



# Buying a boat Sealing the deal

Rupert Holmes looks at negotiations, surveys and the legal aspects of buying a second-hand boat

**PART  
THREE**

**O**nce you've found a boat with enough potential to make an offer for it, a whole lot more questions open up. How much to offer? Is there a set formula I can apply? What about the legal process: is there proof of unencumbered ownership? Will any deposit be safely held? What about surveys?

The first step is invariably to figure out the price at which you want to make an initial offer. This figure needs to reflect everything you definitely know about the boat, including any problems already

declared by the owner or broker, but there's no simple formula you can use. And, unlike the price guides you can get for cars, there's no publicly available and reliable values for used craft published.

Over the past couple of decades I've bought or sold ten boats. Two I bought for the asking price, one at a discount of less than 10% and three at 25% to 40% discounts. On selling I got the asking price for two of the boats, with another finally selling at a 20% less.

It's worth noting, though, that my selling prices bore no relation to the initial cost of each boat and the improvements I made

during my ownership.

A good boat that's well prepared and realistically priced from the outset may therefore sell for a figure very close to the advertised price. Indeed, when I sold *Minestrone*, my 24ft Quarter Tonne, I had multiple viewings and sold for the asking price within ten days of placing the first advert – and that was in mid-October.

Nicely kept newer boats, of which there seems to be a continual shortage on the market, always seem to be in demand and invariably sell easily.

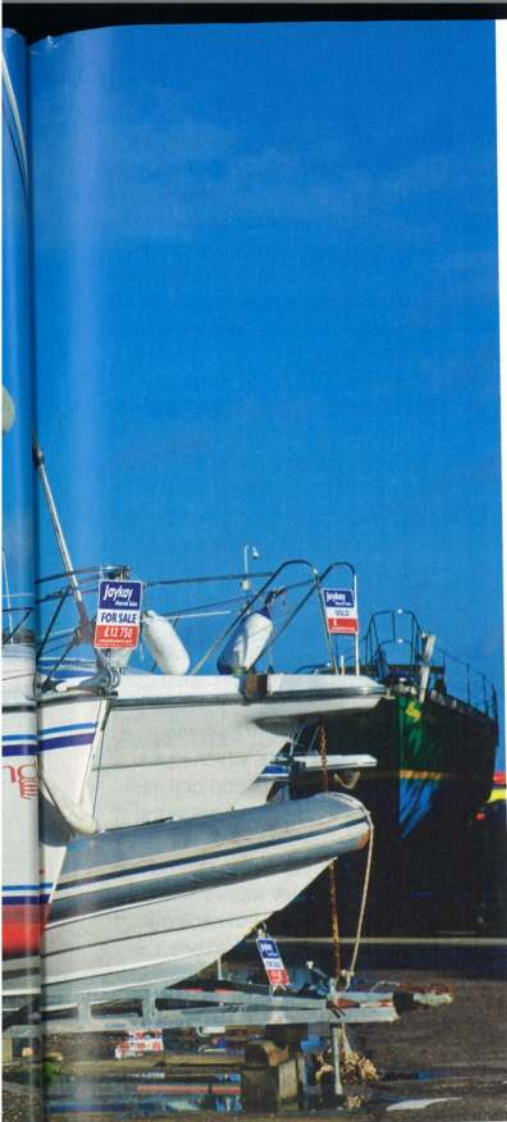
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Jo Doylem/Alamy

**LEFT** Found the boat you'd like to buy? Next comes the serious negotiation...

**RIGHT** Sea trials are intended only to confirm systems that can't be tested while alongside are working as they should



Photos: Rupert Holmes

**'Standard marine contracts are binding once signed and require a deposit, usually of around 10%, to be paid immediately'**

time might be more flexible in accepting an offer. This is particularly true if it's clearly not being used and is therefore continuing to rack up costs for mooring, insurance and maintenance. However, it can be counter-productive to offend an owner with a curt approach and a very low offer, even if you know the boat has been on the market for a long time without apparent interest.

One approach that can work is reminding the vendor that you recognise it's a great boat, but that, taking into account updates or improvements that are needed for the type of sailing you plan, you can only pay 'X' amount. If taking that approach don't ask the vendor to make an instant decision – invite them take time to consider your offer.

In most cases you'll need to be prepared for a vendor to come back with a counter offer. They may ask to meet halfway, tell you they are only prepared to drop a certain figure – possibly 10% – or may stick resolutely to the asking price. Again there are no hard and fast rules for what to do here and it will depend on how much you want that particular boat, how keenly priced it is already and how many similar vessels are available on the market. But often you can meet somewhere between the counter offer and your original offer.

**The buying process**

There's a universally applied and very defined procedure for buying a used boat:

- **Acceptance of offer**
- **Contract**
- **Deposit**
- **Survey**

Making an offer is the stage at which buying a boat can get serious quickly. Unlike the process for buying a house in England, once a price of a boat is agreed the sale progresses immediately to contract stage. Standard marine contracts are binding once signed and require a deposit, usually of around 10%, to be paid immediately.

**CONTINGENCY FUNDS**

Buying and owning a boat has the potential to be more expensive than expected. Before committing to buying it's therefore worth having a double-check on finances. Would you, for instance, be able to replace the engine if it failed? If not, whether you buy the boat may depend on your attitude to risk, but it's certainly worth ensuring you don't get so carried away that you don't have at least a small fund to pay for unexpected costs beyond the predictable up-front expenditure.

If the offer is subject to satisfactory survey – and possibly sea trial, rig inspection and mechanical survey – there's usually around 14 days specified to allow for these to take place. It should be possible to negotiate some flexibility in this, especially during the busy spring period. Even so, it's worth checking in advance with a couple of surveyors so you know roughly what their likely timescales might be in advance. It's also important to get insurance lined up – ideally this should be in place as soon as you have made the legal commitment to buy.

**Brokers, dealers and private sales**

You have different legal rights depending on who you buy a boat from. Unlike the motor trade, in the boating world there are very few dealers who own the second-hand boats they advertise. Instead most operators are brokers selling on behalf of a third party owner. A common exception, however, is with new boat dealers for the bigger brands, who may take used vessels in part-exchange.

If a dealer owns the boat they are selling, there's a higher legal requirement that it's free from undeclared defects. As a result, many reputable dealers commission a survey for potential buyers to read as this minimises the risk of selling a boat with a



problem of which they were unaware. However, if the boat is owned by a private individual only known defects need to be declared.

**Proof of title**

As a buyer, before parting with the deposit and entering a binding legal contract, you need to know whether the person selling the boat actually owns 100% of the vessel and that there are no outstanding debts such as yard fees or mortgages against the vessel. Often around half of a broker's time is spent in dealing with these type of legal issues. Given the high stakes, if you're buying a higher value boat privately, it may be worth asking a broker to handle this aspect.

Many boats don't have a complete paper trail, and this is particularly true for smaller, older and lower-value craft. However, anything that shows yard bills, mooring fee payments and so on in the name of the vendor and previous owners, along with bills of sale to show transfer of ownership, helps in establishing title. In some cases flag officers of the vendor's sailing club may also be able to help.

For instance, when I bought *Minestrone* the paper trail stopped a long way from the original boatbuilder. But there were bills of sale for the last couple of changes of ownership, a number of invoices in the name of the previous long-term owner, plus an endorsement from a flag officer of the vendor's local club, who I'd met when first viewing the boat on a club mooring.

**Surveys**

When choosing a surveyor it's worth asking for local recommendations, as well as checking the listings of professional bodies such as the Yacht Designer and Surveyors Association or the International Institute of Marine Surveying. It can also help to see copies of previous reports of roughly similar vessels, so you have a feel for the format of a report from each surveyor.

It's important to recognise the limitations of a survey and to be aware that surveyors don't have a mandate to dismantle a vendor's boat, even though most are surprisingly adept at squeezing into small spaces. Therefore, if chainplates are hidden by hull linings, for instance, it's worth asking to have these removed before the survey (assuming they are not hidden by cabinetry that's impossible to



**ABOVE LEFT** At first glance this forecabin looks to be in good shape...

**ABOVE RIGHT** ... but closer inspection shows water is clearly getting in somewhere behind this mouldy panel



**A dirty bilge, with inches of murky water, won't allow a surveyor to inspect the tops of the keelbolts properly**



**What about the base of the mast support post? This is a critical structural part of the boat, yet is often neglected**



**Surveyors won't dismantle headlinings, but removing this wooden batten revealed damage from water ingress that wasn't otherwise apparent**

**'A survey can only reflect the condition of the boat on the day it was carried out'**

remove intact). The same applies to access to keelbolts, the base of the mast support strut on boats with deck stepped rigs, the rudder tube, propshaft seal or saildrive and so on.



You, the buyer, will need to be prepared for any boatyard costs associated with doing so and with reinstating the boat to its original condition afterwards. Nevertheless, it's often a comparatively small price to pay to be confident that the surveyor has been able to properly inspect as many of the vital elements of the vessel as possible.

Recommendations tend to be divided into three categories. Severe defects such as structural problems or safety related issues such as damaged guardrails/stanchions need to be fixed before the boat is next used. Many recommendations are in a middle category in which the work can be carried out along with other scheduled maintenance tasks at a later date – often the end of the season.

The report may also note problems of a less important nature, that don't need to be fixed if they are of a cosmetic nature. A surveyor may also identify early signs of problems such as osmosis, which need to be monitored over a long period of time, but may not require remedial work in the near future.

In some cases a buyer will be offered sight of an existing survey report. This can provide useful information, but can't be fully relied on for a couple of reasons. Firstly, a survey can only reflect the condition of the boat on the day it was carried out – a subsequent heavy grounding, for instance, won't be included.

Secondly, surveyors carry professional indemnity insurance against which a client can claim in the event of the surveyor missing a salient defect that should have been apparent to a knowledgeable and diligent practitioner. But if you've not paid for the survey you have no contract and therefore no right to redress if a problem becomes apparent at a later date. In some cases, for instance when a boat has been ashore continuously since a previous survey, the surveyor may be prepared to sell you a copy of the survey at a reduced price. In that case you then have a contract with the surveyor, so could take legal action at a later stage if necessary.

You can expect an inspection of the rig of sailing yachts to take place at deck level, but the surveyor won't climb the mast to perform a detailed check aloft. Similarly, you can also expect only a brief external inspection of the engine and other machinery. Therefore it may be worth commissioning a separate



**It's much easier to survey a boat that's not full of junk**

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**RIGHT** Flag up any areas of concern, like these cracks around chainplates, so the surveyor can look at them first



**ABOVE and LEFT** A surveyor won't climb the rig, so consider getting a rig check done by a professional rigger. Prices start at under £100.

mechanical survey – particularly for a twin-screw motorboat with engines that would be very expensive to replace – or an inspection from a professional rigger for a sailing vessel. In the latter case the boat will need to be afloat – so if a boat that's stored ashore is launched for a sea trial a rig inspection should be timed to coincide with that.

In addition to the cost of a survey, you'll also need to budget for the cost of lifting a boat ashore if it's lying afloat, or of launching one for a sea trial. In the latter case, if the owner is not available you may also need to pay a skipper for a couple of hours.

If the survey reveals material defects that would cost around 10% or more of the value of the boat to remedy, then you may go through a further round of negotiating on the price. There are a number of options at this stage – the vendor may agree to carry out the work, or may reduce the price to reflect the problems.

Where remedial work results in the boat being in clearly better condition than before the repairs, it's not unusual for both buyer and seller to shoulder the costs between them. For instance, if the survey recommends dropping the keel to the check bolts and reseal the hull/keel join, this aspect of maintenance is unlikely to need attention for a further decade or two, providing you don't ground the boat hard.

Sea trials are not normally part of a regular survey and it's important to understand that this is not an opportunity to check out whether the boat is one that suits your needs. Instead it's an opportunity for a surveyor and/or marine engineer to confirm that gear and equipment that cannot be tested while moored or ashore is functioning correctly.

### Safe transfer of funds

If using a broker deposits should be paid via the client account, which gives some protection of your money should the

broker go bankrupt before the funds are transferred to the vendor.

In the case of a private sale for a high value vessel, a solicitor or broker could be engaged by the buyer to hold the deposit in a client account. The same also applies for the final payment for the boat – brokers go under from time to time and any money in their business account when that happens may be impossible to recover.

When buying through a broker it's most likely the Association of Yacht Brokers and Agent's (ABYA) contract will be used. If buying privately, the RYA's 14-page Agreement for the Sale and Purchase of a Second-Hand Boat, which is available free to members, is certainly worth using, even for low-value vessels. It includes a schedule of expected documentation, including past and present Certificates of Registry, Bill of Sale, previous bills of sale back to the original owner, VAT invoices, compliance with the Recreational Craft Directive and more.

In some cases, particularly with older boats, it may not be possible to provide all this information, but you should not be expecting nasty surprises of missing paperwork at the point of signing contracts.

### After buying the boat

On buying a boat many owners have a list of improvements and modifications they want to make. If these relate to safety or maintenance of existing equipment they should be carried out as soon as possible after completion of the sale.

However, other improvements are often best left until after you've had some experience with sailing and spending time on board.

Often this initial period of sailing will help to inform what to change and how to go about doing so, giving a better final result. It also gives you a chance to thoroughly test all the vessel's systems at an early stage, which will ultimately lead to having a more reliable boat.

## GETTING THE BOAT HOME

Moving a small, older boat to its new home might more conveniently be done by road



If the boat is not already close to your home port the potential for unexpected problems during a delivery should not be underestimated. This is particularly true for boats that have been little used for the past few seasons. If the timing works to make a holiday of it this can be a good option, providing you schedule enough slack time to sort any teething problems.

Professional delivery skippers tend to be well versed at spotting potential problems in advance and making temporary repairs at sea, but can't work miracles. Therefore the smaller, older and less well maintained/equipped the boat, the more delivery by road makes sense. This is especially true if lots of open water would need to be negotiated for a delivery by sea, if timescales are tight, or distances are large.

## KEY WARNING SIGNS

- Dirty and chaotic presentation
- Musty/mouldy interior
- Evidence of deck leaks
- Gap between front of keel and hull
- Depression in hull at aft end of keel
- Cracked gelcoat on structural matrix
- Damage on leech of sails
- Rusty engine with fluid leaks and dirty bilge
- Spongy decks



Some boats past their best are better left out of the water!

aph/perspective/Alamy