



# THE CATAMARAN COMPANY

## Insiders Guide to a Catamaran Yacht Purchase

By George K. Coggeshall

There are over 900 pre-owned catamarans for sale worldwide and only a few dozen new yachts. There are advantages and disadvantages to both types of purchase. In the following pages I try to give you buying tips, answers to common questions, and some insights to a successful yacht purchase. Be sure to seriously consider how you plan to use your boat as it is important to what boats you should be looking at to assure that you fulfill your boating expectations and enjoyment. For your convenience a blank Purchase and Sale Agreement for your review has been attached to the end of this discussion. If you have any questions I will be happy to answer them for you.

### CHOOSING YOUR BROKER

Finding a knowledgeable broker with experience in the type of boat you are looking for and knowledge of the complete buying process will help you avoid wasting time and money. Choosing a broker with the CPYB (Certified Professional Yacht Broker) distinction is a good first step. Less than 1% of brokers worldwide qualify for this distinction earned through industry experience, examination, continuing education requirements and a strict code of ethics. They should be a member of a full service brokerage firm offering supporting services that make the transaction smooth. Their services should include survey, sea trial, finance, insurance, documentation, and closing resources. Make a commitment to a particular broker that you are comfortable working with and they should be able to provide insight only their experience and market knowledge can provide thus avoiding missed opportunities on good deals, potential costly mistakes, and unnecessary delays. They can also make the process fun!!!

***TIP:** A broker is a professional; treat them as such and you should receive profession service from them in return. Remember a broker cost you nothing!!! He works for and is paid by the seller. However, he doesn't get paid unless he satisfies your needs finding you the right boat, thus, a good broker works for you as well. A good broker can save you time and money!!!*

### CHOOSING THE BOAT THAT FITS YOU

You should first define what your power or sailing plans are and how you plan to use your yacht. The usual alternatives are Charter Management and Private Ownership. How many people will you be cruising with, i.e. how many sleeping cabins do you need? Most catamarans have a minimum of three sleeping cabins and more storage space than you will ever use. However, as you add extra weight to a cat, the sailing characteristics can be altered significantly if the load is beyond what the manufacture has designed the yacht to carry. Hull design makes the biggest difference. You will notice that modern hull designs with fuller hull cross sections forward and aft will carry more load and perform better offshore. If you look at older hull designs, i.e. first generation designs, you will notice very narrow bow and stern cross sections. The early Prout and Manta designs are very much like this example. Modern designs from large production builders like Lagoon and Fountaine Pajot are example of a modern catamaran hull designs that will perform well even with the addition of significant load in any weather.

**Charter management** – The two types are Destination Based or Home Based waters. They both typically provide management of the boat while also providing income to the owner.

#### Pros:

- Cost of ownership is reduced through charter income.
- Sometimes there are additional tax benefits.
- Someone else will maintain the yacht for you. When you are done sailing just walk-away and the boat is cleaned.

#### Cons:

- The yacht will receive additional wear and tear.
- Charter clients have been known to damage the yacht.

- Most charter companies restrict the equipment you can have (except The Catamaran Company).
- You must leave the yacht at the charter base year-round (except Catamaran Company allows you to take it away during the summer).

**Tip:** A cat that is suitable for charter may not necessarily be the best for a couple's live-aboard. Many people tell me, "We will cruise our new boat for "x" months and then we will put it into a charter program". It would be better from a revenue perspective go with a charter type boat (lots of staterooms and simply equipped) because otherwise, maintenance costs and low utilization will impact your income. However, the Catamaran Company will accept in the BVI charter fleet any layout and options you choose.

**Tip:** There are often used boats in charter that can be bought at a good price and already have charters committed on the boat. This can assure you revenue before you even buy the boat. It is like buying an existing business. Let your broker know if this is an option that interests you.

## DESTINATION BASED CHARTER MANAGEMENT

There are countless charter management companies to choose from throughout the Caribbean and the world; and each of their management contracts is different. The highest returns are from the Caribbean based operations. They benefit from high demand, the ability to charter year round and low labor rates. Management companies can vary dramatically. So do your homework. I have worked for 5 of these companies and I can give you my impressions of these and others. See my basic description of charter management styles below.

**Tip:** Don't forget the cost of you and your friends getting to your distant destination based boat. Be sure to look into and understand typical flight costs and availability before choosing a location.

## HOME WATERS BASED CHARTER MANAGEMENT

There are many local bareboat charter companies in areas where there is good sailing. The trade off with these programs is the charter revenue is often much less than a Caribbean based charter yacht, however, you may use your yacht more if it is close to home. This type of chartering is called a "demise charter" and there are no special licenses or permits required in most locations.

If you want to take people out on your yacht and act as the captain on US waters you must have a USCG license. In the past a little piece of legislation called the Jones Act precluded yachts that were not built in the USA from embarking and disembarking from a US port. The Secretary of Transportation is now allowing foreign built vessels that are at least 3 years old to carry up to 12 passengers for hire. This Jones Act waiver cost \$300 and can be submitted electronically at [www.marad.dot.gov/programs/smallvessel/index.html](http://www.marad.dot.gov/programs/smallvessel/index.html). For more detailed information call Michael Hokana at Ports and Domestic shipping, 202-366-0760.

## TYPES OF YACHT MANAGEMENT

**Guaranteed Income** – These programs are offered by several of the largest chart companies. They typically guarantee a monthly payment for the term of the management agreement.

### Pros:

- Steady cash flow.

### Cons:

- You don't participate in any excess profit if charter sales are good even though your boat is being used more heavily receiving more wear and tear.
- There are usually heavy restrictions on the use of your boat.
- Typically heavy restrictions on the equipment you can choose for your boat.

**TIP:** Guaranteed income programs only work for the large companies if the boats are used very heavily to maximize their income. They have the ability to move boats to multiple locations to maximize the heavy use.

**Revenue Share** – These programs share the income a boat produces between the management company and boat owner. The income splits vary with each company based on the services provided by the management company. The management company will list the services included for their portion of the income split.

### Pros:

- Potential for greater income.
- Greater income on popular boat designs that are properly equipped.
- Equipped the boat the way you want.
- Typically much greater flexibility of owners use.

**Cons:**

- Only a projected cash flow.

**Private Ownership – Coastal Cruising** - sailed primarily on weekends or short trips.

**Blue water Cruising** - Living aboard for extend periods and cruising the world.

**TIP:** GLOBAL CRUISING: So you want to cross-oceans! Get hooked-up with a good support group like the Cruising Club of America [www.cruisingclub.org](http://www.cruisingclub.org) or Seven Seas Cruising Association [www.scca.org](http://www.scca.org) 954-771-5660. These clubs have thousands of members and tons of friendly advice from experienced cruisers.

**NEW – PRE-OWNED – FROMER CHARTER**

**New**

Pros:

- Newest designs, materials, technology
- Much less maintenance in the first years
- Warranties
- Financing more readily available
- Highly Reliable = Peace of Mind
- You can choose options and upgrades
- Good performance
- Refined systems

Cons:

- Fewer choices
- Quicker depreciation
- Cost more initially

**When to make a buying decision:**

What is your time frame? Because of the popularity of catamarans often the builders are running about 6 months to 1 year out in production availability and delivery can range anywhere from 1 to 2 months for commissioning and Atlantic crossing. Talk with your yacht broker about what will suit your needs best. Do some research and check for reviews at [www.catamarans.com](http://www.catamarans.com). Request detailed specifications and brochures, most of which can be e-mailed. Choose options and upgrades and review a purchase agreement. To confirm your order and reserve a hull, expect a deposit of 10% -20%. Then, 90 days before closing an additional 10% -15% is due, and at closing your final payment from your lender is normally due. You may also want to make an appointment to charter from The Catamaran Company base in the BVI or view the new yacht of your dreams. The Catamaran Company has new yachts on display at the major in-water sailboat shows and in inventory in Ft. Lauderdale, Florida.

**New yacht buying tips:**

- Ask your dealer if there are any special discounts. Often boat show specials will be available before shows but, not after.
- Ask specifically if the builder has any unsold inventory or production slots.
- Ask if the dealer has any inventory they would displayed at any up-coming boat shows. Often this opportunity will enable a new owner to enjoy their yacht in New England for the summer before their yacht starts chartering in the Caribbean.

**What to do with your old boat:**

In many cases we encounter sailors who own monohulls and have decided to improve their sailing lifestyle by trading up to a catamaran. The Catamaran Company, in some cases, will accept your boat in on trade for a new yacht. The Catamaran Company owns a monohull dealership in Florida that is our facility for liquidating trade-ins [www.essermanyachtsales.com](http://www.essermanyachtsales.com) .

**Tip:** If you would like to quickly gain more experience with your new yacht, we highly recommend private instruction. For utmost satisfaction with your

yacht purchase, get fully acquainted with your yacht and cruising area with one of these US Sailing Certified Keel Boat and Offshore Sailing Instructors:

Ft. Lauderdale, Florida: Blue Water Sailing School, <http://www.bwss.com>, 800-255-1840, 954-763-8464, 954-768-0695 (fax) Locations in Ft. Lauderdale, St. Thomas, US VI; Newport, RI; and Bahamas.

Tortola, British Virgin Islands: Rob Swain Sailing School, <http://www.swainsailing.com/index.asp>, Phone/Fax: 284-495-9376, Toll Free: 800-948-SAIL, [sail@swainsailing.com](mailto:sail@swainsailing.com)

**TIP** - If you choose to pursue a new catamaran you will find a selection of builders from around the world with the majority of the premier builders located in France. A visit to the factory is informative but not necessary. It may help you better understand the construction and systems in your boat but a well built boat from one of the large production manufacturers and a full service dealer with multiple service operations will provide the necessary support without having to contact the factory. Travel to France – 8 hours / South Africa – 21 hours / China 23 hours - each way!!!

#### **When to make a buying decision:**

What is your time frame? Because of the popularity of catamarans often the builders are running about 6 months to 1 year out in production availability and delivery can range anywhere from 1 to 2 months for commissioning and delivery.

**Tip: Plan ahead and start checking availability now.** The final step is to talk with your yacht broker about what will suit your needs best. Do some research and check for reviews at [www.catamarans.com](http://www.catamarans.com). Request detailed specifications and brochures, most of which can be e-mailed. Choose options and upgrades and review a purchase agreement. To confirm your order and reserve a hull, expect a deposit of 10% -20%. Then, 90 days before closing an additional 10% -15% is due, and at closing your final payment from your lender is normally due. You may also want to make an appointment to charter from The Catamaran Company base in the BVI or view the new yacht of your dreams. The Catamaran Company has new yachts on display at the major in-water sailboat shows and in inventory in Ft. Lauderdale, Florida.

**Tip:** If you would like to quickly gain more experience with your new yacht, I highly recommend private instruction. For utmost satisfaction with your yacht purchase, get fully acquainted with your yacht and cruising area with a US Sailing Certified Keel Boat and Offshore Sailing Instructor such as Bluewater Sailing School of Ft. Lauderdale with their multiple locations. Tell them George sent you.

#### **Blue Water Sailing School**

922 NE 20 Ave.  
Ft. Lauderdale, FL 33304  
**800.255.1840**  
954.763.8464 · fax954.768.0695  
[www.bwss.com/](http://www.bwss.com/)

#### **Pre-owned**

Pros:

- Slower depreciation
- Bigger “bang for the buck”
- Huge selection

Cons:

- You inherit problems of previous owner
- Less curb appeal
- Older designs, manufacturing techniques and materials
- No warranty protection
- Hidden defects
- Location may be geographically undesirable

Because of the relatively high demand for cruising catamarans you will find the resale value of catamarans relatively higher than that of monohulls. As with planning to own a new yacht you will first want to define for yourself the size yacht you want, number of cabins, your sailing plans, and budget. Be realistic. You won't find a near new 50 ft. catamaran, loaded, in great condition, in your home town selling for \$100K. Talk to your broker and ask what the selling prices have been running. I recommend not buying “backyard project” catamarans. I have heard hundreds of times, “This catamaran is built differently! It really is top-quality, etc. etc.” and every time we went to survey we found some strange findings. Don't get tempted by the relatively low prices. You may end up with something you can never sell. Stick with well-known

production yachts. You should look for and acquire models that are in demand and that hold their values well. Ask your broker which models to consider.

**TIP:** You can check values of yachts and availability on the market go to: [www.yachtcouncil.com](http://www.yachtcouncil.com), or [www.yachtworld.com](http://www.yachtworld.com). If you find a yacht listed you like, ask your broker what is the worst thing about this yacht. Armed with this insight there will be no surprises and your expectations will be realistic.

**TIP:** Talk with a Catamaran Company broker and ask them to send you the latest list of catamarans on the market that suit your needs. Be clear with your broker about your needs. The more you tell them about how the yacht will be used, the more the broker can help guide you to the "right" boat. Often brokers in our network know of catamaran owners who are planning to trade up to a newer or larger catamaran that would be interested in selling their yacht but, have not gotten around to listing it yet.

**Tip:** Don't be afraid of high asking prices. Often these sellers have had little interest in their yachts and they have been on the market for some time. Why not make an offer? You have nothing to lose and you might be able to "steal" the yacht you have been dreaming about. It never hurts to try.

### **How to present an offer on a pre-owned yacht:**

Ask your broker to first send you a blank copy of a Purchase and Sale Agreement to review (there is a sample Purchase and Sale Agreement at the end of this guide for your convenience). Consult with your broker about what they feel is a fair starting amount to offer. You can present an offer with a 10% refundable deposit in Florida and California that is held in a state regulated escrow account. Next, think about what date you need to hear back from the seller, the date by which you can sea-trial and survey the yacht, and the date you will be ready to close (have all the funds ready).

Often a pre-owned yacht may be in a difficult area to access or in the sense of time and money it may not be possible to get a good sense of the condition of the boat. It makes sense to have a 3rd party evaluate the condition of the boat before investing in travel and the expense for a full and complete survey. For an innovative solution that is now available for select yachts, try this service: <http://www.boat-check.com>, which we are now starting to use and find very valuable.

How it works: contact boat-check.com. They will have a local accredited marine surveyor do an efficient and accurate 3rd party preliminary evaluation on boats almost anywhere. Some boats may already have a boat check report already available. Contact me to learn how to access these non-invasive in-water surveys.

**Tip:** If the yacht you are planning to make an offer on requires you to travel to see, it is smart to get your offer accepted first, contingent on your personal inspection. If you go to see this yacht and don't like it, your deposit is completely refundable.

However, if you like what you see, while you are there you can make good use of your time by moving forward with your sea-trial and survey. Be advised that no sea-trials or surveys can commence until a deposit has been cleared into the escrow account so this should be arranged in advance. This will also save you from traveling to see a yacht you can't buy or has been sold before you get there. Your acceptance date is the date you agree to have the sea-trial and survey completed and you feel confident your finances are in order. The seller pays the cost of the sea-trial and you pay the haul out/survey cost. Your broker can send you a list of recommended surveyors and arrange the haul out for you. Generally this can all happen in one day. At closing the final funds will transfer to the seller and the seller will transfer a clear title and documentation. This can happen through the mail with your broker handling the transaction. Before closing you will need insurance and a place organized to keep your yacht. Your broker can help make these arrangements for you and even, coordinate delivery if necessary.

**Tip:** If you require financing then do not book a surveyor until you verify whether your lender requires a particular surveyor. In some cases, lenders specify that the surveyor must be a member of "SAMS" (Society of American Marine Surveyors) or "NAMS" (National Association of Marine Surveyors). You would not want to pay for a survey twice!

### **Plan your financing ahead of time:**

**Tip:** Often a seller is more agreeable to accept a low offer if your financing is arranged so you can close quickly with no financial approval contingencies. When the offer is presented, advise the seller that you are "pre-approved" so there will be no delays or cause to back-out due to funding reasons.

### **Former Charter:**

A former charter boat can be a good option for someone wanting to extend their budget to get the biggest boat they can afford. However, beware of abused or damaged boats. The boats are typically lightly equipped and will need upgrading depending on you plan of use.

Pros:

- o A lot of boat for the money

Cons:

- o Heavily used
- o Will likely need upgrading and additional equipment for distance sailing
- o Typically have to travel to view and survey thus adding cost
- o Coordinating when the boat can complete it's last charter

**TIP:** Be sure to understand that many charter boats listed for sale often still have charter obligations. You may have to be flexible in your timing in order for the boat to complete its' charters.

## POWER CATAMARANS

Here are some reasons to consider a Power cat over a similar length Power monohull:

### Pros:

- o Space – A power cat's deck space and interior is far more spacious than a monohull of equal length.
- o Speed – Power cats have higher comfortable cruising speeds due to the reduced drag from their slim hulls.
- o Economy – Because of the reduced drag, a power cat can use less fuel with a greater range -Engines – The fuel-efficient hull design of the power cat enables it to match the speed of a monohull while using smaller engines.
- o Motion – For those who experience seasickness, the power cat's easy motion offshore and stability at anchor will allow for a more enjoyable trip

### Cons:

- o Expense – A Power cat's construction is more complicated and requires more materials than a monohull of comparable size, usually making the vessel more expensive.

## HULL DESIGN - PERFORMANCE - CONSTRUCTION

### HULL DESIGN

Catamarans are designed with a number of different schools of thoughts on design. The current and best designs incorporate full bow and stern sections. Full end sections of the hulls produce good performance and minimize pounding. Aside from being uncomfortable the pounding effect inhibits boat speed. As a catamaran comes off a wave a narrow bow section will plunge deeper into the water. A fuller bow section will submerge less. The same goes for the transoms. As a wave starts to lift the bow it pushes the sterns down into the water. A fuller stern section prevents the transom from being pushed down and the bow from lifting. This alleviates the "hobbyhorse" motion experienced on some older and smaller designs. So if the bow and sterns are not being pushed deep into the water going over waves, the catamaran sails flat and fast with less pounding. For coastal and inshore cruising this is much less of a concern because of the relatively flat sea state encountered.

### PERFORMANCE DATA

I am asked often about upwind sailing performance, dagger boards, bridge deck clearance (height of hull above the water between the hulls), construction methods, etc, etc. Most of the catamarans built today are what I would consider 3rd or 4th generation catamaran designs. The builders with the largest R&D (Research and Development) budgets are generally the builders building the most boats. A cruising catamaran's boat speed is generally 1/2 the wind speed going up wind and 2/3 of the wind speed off the wind. Speed can be further increased by the use of a spinnaker or gennaker / screacher when sailing off the wind. Folding propellers will also increase performance. Ask me about what would be the best fit for your sailing plans.

### DAGGER BOARDS

You can expect a modern catamaran to sail 45-50 degrees off the wind with keels and a little higher with dagger boards. The boards tend to rattle in their trunks and are a real liability if you hit or damage one. Maneuvering under power with the boards up is very difficult if there is any kind of cross wind. Dagger boards are neat and fun for offshore racing. However, for cruising you are far better off with keels. I have polar diagrams (sailing performance graphs) for all the new yachts we offer. Ask me if you would like to see one.

### CONSTRUCTION

One down side of catamarans is the cost to build these yachts. Most monohulls are built from two molds, (a hull and deck). A catamaran is generally comprised of 4 to 10 molds. As you would guess this is more costly to produce. I can give you more technical data on specific models in regards to methods of construction and materials. In general most mainstream production manufacturers are using either vacuum bagging or SCRIMP composite construction. The best value is typically from the larger yacht builders that purchase parts and materials with economies of scale. Example: A small builder like Manta may purchase 10 - 20 engines a year and even the larger manufacturers of catamarans such as Fountaine Pajot and Leopard are building fewer than 200 boats. Lagoon, which is part of the Group Beneteau, will purchase over 5,000 engines. These catamarans sail well and are very good values given the purchasing power the builder has with the parts producers. This also allows the builder to spend money on better finishing, thus making a better boat.

## ASPECTS OF BUYING THE BOAT

### DEMO SAILS

It is understood that it's difficult to make a buying decision about a yacht you're serious about owning without a demo sail. If you make an offer to purchase a pre-owned yacht generally a sea trial is a condition of the purchase and this will be at the seller's expense and risk. If you are interested in a new yacht the dealer will require some form of earnest money to be put on deposit that is fully refundable. Normally this can be done with a credit card deposit. In some cases a fee for a captain and cleaning is charged and credited back if you move forward with an order confirmation. (Can you imagine how often a new yacht dealer would be taking their boats out if they had to take every prospect that said they want to go sailing for a demo ride if the prospect didn't have to make some commitment first?) It is sometimes also possible to have some portion of a charter refunded if you arrange the charter as a demo in advance with your broker.

#### TIP: Other demo opportunities:

*Each year after the Annapolis Boat Show in mid October you can spend a day demo sailing every new model of catamaran on display at this show. This is a great event and you must register early to reserve a seat onboard. [www.multihulldemodays.com](http://www.multihulldemodays.com).*

*You may also book a short charter with a company like Fun in the Sun Yacht Charters based in Ft. Lauderdale 800-327-0228 or Go Native Yacht Charters in Miami 305-534-5522. Let them know George from The Catamaran Company referred you!*

*Catamaran day sails can be organized from Ft. Lauderdale at Tropical Sailing. [www.tropicalsailing.com](http://www.tropicalsailing.com) 954-579-8181. This is a 50ft. day sail catamaran.*

If you are new to sailing, check out where and when you can sail a mono-hull or catamaran at [www.discoversailing.com](http://www.discoversailing.com). The Catamaran Company often makes a new Lagoon catamaran available for this group.

### SURVEY AND SEA TRIALS

When negotiating a contract you will want to ask for a "satisfactory survey and sea trial" as a condition of the sale. This gives you the option to turn down the boat and receive a full refund of your deposit (less and expenses you may have incurred during the survey) and walk away from the transaction in the event the boat does not meet your expectations. Alternatively you can ask the seller for a "credit at closing" or to correct issues found as compensation. You will be responsible for the expense of the surveyor and any hauling of the boat. The seller is responsible to provide a skipper as necessary. You will be expected to pay any boat yard for hauling expenses at the time of the hauling.

**TIP:** *If you want to reduce the price, do it as a "credit at closing". Any negotiation of price reduction or demands for the seller to correct issues is considered a renegotiation of the contract and will allow the seller to walk from the deal and pursue any other offers that may have come in and you could lose the opportunity to buy the boat.*

**Tip:** *Be sure to use a NAMS or SAMS certified surveyor whenever possible. You will find a complete list of available surveyors by region or city at the following websites:*  
[www.nams-cms.org](http://www.nams-cms.org)  
[www.marinesurvey.org](http://www.marinesurvey.org)

## FINANCING

Now, the most important question to ask is, "How much do you feel comfortable investing in your new cruising yacht?" Often this will involve the input of a marine lender.

Ask your yacht broker which lenders are offering the best rates and terms. Loans are now typically amortized over 10-20 years, require 20% minimum down payment, and have fixed rates are from ranging from 6.5% to 7.75%. Remember that lenders do not recognize charter income as additional income to qualify for a loan. The Catamaran Company offers in-house financing for new yachts and other lenders are listed at the

end of this publication.

**Tip:** If you have sufficient equity in some real estate then the cheapest loan is typically a real estate equity loan.

### **Alternatives to Conventional Financing:**

Loan Management Account (LMA) - An LMA is an innovative borrowing solution for luxury purchases without disrupting carefully built financial plans. It is a cost effective alternative to selling assets or depleting cash reserves. With an LMA Account, you can manage multiple loans through one account with no need to reapply for each loan. Once an LMA account has been opened, your total available credit is established based on the combined value of all your eligible assets in the accounts you have pledged. Check with your accountant or investment advisor for more information on opening a Loan Management Account.

- o Equity Line on Your Property - If you have property that you need to sell before proceeding with your yacht purchase you have the option to leverage the equity you currently have in your property with an equity line of credit. This will release up to 90% of the equity in your property in lieu of selling the property now to generate the same capital to purchase your yacht.

**Tip:** You cannot leverage equity against a property that is currently listed for sale. So, if this is something you are intending to do, close on your equity line prior to listing your property for sale. Below are two mortgage brokers that my clients have been consistently using to finance their yacht purchase their property. These are mortgage brokers that are familiar with the yacht purchase process and have the ability to work with property anywhere in the US.

**Tip:** Get pre-approved by a lender. It is FREE to get pre-approved. Marine loans generally have no points on the loan. They are all "simple interest" loans with no pre-payment penalty. If you know you will only keep the boat 2-3 years then the "out of pocket" expense is surprisingly low. Many yacht buyers have a three-year "itch cycle". That is, they keep a boat for three years, then they "get the itch" to sell it and try out another boat for three years. If your credit score is less than 650 then the situation may be difficult. Lenders mainly look at the debt to income ratio. Less than 40% is normally acceptable. Use only marine lenders, as most banks do not understand the yacht lending business and don't lend for yachts valued over \$100K or yachts that will be based out of the United States or in charter. Start the loan application process now at <http://www.catamarans.com/sales/finance/loan/>

### **Typical Marine Lender Requirements:**

Here is what you may need to provide a lender to approve your yacht loan:

- **Credit Application** – This form should be completed and signed by both the applicant and co-applicant. **Proof of Income** – Acceptable forms of proof are recent pay stub or W-2 form for each applicant. **Personal Financial Statement** – Information should be current. Dollar amounts listed in the cash in banks and marketable securities columns will need supporting account statements.
- **Bank/Brokerage Statements** – These statements should coincide with the dollar amounts listed on your personal financial statement.
- **2 Years Personal Tax Returns** – Most recent two years, all forms and schedules including K-1's and S Corporations. If you are under extension, also provide an extension form.
- **Revocable and Living Trusts** – If you are putting the yacht in the name of a trust provide complete trust agreement to be reviewed by bank's legal department.
- **Copy of Drivers License** – A copy of your driver's license must be provided.
- **2 Years Business Tax Returns (self-employed only)** – If you are self-employed, provide most recent two years, all forms and schedules.
- **Business Interim Statements (self-employed only)** – If you are self-employed, the bank will want to see a current interim statement. Please provide a current P&L with the quarterly business tax returns.
- **Articles of Incorporation** – Only needed if you are applying for credit in a business name.

**Tip:** Did you know if you purchase a yacht under \$150,000 several banks will allow for an application-only or non-income verification type of loan approval. A credit score or FICO score must be over 720 to qualify for this type of loan and interest rates on non-income verification loans tend to be higher.

**Tip:** Many banks say they are "interested in yacht lending" but they are really only interested in finding that "one in a hundred golden borrower"... so you waste your time filling out forms only to be rejected if you don't have 110% perfect credit. Have a current copy of your tax return to fax them for a quick verbal approval before proceeding. Try an on-line lender such as EBoatLoans.com for quick pre-approval

**Tip:** Loan interest payments are deductible as "second home mortgage interest expenses" unless you already take this deduction on a second home. Concerning "seller financing"... It may be possible in a very few, very rare cases like with some "501-c(3)" charities. But

you will need 40% down and are severely limited to only the boats they have taken in as donations (it will NOT be your dreamboat). Because yachts can be easily moved out of the country, 99.9% of all sellers will not agree to seller financing.

**Tip:** The "For Ex Factor". Foreign currency exchange rates can have a substantial impact on the price of yachts. You should be aware of how this can affect prices. In recent memory, the Euro was trading at .88 to the dollar; that is, one US dollar would buy .98 Euros. Now the Euro costs 1.50 dollars. So a yacht priced at 200,000 Euros used to cost \$176,000 but now costs \$300,000 (with a 1.50 rate)! As you can now see, the dollar has really weakened against the Euro. So, Americans won't be buying many European owned brokerage yachts as long as the dollar remains weak. For the time being, it is wise to explore the pre-owned market priced in US dollars first, as this represents the best value.

## INSURANCE

Remember, prior to closing your lender will require that your yacht be insured. Find out specifically what coverage your lender will require and shop policies with the same coverage. This will make it easier to compare the value of the policies. If you are buying a pre-owned yacht the lender will generally, depending on age of the yacht, require a survey and will base coverage on the value and replacement value reported on the survey. As a very general rule, the annual premium for "private use" coverage (vs. charter coverage) is 1.75% to 2% of the declared hull value. So, a \$100,000 yacht will cost on the average \$1,750/year to cover for Florida-Bahamas use. Insurance for a charter yacht will be more expensive as you will need higher liability coverage. Rates will range from 1.8% to 2.21% of declared value.

At the end of this guide you will find a list of insurance companies. For quick quotes, visit [www.boatinginsurance.com](http://www.boatinginsurance.com).

**Tip:** Most yacht policies are for an "agreed upon" value. That is, if there is a total loss, then you are paid the "agreed upon value" with no deductions. Beware of the "actual cash value" policies wherein the underwriter can deduct substantially for depreciation and other reasons. Beware of "Exclusions" ("weasel clauses" that allow the insurer to disallow payment) and always buy an "All Risk" policy (vs. a "Named Peril" policy). Usually policies will allow you to legally "over-insure" the yacht by as much as 20% of the appraised value. If this is of interest to you, then the surveyor should be notified so his appraisal is done properly. Speak to your broker about this.

**TIP:** You can SAVE up to 10% on your insurance by completing a boating safety course. Visit [www.boaterexam.com](http://www.boaterexam.com) or [www.boaterexam.com](http://www.boaterexam.com) and take a free boating safety exam. You pay only \$25 when you receive your boating safety ID card. Present the card to your insurance and save. I scored a 96 on mine!

**TIP:** Often an insurer that does not specialize in yachts will offer lower priced coverage with fewer restrictions. If you already have automobile or homeowner's coverage through Allstate or State Farm then they can add your boat at a very low rate. The drawback to these insurers is that they generally do not offer navigation coverage outside of the U.S. / Canada and the Bahamas and some of them have a large list of "Exclusions" or are "Actual Cash Value" policies. Most will not insure yachts over \$250K.

**TIP:** Insurance rates will vary depending on use. If you plan on crossing the Atlantic in the distant future and/or possibly living on-board, don't tell your insurance company now, because your rates will reflect this additional coverage now. Wait until your plans are 100% confirmed. Often with a simple phone call, your insurer will make those changes for you just prior to your trip or lifestyle changes. You may owe an additional up charge to cover the increased coverage or receive a credit for lesser coverage.

## DOCKAGE

The best resource we have found to help you find a marina for your new catamaran is [www.marinalife.com](http://www.marinalife.com). There are great searchable fields, maps, and charts to find locations provided by Maptec ( <http://www.maptech.com/> ). You can also search by region on [www.mpcnetwork.com](http://www.mpcnetwork.com).

**Tip:** The cheapest docks in Florida are behind private homes and can range from \$10-\$18 per ft. per month depending on proximity to the ocean and length of stay. Because of zoning laws, living aboard is not allowed in these situations. These are just for storage normally. Contact me directly and I can make arrangement at one of their many affordable docks in Ft. Lauderdale available to store your yacht.

**TIP:** In California finding dockage for a catamaran can be more challenging than in other locations and may require being on a waiting list. Plan early. Sometimes the wait is several years. In many areas moorings are available and are ideal for catamarans.

**TIP:** Dockage in California for a catamaran can be easily found if you agree to allow Marina Sailing Inc. [www.marinasailing.com](http://www.marinasailing.com) 800-262-7245, to charter your yacht. Benefit: you will earn income when not using your yacht and you will have a slip for your yacht. Locations include: Channel Islands, Marina del Rey, Redondo Beach, Long Beach, Newport Beach, and San Diego.

## DELIVERIES

The Catamaran Company can help you arrange a delivery anywhere in the world. Some ballpark rates you can expect are: between Florida and BVI \$5,500, Florida and Northeast US \$3,000-\$5,000, Europe and Florida \$15,000-\$18,000, Florida and West coast US \$20,000-\$30,000.

**Tip:** Professional delivery companies usually try to charge at least \$3/mile plus a few variable expenses if the yacht is delivered on its own bottom. These can be negotiated down in some cases to \$2.25-\$2.75/mile if this is a "back-haul" for the delivery company. See your broker about helping to arrange this or contact our service department for their input. Tell them that you were referred by me..

#### **Yacht Transportation Companies:**

Anchors Away Boat Transportation, 941-518-5770  
United Yacht Transport, 954-525-8707, [www.yacht-transport.com](http://www.yacht-transport.com)  
Yacht Delivery, Inc., 954-609-9088  
Yacht Path International, 866-744-7974, 561-784-6777 (fax), [www.yachtpath.com](http://www.yachtpath.com)

## **DOCUMENTATION**

Documentation is the United States' form of national registration (through the US Coast Guard). It identifies the vessel, evidences ownership, and licenses for certain activities. This is generally for a vessel that is at least 5 net tons, and wholly owned by a citizen of the US. Net tonnage is based on volume and not weight. Generally this is for a vessel 25 feet in length or more. In our Purchase and Sale Agreement, the seller agrees to provide clear title or documentation to the buyer in order to have the vessel re-documented in the buyer's name. For this reason a buyer should not be concerned how the yacht is currently documented. A documentation agent that is employed by the buyer performs the documentation procedure. The agent's function is very similar to that of a title company with the purchase of property. The buyer's documentation agent will receive a copy of the documentation or deletion of registry from the seller. The agent will perform a lien search to confirm the title to the vessel is clear and will re-document the vessel after closing in the new owner's name. It takes about 4 to 6 weeks to receive an original copy of your new documentation. While you are waiting for a copy of your new documentation from the USCG you will have a temporary running packet from your documentation company that will permit you to legally operate your yacht.

**Tip:** If you intend to re-name your yacht or change the hailing port this is the time and place to officially make this change.

#### **Documentation Agents:**

ASAP Documentation Inc, 800-492-8362, 954-926-2387, 954-920-2145 (fax), [lisa@asapmarinedocs.com](mailto:lisa@asapmarinedocs.com) [www.asapmarinedocumentation.com](http://www.asapmarinedocumentation.com)

Atlantic Boat Documentation – 800-874-7704 410-216-9500 FAX 410 216-9600 [www.abdoc.com](http://www.abdoc.com)

Remember, prior to closing your lender will require that your yacht be insured. Find out specifically what coverage your lender will require and shop policies with the same coverage. This will make it easier to compare the value of the policies. If you are buying a pre-owned yacht the lender will generally, depending on age of the yacht, require a survey and will base coverage on the value and replacement value reported on the survey. As a very general rule, the a

## **TAXES**

Sales taxes are levied in the U.S. by the individual states. Each state is somewhat different in their approach to this subject.

## TAX BENEFITS

If you live in the US or most European countries, you can reduce your taxable income by writing off certain yacht ownership expenses. The most common US tax benefit is to treat your yacht as a second home which is possible if you don't already have a second home and your primary residence is valued at less than \$1 million. This method will allow you to write off your interest expense on your loan. The other method is by actively managing your yacht in a charter business. Many travel agents do this. This method will allow you to write off your operating expenses as well as interest expense.

**Tip:** Check this site to see what the rate is in your state if you intend to keep your yacht in your home state or you purchase the vessel in one of these states: <http://www.taxadmin.org/fta/rate/sales.html> In many instances, if you don't intend to keep your yacht in your state of residence for more than a certain numbers of days you will not be required to register your yacht in your state. Double-check the regulations in your state to be sure!

**Tip:** Did you know you can write off the Sales Tax of your yacht purchase against your Federal Income tax in 2004 and 2005? President Bush signed a law in late October 2004 that includes a provision allowing individuals who itemize their deductions to deduct either their state and local income taxes, or state and local sales taxes. Visit this link to learn more about the option to claim state and local sales tax on your itemized deduction: <http://www.irs.gov/individuals/parents/article/0,,id=130480,00.html>. We encourage you to speak to your tax advisor for additional information.

Whether you owe this tax has to do with where the yacht is registered and where and how the yacht will be used. Speak to me, Staley Weidman, about this matter. I have attended every legal seminar and tax seminars for yachts ever held in Florida and stay up-to-date with all the nuances and changes in the tax code and can also give you a copy of the Florida Department of Revenue's summary on this subject.

**Tip:** The Florida Department of Revenue's booklet on Sales and Use Tax does not necessarily include all of the ways you can be exempt from tax, so be sure to consult your tax advisor. He is there to assist you in every legal way. <http://dor.myflorida.com/dor>

**Tip:** Some yacht buyers who qualify, will register their yachts in a tax-free state like Delaware in the name of a corporation. This cost around \$600-\$700 to form and around \$125/year to maintain. The yacht registration fee in Delaware is determined by size of vessel and costs between \$60 - \$350 for up to a 3 year registration. You may also need mail-forwarding est. cost \$125. This is a very cost-effective registration. You may want to "Document" or federally-register your yacht if you are traveling outside the US. Ask your broker to explain the differences between Documentation and state registration. There is no sales tax or use tax in Delaware. There are five other US states that do not tax yacht sales. Ask your documentation agent about setting up your Delaware Company and Delaware Vessel Registration.

**Tip:** Offshore registration is another idea to investigate avoiding paying sales/use taxes and US Customs duties. However, you can expect to pay \$4,000 to \$10,000 to set up an offshore corporation and registry. Many larger yachts prefer to register foreign flag. Some US lenders are comfortable with yachts documented in "Red Ensign" countries i.e. former British colonies like the BVI, Cayman Islands, and Turks & Caicos. For details, contact Details, Details, Inc. Gaida Cabral (inside closing agent) 954-318-2571 or 954-727-0016, 954-727-0024 (fax), [gaida@catamarans.com](mailto:gaida@catamarans.com). Other lenders will insist upon USCG Documentation. Check with your lender early to confirm

The drawback to offshore registration is that you will have to exit the US once/year to renew a Cruising Permit in order to remain in US waters. The other drawback is that the attorneys in these offshore jurisdictions charge to maintain the holding corporations. But you can usually achieve anonymity of ownership by using this strategy.

**Tip:** Concerning European VAT, if you are an EU citizen going back to Europe with a yacht, contact Staley Weidman about a little-known way to legally avoid paying VAT. You must follow certain rules that include first leaving the EU for 6 months, but many cruisers can arrange this in order to save 13-17% VAT taxes. If you are a non-EU citizen going to Europe in a yacht then you can usually get a cruising permit and remain there tax-free for up to six months. If you want to stay longer than six months then talk to your broker about strategies to do so and remain "VAT-free".

### **U.S. Customs Duty & other incurred expenses:**

Congress passed laws to help domestic ship and yacht builders that calls for a 1.5% duty on hulls built outside the US and brought here to be sold or used. This is on the "appraised value" of the yacht. There are additional fees on top of this collected by Customs and Border Protection. A Merchandise Processing Fee of .21% (max cap of \$485.00) and a Harbor Maintenance Fee of .125%, (HMF is not charged for vessels arriving on their own bottom). You will also incur Bond Fees based on the value plus any duties and taxes, bond fees are calculated on a sliding scale of \$3.50/\$1000 to \$2.00/\$1000. You will also incur

a Broker fee and you will be required to hire a surveyor to provide you with a survey for Customs purposes. Surveyor's fees are usually \$100-\$300. Speak to your broker about the nuances of this law. So, if your situation calls for this tax to be paid, plan on spending 2% of the appraised value to cover the "import duty" and guard this paperwork carefully. When you are ready to re-sell the yacht in the US, you will need this!

**Tip:** Clients often ask, "What does 'Not for Sale in US Waters' or 'Not available for sale to US residents' mean?" When you see this in a pre-owned yacht listing this simply means that the seller of the pre-owned vessel has not paid importation duty. By federal law, the vessel cannot be advertised for sale in the US and can only be offered for sale abroad. This does not mean a US resident cannot purchase the yacht.

In order to proceed with owning a yacht listed as such, you have several options:

1. The boat can be documented offshore at closing.
2. The boat can be closed offshore, in international waters or in a foreign country.
3. A customs broker can arrange payment of importation duty for the vessel at closing (1.5% of appraised value which is typically 60% of market value, plus any taxes).
4. If the boat will be kept outside the US, nothing needs to be done. Proceed as usual.

**FYI: Non-US residents importing a yacht for pleasure use into the USA do not attract import duties. Free for those from the following countries (A, AU, CA, CL, E, IL, J, JO, MX, SG). Refer to the 8903.91.00 code in the Harmonized Tariff Schedule of the United States or see:**

<http://hotdocs.usitc.gov/docs/tata/hts/bychapter/0500c89.pdf>

**Customs Agent:**

Imports & Logistics, Vandegrift Inc – Michelle Terorotua [mterorotua@vandegriftinc.com](mailto:mterorotua@vandegriftinc.com), 954-583-0903 (p), 954-583-5776 (f)

**So what will all this cost?**

Below you will have a rough idea of what the expenses will be if you purchase a catamaran in most places in the world.

<b>Expense Item</b>	<b>Pre-owned</b>	<b>New</b>
Sales Tax	0%-9% Depending on State 0% if removed within 90 days	0%-9% Depending on State 0% if removed within 90 days
Misc./ Wire Fees	\$25 -\$100 +/-	\$25 -\$100 +/-
Survey	\$14-\$21 per Ft.	Not Needed
Documentation	\$480-\$800	\$600
Importation Duty	Paid by seller if sold in US	1.75 % of Purchase Price
Insurance	1.75% of declared hull value based on survey or agreement	1.75 % of declared hull value

**Marine Lenders**

Newcoast Financial Services – (Charter Yachts, New and Pre-owned)  
Cindy Lewis 866-639-2627 ext 51 | 410-903-2178 Phone | 410-349-0102 Fax | 410-903-6611 Cell [www.newcoastfinancial.com](http://www.newcoastfinancial.com) | [cindy@newcoastfinancial.com](mailto:cindy@newcoastfinancial.com)

Scott Financial – Annapolis - (Charter Yachts, New and Pre-owned)  
Kim Madigan - 800-556-0666 Phone | 410-675-0843 Fax  
[kmadigan@scottboatloan.com](mailto:kmadigan@scottboatloan.com)

Sterling Acceptance Corporation –  
Amy Krimm 410-268-1545 Phone | 410-268-3755 Fax | 443-223-7856 Cell  
<http://www.boatbanker.com> | [amy@sterlingacceptance.com](mailto:amy@sterlingacceptance.com)

## INSURANCE

The following insurance companies have provided insurance for customers of The Catamaran Group and its Associated Companies in the past in a satisfactory manner. We make no recommendations regarding any of these companies and they are listed in no particular order.

## HELPFUL LINKS

You will find many helpful links below. These include Yacht Sales, Yacht Services and links to our Charter division.

**CATAMARANS.COM HOME PAGE:** <http://www.catamarans.com> Staley's biography: <http://www.catamarans.com/broker/staley> General Broker Biographies: <http://www.catamarans.com/broker>

## YACHT SALES:

Sales Activity Report: <http://www.catamarans.com/sales/marketAnalysis/SalesReport.asp> Buyers' Guide: <http://www.catamarans.com/sales/buyersguide/intro.asp> Sellers' Guide: <http://www.catamarans.com/sales/sellersguide/intro.asp> Newsletter Archive: <http://www.catamarans.com/catamaranco/news/search/?SearchTitle> Sales Home Page: <http://www.catamarans.com/sales> Financing: <http://www.catamarans.com/services/financing/index.asp> Loan Application: <http://www.catamarans.com/sales/finance/loan>

## YACHT CHARTER:

Charter Activity Report: <http://www.catamarans.com/charter/marketanalysis/charterReport.asp> Charter Home Page: <http://www.catamarans.com/charter> Charter Bareboat: <http://www.catamarans.com/charter/bareboat> Bareboat Guide: <http://www.catamarans.com/charter/bareboat/forms/faq> Charter Crewed: <http://www.catamarans.com/charter/crewed> Crewed Guide: <http://www.catamarans.com/charter/crewed/forms/faq> Charter Promotions: <http://www.catamarans.com/sailingvacations/promotions/bareboat> Charter Destinations: <http://www.catamarans.com/charter/destinations> Yacht Placement Program : <http://www.catamarans.com/sales/finance/pfc/index.asp>

## YACHT SERVICES:

Catamaran Services: <http://www.catamarans.com/services> General Service Rates: [http://www.catamarans.com/services/rates/GENERAL\\_rates.asp](http://www.catamarans.com/services/rates/GENERAL_rates.asp) Documentation: <http://www.catamarans.com/services/documentation/index.asp> Insurance: <http://www.catamarans.com/services/insurance/index.asp> Financing: <http://www.catamarans.com/services/financing/index.asp> Loan Application: <http://www.catamarans.com/sales/finance/loan> Performance Date: <http://www.catamarans.com/services/performanceindex/index.asp> Dockage: <http://www.catamarans.com/services/dockage/index.asp> Delivery: <http://www.catamarans.com/services/delivery/index.asp> Tax: <http://www.catamarans.com/services/tax/index.asp> Service and Commissioning: <http://www.catamarans.com/services/maintenance/index.asp>

## Other Helpful Links:

FYBA: [www.fyba.org/resources/index.shtml](http://www.fyba.org/resources/index.shtml) My Newsletters: <http://www.catamarans.com/broker/staley/index.asp> Catamaran choices/designs, Cruising World article: [Join the Cat Crowd](#) List of catamaran basic specs and base price, Cruising World article: [Cats by the Numbers](#) Comparing catamarans and monohulls, Yachting World article reprint: [The Cat and the Cream](#)

## DISCLAIMER

The Company offers the details of this Guide in good faith but cannot guarantee or warrant the accuracy of this information. A buyer should instruct his agents, surveyors and advisors to investigate such details as the buyer desires

validated.