

# WORKING WITH A BROKER

Previously owned boats and yachts are sold similar to real estate. Nearly all yacht brokerages allow other brokers to show and sell their listings. A good first step when selling a boat or looking for the “right boat” is to find the right yacht broker. The right broker will be one with whom it is easy to communicate and who strives to understand a client’s personal needs and priorities. Purchasing or selling a boat will be, in many cases, the largest or second largest financial transaction of a lifetime. Having a professional in your corner will pay huge dividends. Buyers of used will enjoy the convenience of working with a single broker, without a need to “start over” each time a different vessel is considered.

Buyers and sellers who may have had unhappy experiences with “salespeople” in the past quickly realize that a good yacht broker isn’t trying to hard-sell anything. He or she functions as a catalyst to help the buyer and the seller accomplish something they both want to do- change the ownership of a boat in a way that makes sense and a transaction that is fair for all parties involved.

Sellers who initially try to sell a boat without benefit of a broker’s service very frequently seek out a broker shortly after the process begins. Some predatory buyers specialize in responding to private party ads, and are not afraid to use very aggressive (sometimes almost insulting) tactics in an attempt to persuade a seller to accept a ridiculously low price. Such buyers traditionally avoid any boat represented by a broker; they realize it will be more difficult to “steal” a boat from a seller benefitting from professional advice.

Buying or selling through a yacht broker is not typically “more expensive”. A professional yacht broker will usually reduce costs by adding value, and his or her experience can be critical when resolving incidental problems that often arise during negotiations, survey, financing, etc.

## **Finding a Yacht Broker**

Boaters who have previously enjoyed a good experience with a particular yacht broker will normally use that person for future transactions. For new boaters, boaters new to the area, or in cases where a favorite broker has retired or left the business it will be necessary to find a yacht broker. Absent any personal experience with yacht brokers, it may be useful to ask some boat owning friends whom they would recommend.



Boat shows offer a fabulous opportunity to hold brief conversations with a large number of brokers. First impressions can be meaningful. If two or three brokers stand out from the rest those individuals would be great candidates for additional consideration. The yacht market is comprised of many sub-markets and specialties. Ideally, a buyer or seller will identify a potential broker not merely affable and communicative but with specific successful experience in sailboats, trawlers, express cruisers, or whatever class of boat is of interest.

## **Buyers Guide Information**

### **Defining the requirements**

Most importantly, a professional broker will listen to what a customer needs, wants and dreams about in a boat. Many buyers, understandably, don’t know exactly what kind of boat they want when they first begin shopping. The broker will listen to a customer’s plans for the intended use of a boat, help establish a realistic price range and, from there, begin searching for the right boat.

### **Offering a network of listings**

Most brokers are active in a network of listings that covers Puget Sound and beyond, whether it’s an MLS system, out-of-state contacts or cooperative working arrangements with other area brokers. Buyers want maximum access to available boats, which a good broker should be able to provide through his or her network of listings.

### **Cooperating with other brokers**

An important aspect of finding the right boat for a customer is a broker’s network of contacts with whom he or she has a cooperative working arrangements. It broadens the range of available boats, and allows the customer to choose one broker with whom he or she feels comfortable without eliminating the right boat that may be listed and located elsewhere.

### **Using locate and show**

Using the listing services, his peer contacts and his knowledge of the current market, a broker will conduct a search for suitable boats to show, whether they are on the broker's dock or elsewhere. The broker will then make viewing arrangements so the customer may see the most appropriate boats, thereby saving the customer time and effort.

### **Making the strategic offer**

A professional broker, with his or her intimate knowledge of the current market conditions, the length of time the boat has been on the market and a familiarity of similar boats, can help a client craft a realistic offer that increases the chances of buying the boat for a fair and reasonable price.

### **Facilitating negotiations**

Too often, a transaction is nixed over a \$500 item rather than a \$5,000 difference in price. First, a broker can help the buyer and seller reach an agreement on selling price, and then he or she can keep the small obstacles from becoming insurmountable problems. In cases where the buyer and seller disagree, the broker can use his position as a middleman to instill trust and reason to both parties to allow negotiations to continue.

### **Finalizing the Transaction**

Once an offer is accepted, the broker can ease the process of finalizing a transaction. This includes:

#### **Safeguarding funds**

The customer's 10 percent earnest money deposit, based on the offer price, is safeguarded in an escrow account. All licensed brokerages are required by state law to maintain such an account, protecting a buyer's investment with the deposit of all money into this protected fund where it does not co-mingle with the brokerage's operating capital.

#### **Helping arrange financing**

A broker will know which lending institutions are the most active and competitive in marine financing. The broker's experience and professional contacts should help him steer customers towards the best possible deal.

#### **Assisting in arranging a survey**

A broker should provide a customer with a list of recommended marine surveyors, from which a buyer can

then choose a surveyor to represent him in accurately assessing the condition of the boat. The broker should also have current knowledge of boatyards at which a survey may be conducted.

### **Organizing a sea trial**

More than a joy ride or a mere formality, this is when the buyer discovers how a boat performs. A broker should be able to assist the buyer in making a realistic assessment of the strengths and weaknesses in the performance of a particular boat.

### **Promoting ethics**

Every broker should either be or work for a licensed brokerage or dealership. All members of the Northwest Yacht Brokers Association have also pledged to uphold a Code of Ethics. The broker's position as a middleman between buyer and seller places substantial ethical responsibility on him to ensure that both parties are treated honestly and fairly. If at any time the buyer believes he or she has been treated otherwise, that person may file a formal grievance with the NYBA's Ethics Committee and its non-binding mediation process.

### **Preparing paperwork**

To complete a transaction, the maze of paperwork can often be daunting to the buyer – from the initial Offer to Purchase to licensing and registration; to documentation and titling; to paying state sales tax and the federal user's fee; and all the way on to the final closing of the deal. A good broker will assist in making sure all aspects of a deal are properly completed.

### **Troubleshooting**

With every potential transaction, there are a host of problems that can develop, whether it's a boat that needs yard work to establishing a clear title. A good broker will have the experience to assist the buyer in ensuring that problems stay small, and the knowledge on how best to resolve them to everyone's satisfaction.

### **Some Additional Considerations**

Professional brokers virtually all belong to a yacht brokers' association. In the Pacific NW, the Northwest Yacht Brokers' Association (NYBA) serves boaters both in and out of the area.

