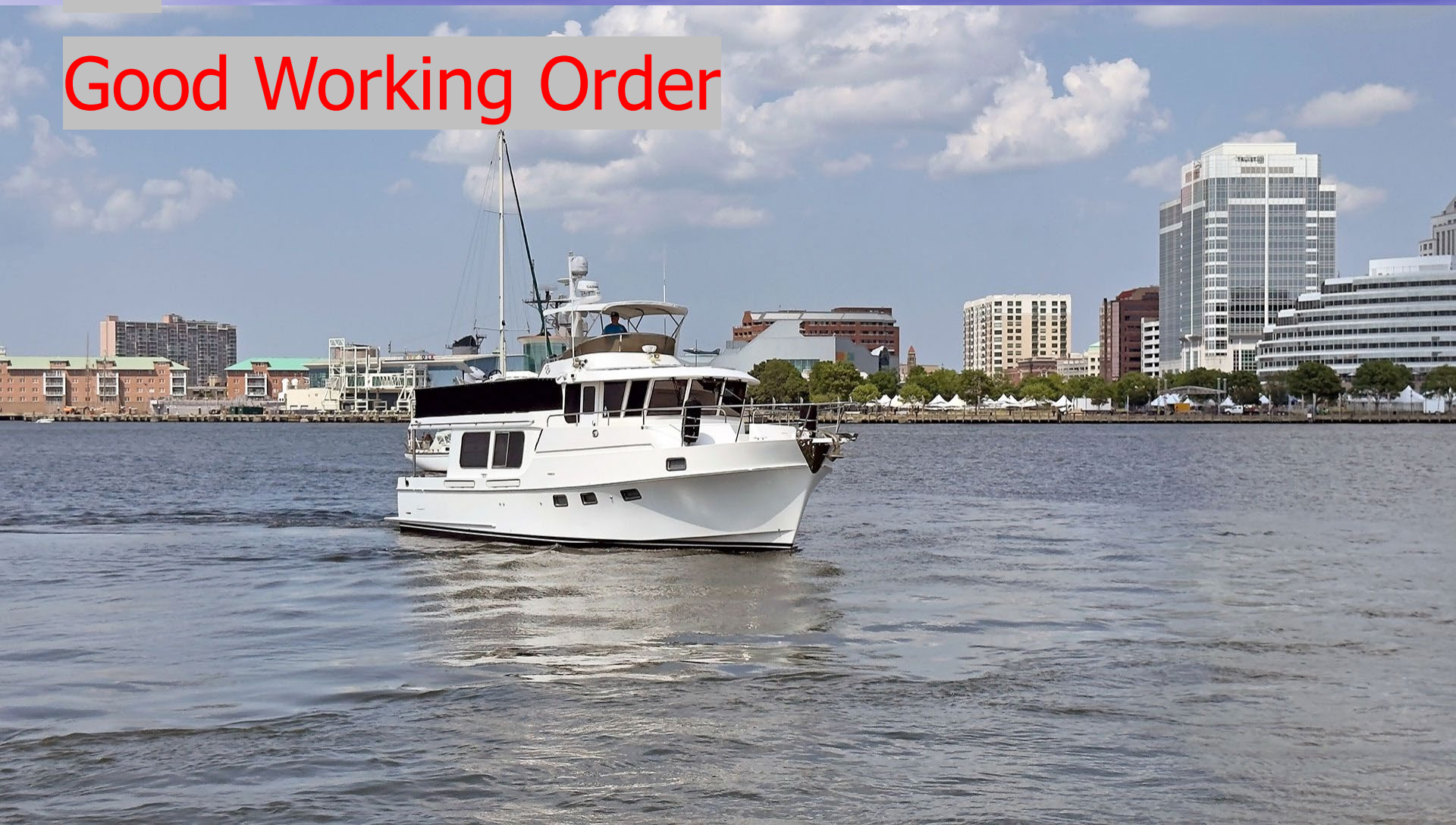
At JMYS we include two addendums in our contracts. Addendum One is the listing write up (specifications) and

Addendum Two is (other conditions).

AS – IS, where - is

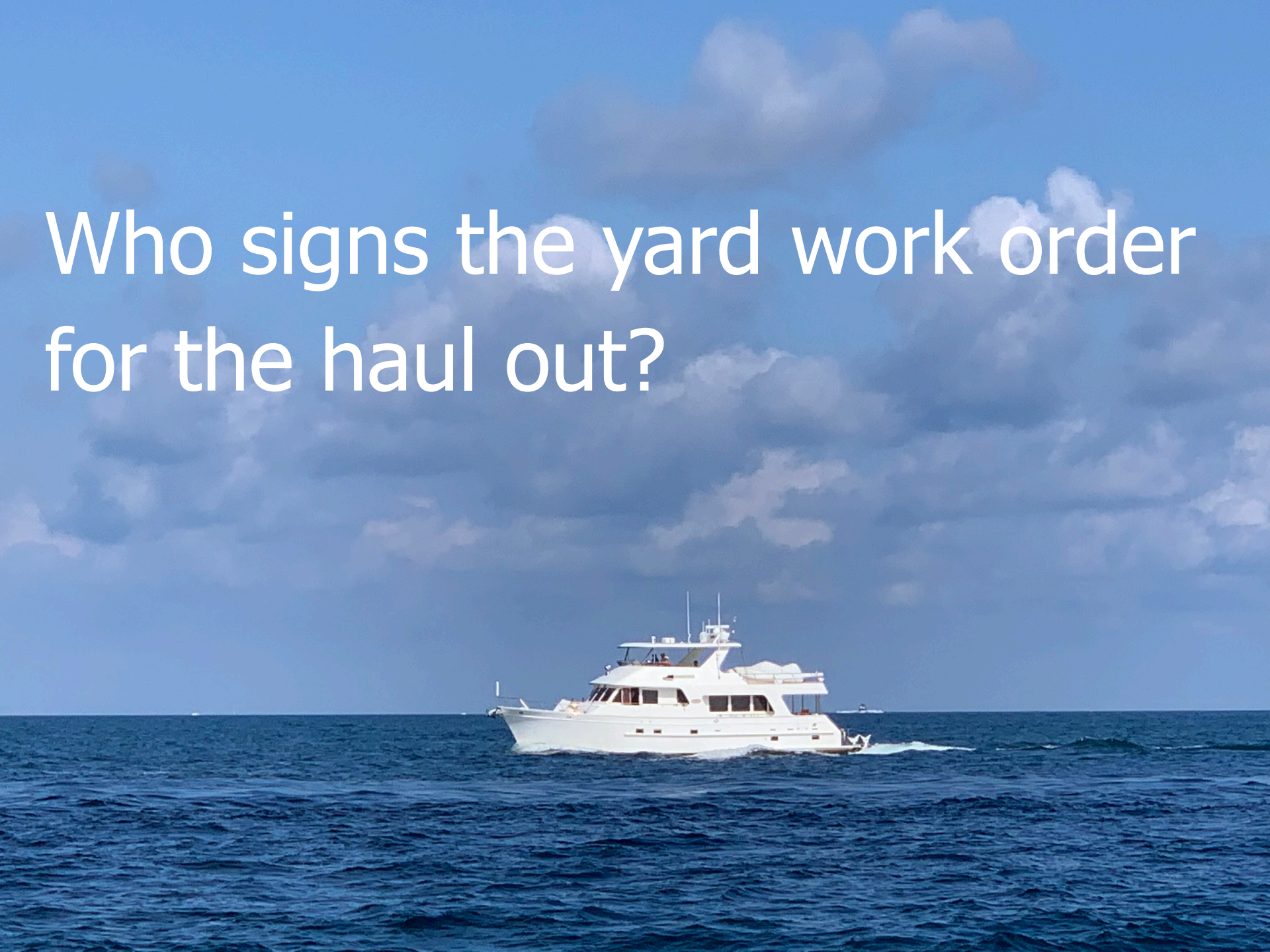
Vs.

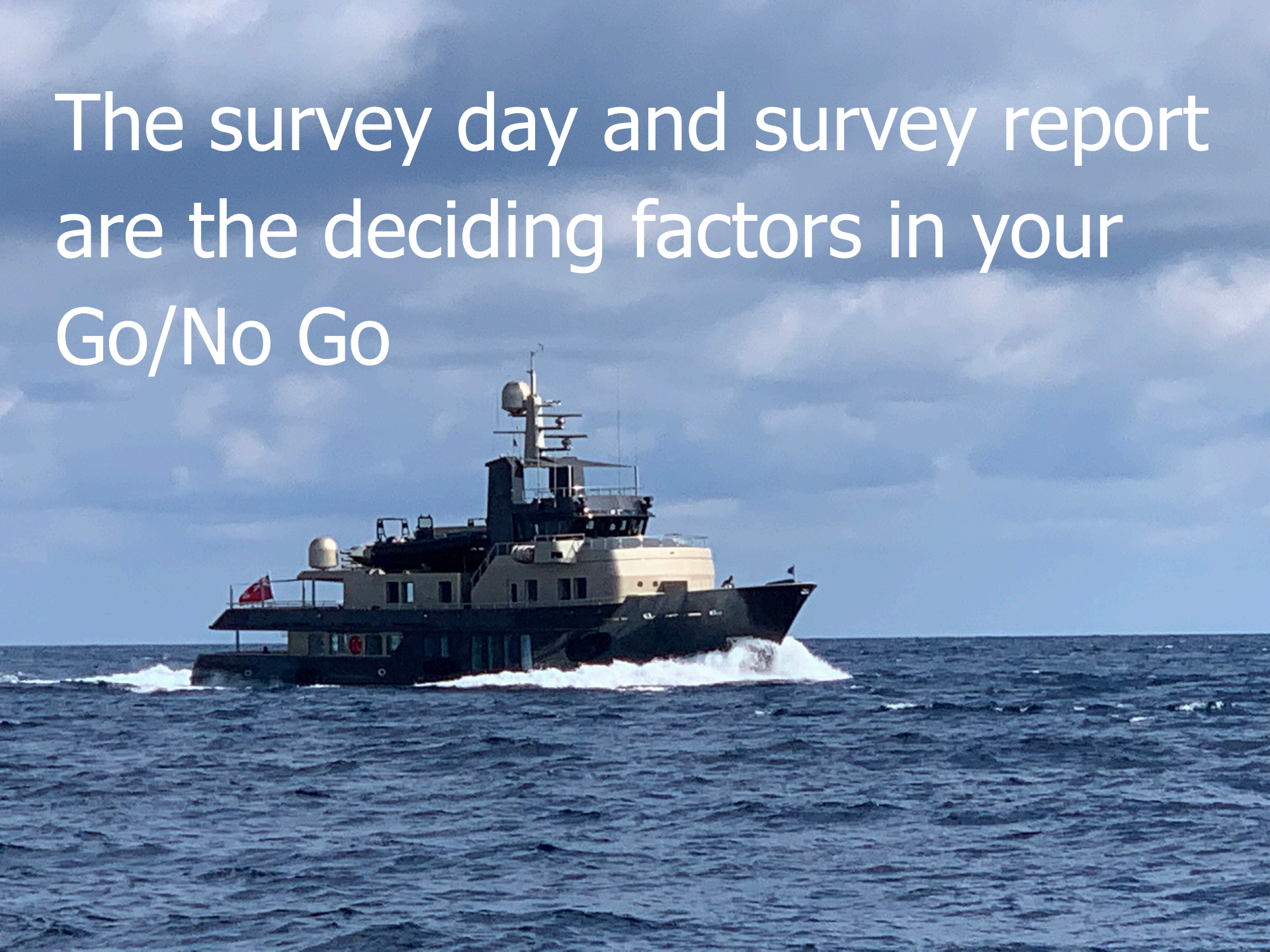
Good Working Order



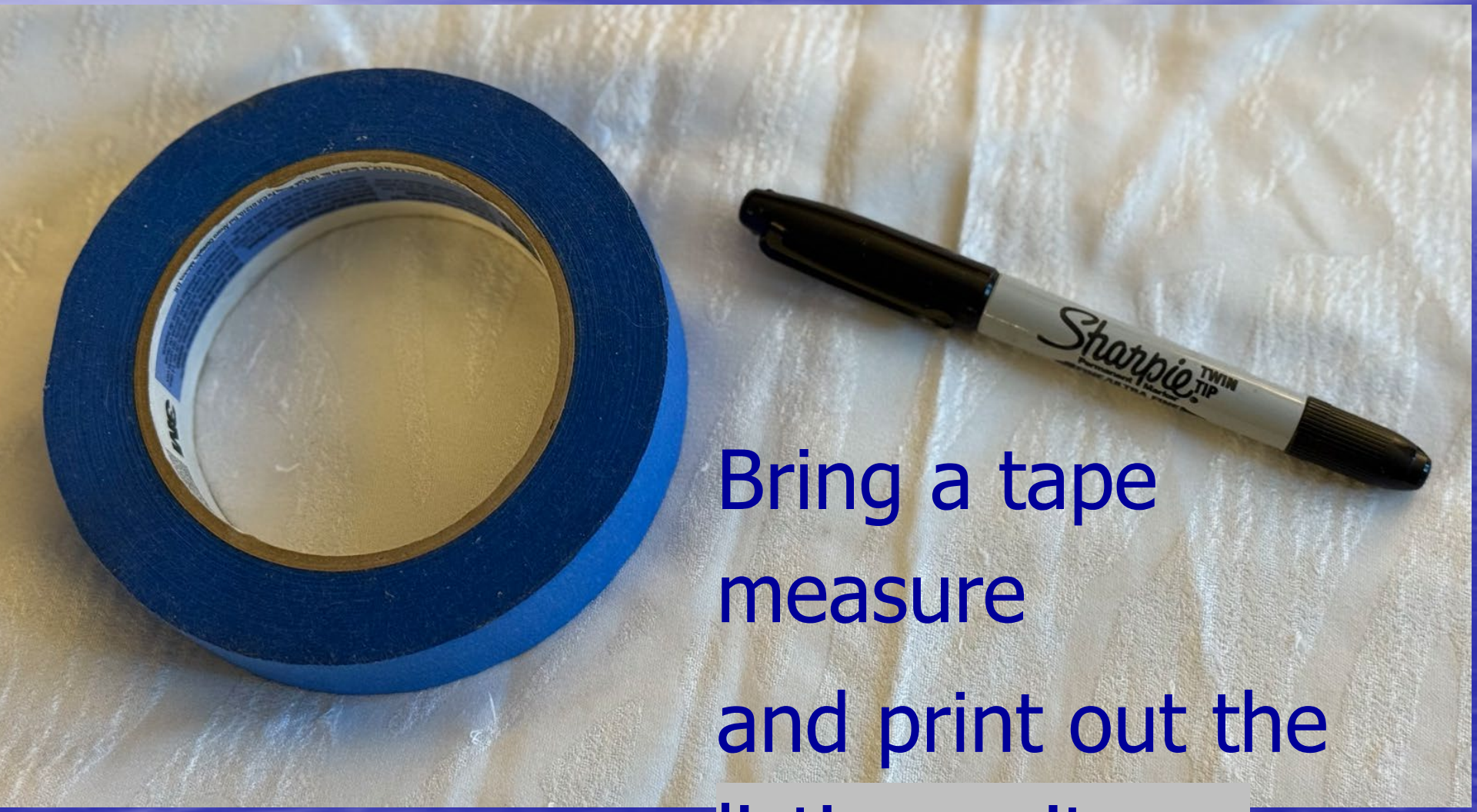
Once you send in your deposit, can you get your money back?

Who pays for the survey?


Who signs the yard work order for the haul out?

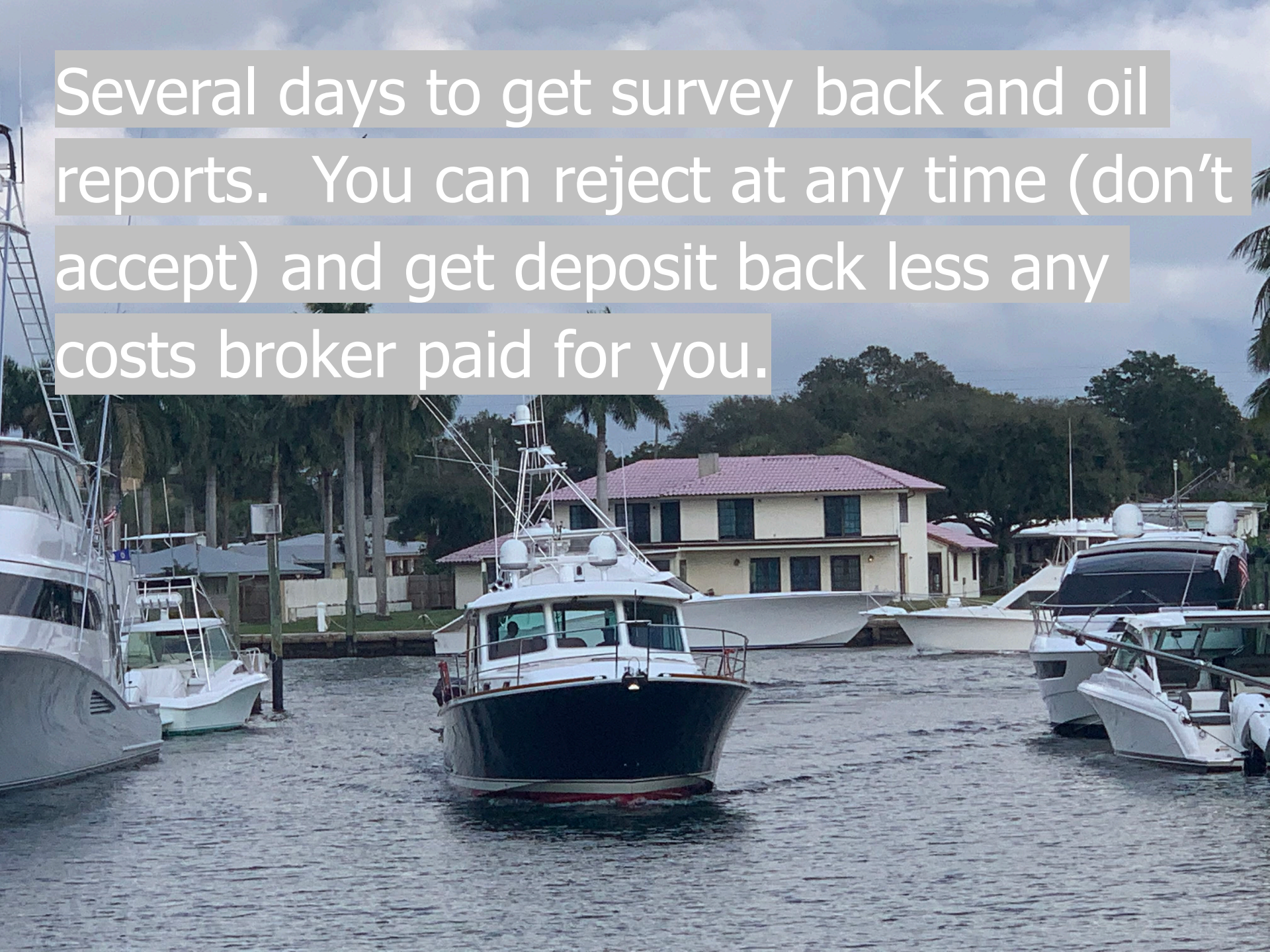

The survey day and survey report are the deciding factors in your Go/No Go

Blue tape and black Sharpie pen



Bring a tape measure

and print out the listing write up


Several days to get survey back and oil reports. You can reject at any time (don't accept) and get deposit back less any costs broker paid for you.


A typical survey day is a long day
8:00 am **Cold Start**
End 5:00 pm or later…
I don’t travel home on survey days

I filmed a video in 2022 about surveying a Nordhavn 46

https://www.youtube.com/watch?v=jkzbS4syGLI&t=684s

Nordhavn 46 Haul Out Survey - JMYS

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The survey is the most important aspect of every trawler transaction. It demands an inspection of the vessel both in and out of the water. A day (or two) is spent testing and demonstrating onboard equipment so the professional surveyors can assess and share their opinion on condition, suitability, and market value.

In order to obtain your boat loan and/or insurance coverage, you will need a “pre-purchase survey”. JMYS always recommend that our buyers have a diesel inspector in addition to a credentialed surveyor.

Coordinating the underway demonstration (sea trial), haul out and dockside inspections is a balancing act of people, places, dates and timing. Buyers have a lot to learn in a short period of time and seller’s want to show their boat is ship shape.

When the day arrives, it’s best to have a sense of what to expect as it can feel overwhelming.

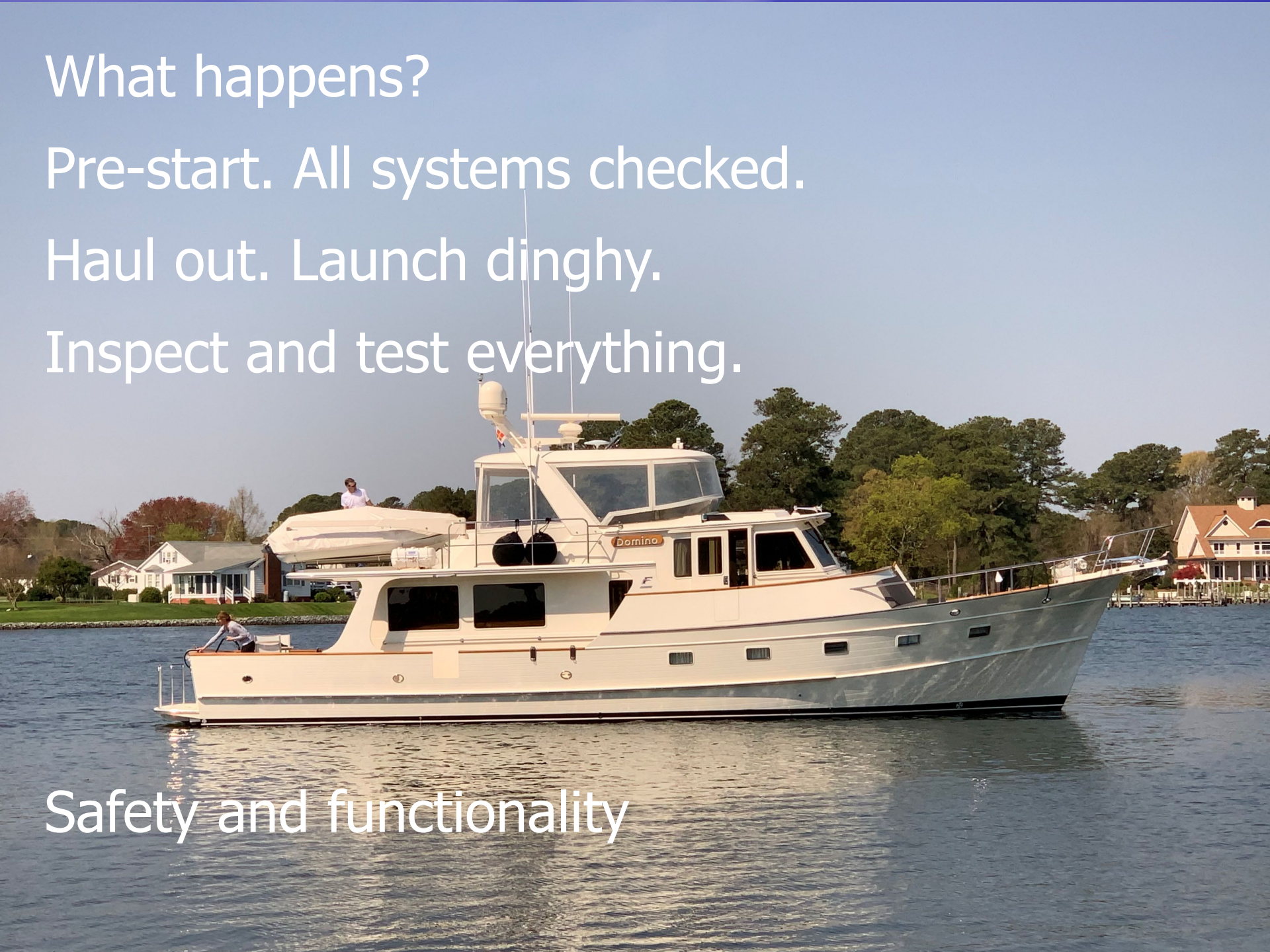
If you haven’t sold or purchased a boat, there is a good chance you aren’t aware of all that goes on during the hustle and bustle of a survey day. The boat quickly becomes crowded with different professionals moving about to complete their various tasks, and the current and future owners, along with their respective brokers, are onboard as well to oversee the survey and ask questions along the way.

What happens?

Pre-start. All systems checked.

Haul out. Launch dinghy.

Inspect and test everything.



Safety and functionality


MARINE TRAVELIFT
Ask up front for double straps/slings

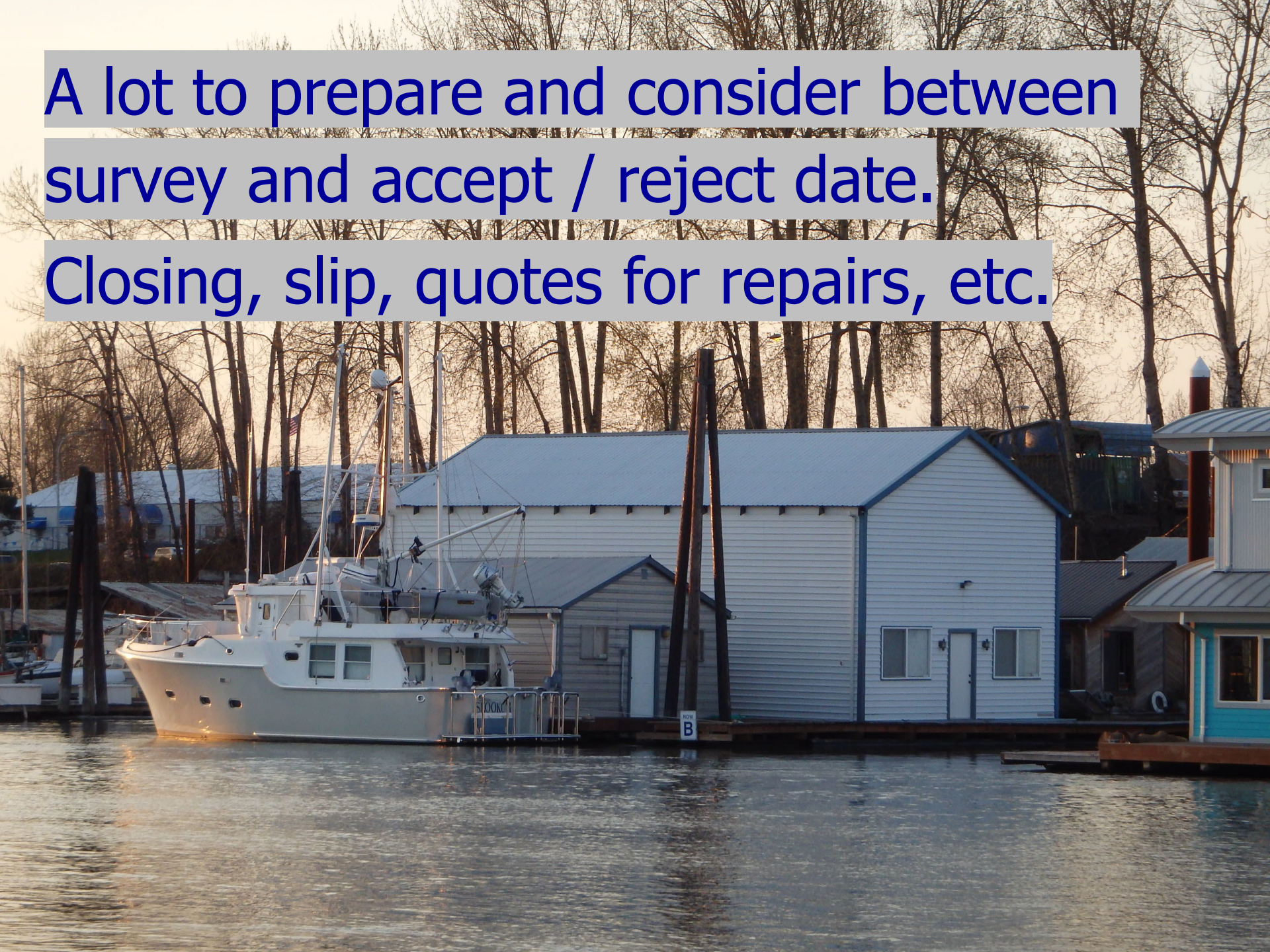

Buyer pays for a power wash if hull bottom is dirty

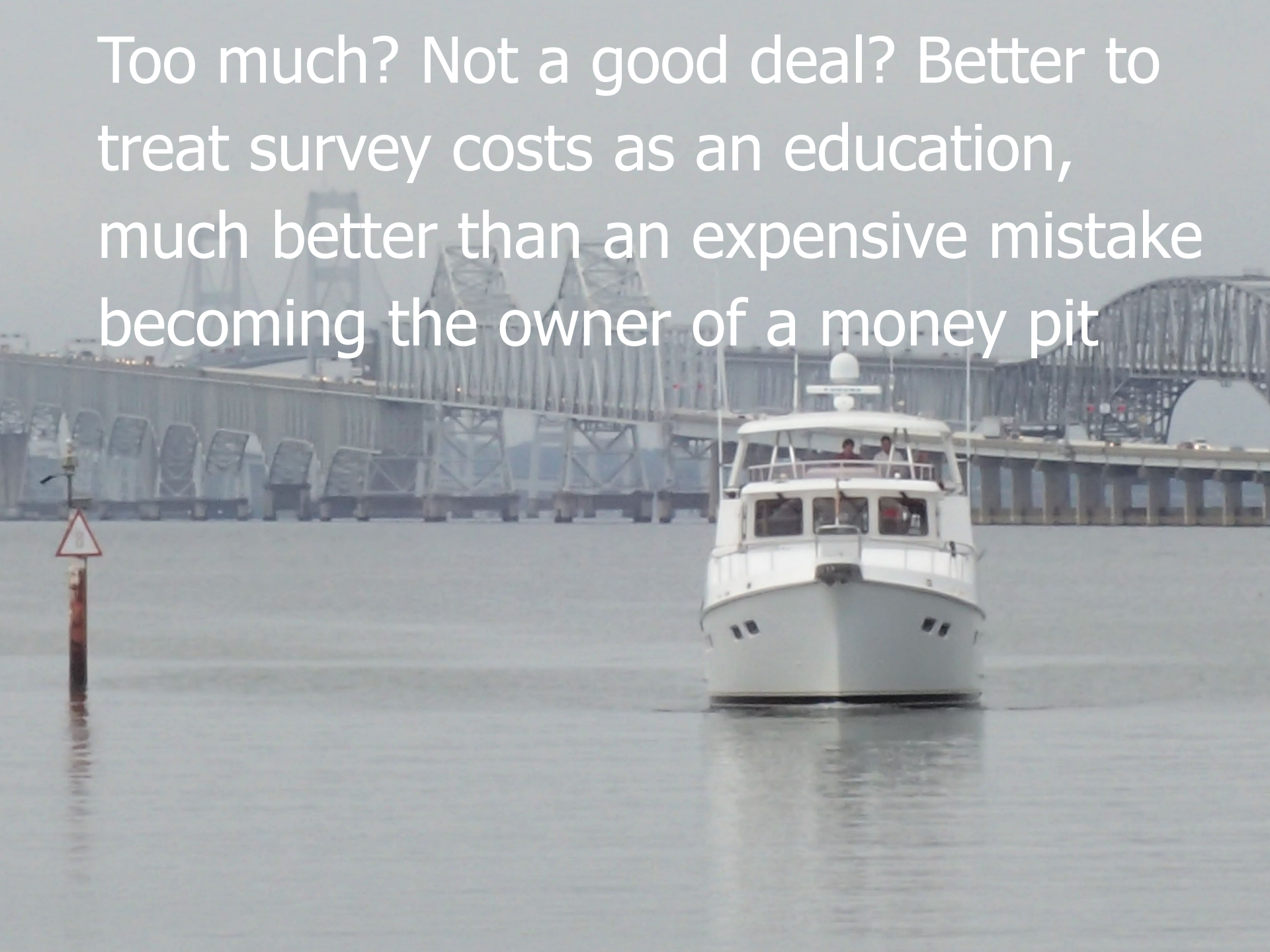
Some haul out yards need to work around tides – confirm before you book

What to look for during the haul out

Underway demonstration


How do you handle survey findings?
Should seller repair or credit?
Who negotiates?
75 MT
18.75 MT
MARINE TRAVELIFT
75 BFM II


A lot to prepare and consider between survey and accept / reject date.
Closing, slip, quotes for repairs, etc.

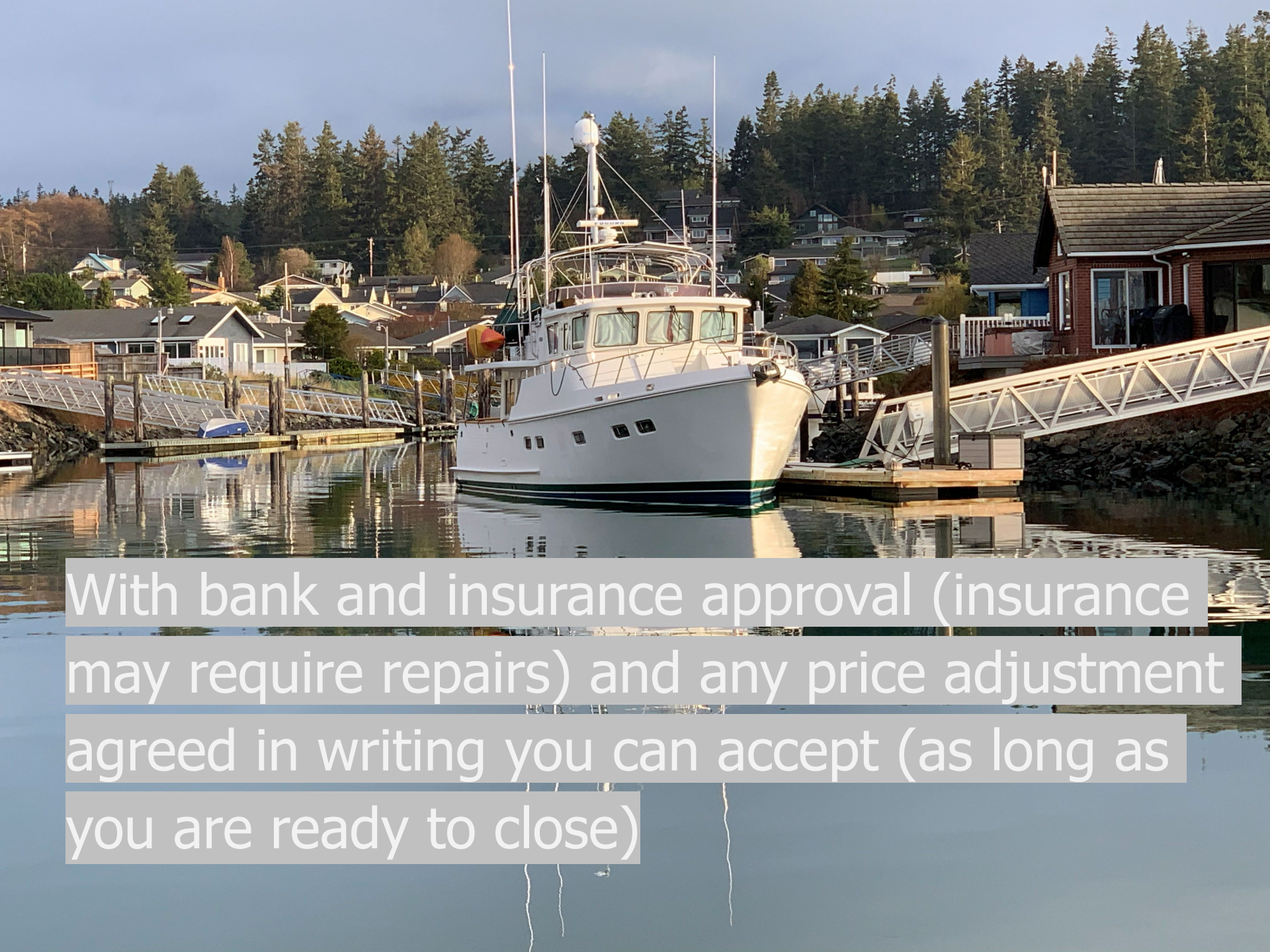


Too much? Not a good deal? Better to treat survey costs as an education, much better than an expensive mistake becoming the owner of a money pit

Don’t spend money on repairs until you own the boat

If survey allowance/price adjustment needed, write up an addendum for both parties to sign

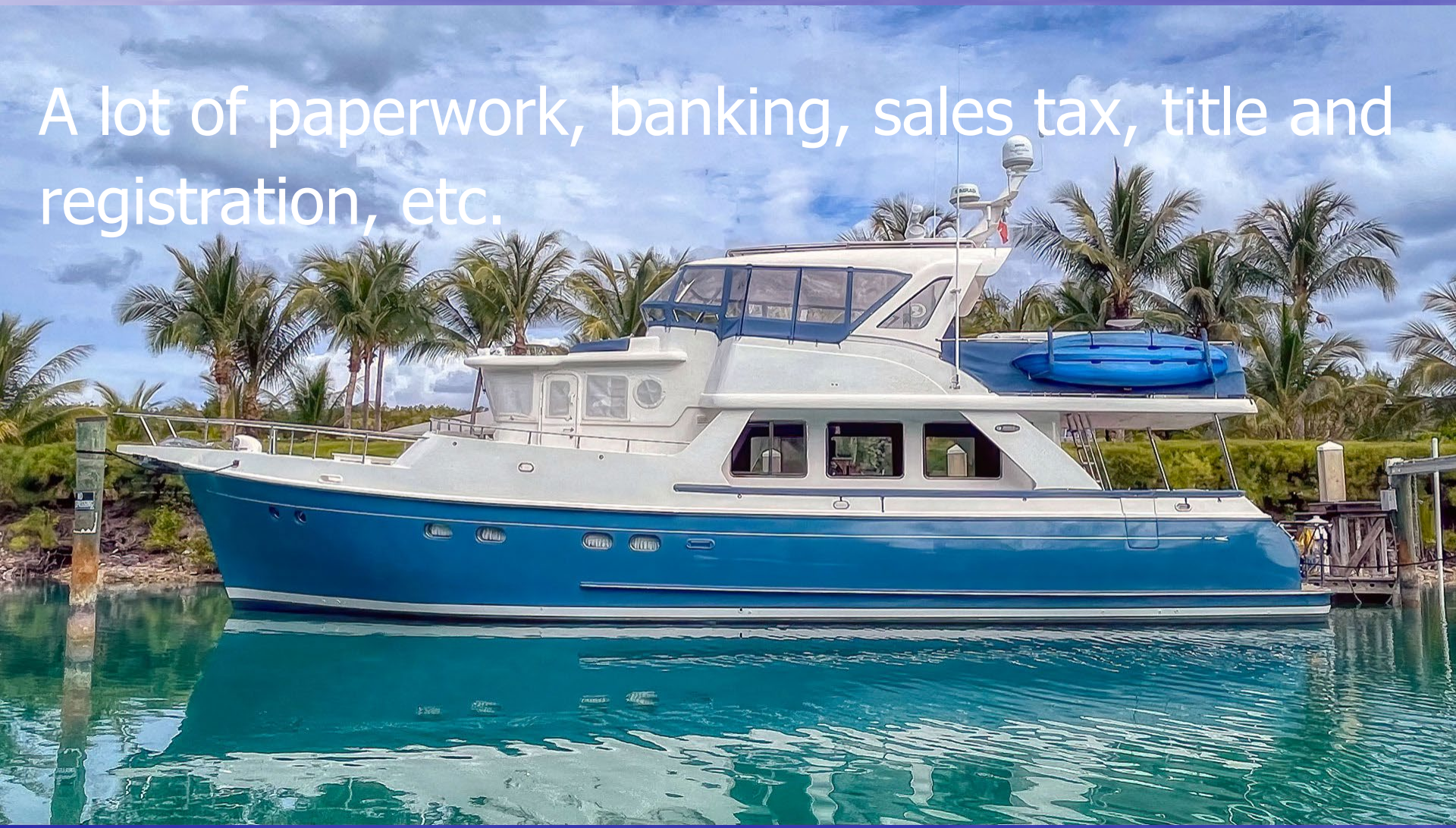
Send survey report to insurance/finance for approval before you can accept vessel



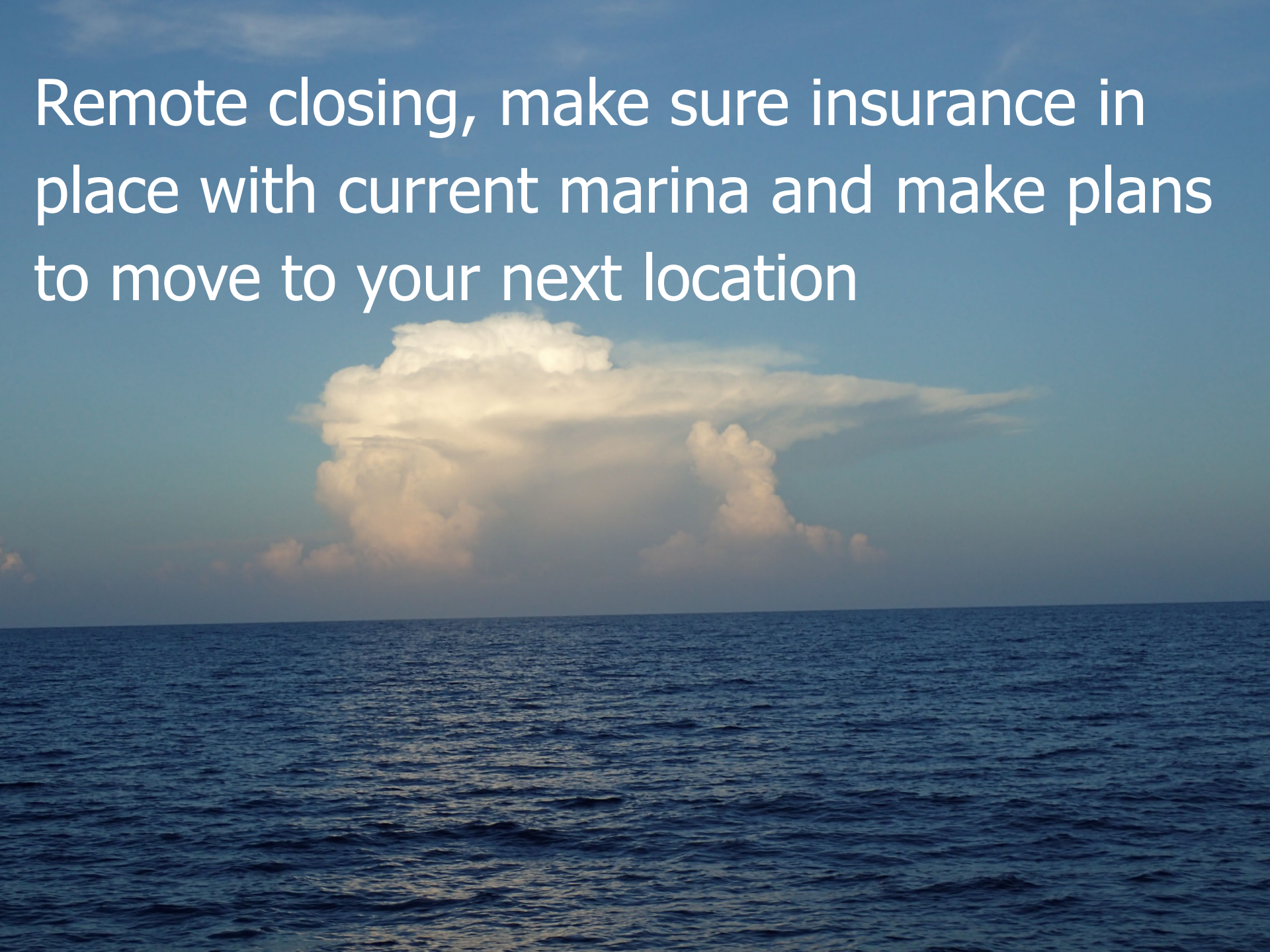
With bank and insurance approval (insurance may require repairs) and any price adjustment agreed in writing you can accept (as long as you are ready to close)

Don’t accept unless you are ready to close – if you accept and change your mind - you lose your deposit

Timing from Acceptance to Closing what happens?



A lot of paperwork, banking, sales tax, title and registration, etc.


Remote closing, make sure insurance in place with current marina and make plans to move to your next location


Congratulations!

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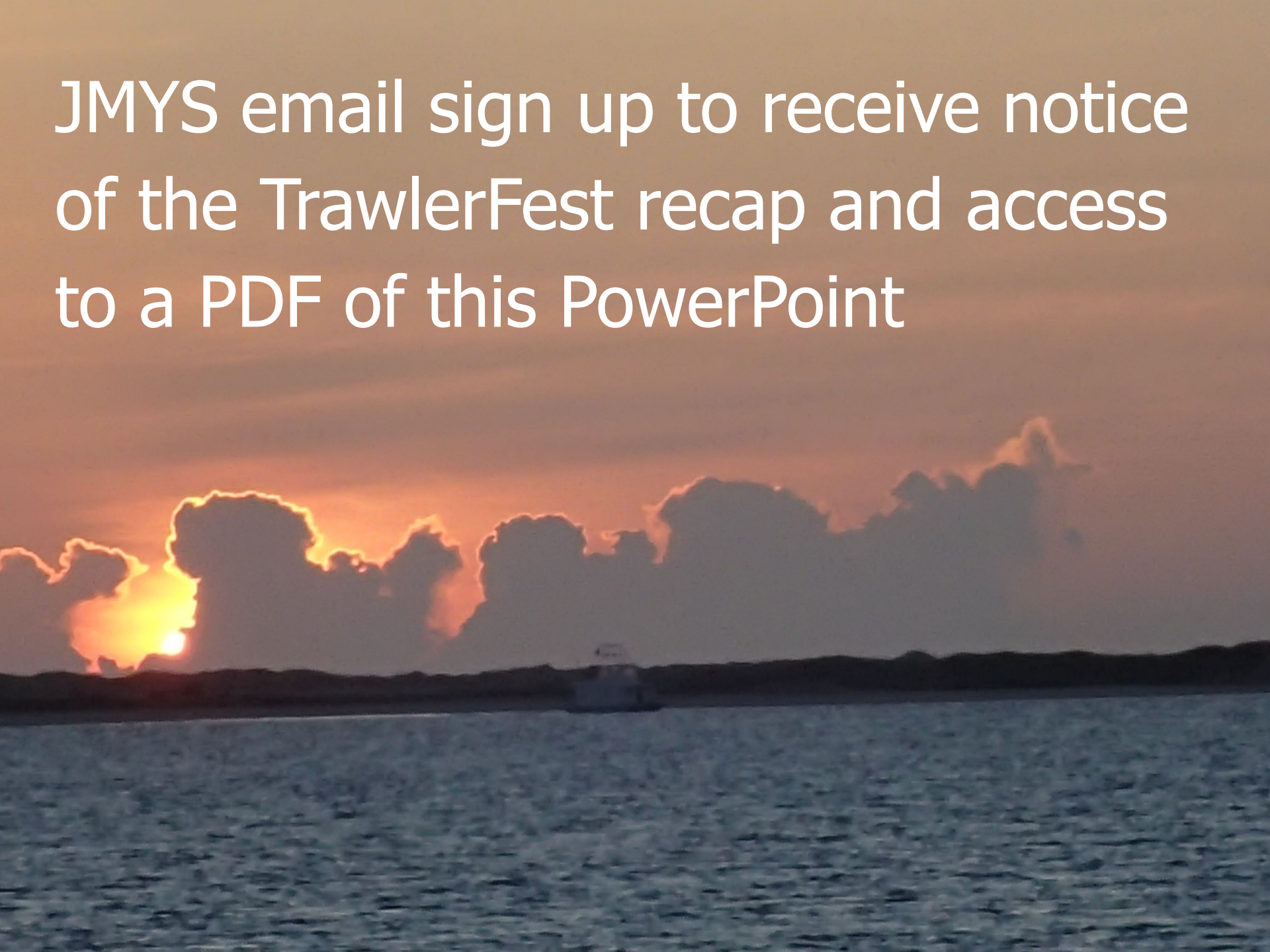


More questions?