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So you've chosen the perfect boat... Now what?

After what seems like an endless search, you've finally found your next boat. The next step is to write up an offer! A written offer holds much more weight than a verbal offer... in fact, most Seller's agents won't even present an offer to their clients unless it's in written form. All you need to begin the offer process is your driver's license(s). No deposit is required until your offer has been accepted.

Understanding the Purchase and Sale Agreement (aka "The Offer")

An offer is a legally binding document, so there's going to be a whole bunch of important stuff in there to read through. However, here are a few key pieces of information to pay attention to:

1. **Price** - Perhaps the most important piece of any offer is the price. Many items factor into the initial offer price including recently sold comps, boats currently on the market, and the actual condition of the boat. Your offer should be based on what you see upon inspection of the boat and should factor in any repairs or updates needed. Typically boats sell within 10% of list price.

2. **Dates** – There are two key dates in the offer - the Acceptance of Vessel date – the date where the Buyer needs to let the Seller know if he intends to move forward with the purchase of the boat (aka Accept), or if he plans to terminate the agreement (aka Reject) – and the Closing date. The Acceptance of Vessel date is scheduled for three weeks from the offer date, and the Closing date is set for a week after that. From offer to close, the process usually takes about 30 days.

3. **Contingencies** – There is a section of the offer for contingencies or additional terms contingent to the purchase of the vessel. These usually include provisions for a vessel survey and sea trial, buyer financing, inclusion of a specific piece of inventory not included in the sale (tender / art, etc).

The offer is then typed up and sent out via email for you to review and electronically sign. Once your signature is received, it is sent to the seller's broker to be presented. Depending on what price and contingencies you put in your initial offer, there may be some verbal negotiations before a final version is accepted by both buyer and seller. Once everyone comes to an agreement, a new offer is typed up and sent out to all parties to sign. At this point a 10% deposit is required from the buyers which will be held in escrow. The deal is not official until money changes hands, so it is important to get your deposit in ASAP once an offer is accepted. When the deposit is received, the buyer's broker will sign the agreement acknowledging receipt of funds and a fully executed agreement will be sent out to all parties for their records.

Survey / Sea Trial

You typically have three weeks from time of Accepted Offer to survey & sea trial the boat. During the survey, you will get a snapshot of the condition of the boat and the surveyor will issue a report with his findings. It is the Sellers job to prepare the boat for survey - including the cost of commissioning systems - and they are expected to provide an operator for the vessel. As a Buyer, you are responsible for the cost of the surveyor, haul out, fluid samples and production of report. Buyers are encouraged to attend the survey so they can learn directly from the surveyor the condition of the boat they intend to purchase.

During the survey they surveyor will go through the boat from one end to the other, looking at all systems, structures and mechanics of the boat, including putting the engine through its paces and pulling out the sails during the sea trial. A report will be issued with survey findings which will include a list of suggested essential and non-essential repairs. A second round of negotiations may occur to address any essential repairs discovered at survey prior to Acceptance of Vessel.

After the survey, you need to decide the following:

- Non-Conditional Acceptance, where you accept the boat As Is with no further negotiations
- Conditional Acceptance
 - Accept the boat with a Survey Allowance for essential repairs
 - Accept the boat pending repairs by owner
- Reject the Vessel

Once the Acceptance is signed in any form – either a Conditional or Non-Conditional Acceptance – the Buyers deposit becomes non-refundable, so it's the Buyers responsibility to satisfy all financing and insurance requirements prior to Acceptance. If the Buyer chooses to Reject the Vessel, the deposit is refunded and the deal is cancelled.

Closing

After Acceptance is signed, the closing paperwork can begin. Expect a closing coordinator to reach out to you to introduce themselves and explain what is needed from you as the Buyer. Typically, closing documents are prepared and a package is emailed to you to print, sign notarize if needed and FedEx back to us. Your closing package will include wire instructions for the balance due, as Cashier's checks and personal checks are usually not acceptable forms of payment since they require additional time to clear. The sellers will also receive their own closing package to execute. Once all paperwork is returned and funds have been distributed, the deal is considered to be closed and congratulations are in order!

Other Costs to Think About (beside purchase price)

- Surveyor's Fee (Approx. \$25-\$30/linear foot length of the boat)
- Launch and/or Haul for survey (Approx. \$6 - \$10/ linear foot length of the boat)
- Purchase Price of Boat (Final price of boat)
- Sales Tax depends on which state the boat will be registered (MD 5%, max \$15,300 / VA 2% max \$2K)
- \$75 for an Abstract of Title if the boat is USCG documented
- USCG documentation fee - if lender requires it or you wish this to happen (Approx. \$450 - \$550)
- Temporary / Permanent Storage
- Insurance (We can help with recommendations)
- Transportation (If being moved by truck or captain or shipped to a foreign port)