

Buying a Used Boat? Avoid the Paperwork Pitfalls

It's hard to walk away from a boat that pulls at your heartstrings, but be sure there aren't any skeletons hiding in the closet, such as a cloudy title or other issues. Transactions between private buyers and seller are where Consumer Protection sees the majority of potentially costly paperwork issues.

The Seven Paperwork Pitfalls to Avoid:

1. **Registration:** It should be current. Be aware that a boat that is not located in the state it is registered is one indicator that it may have tax issues that could haunt a new owner.
2. **Title:** The information on the title should match the registration. A title will also usually list any liens on the vessel, such as a bank loan that will need to be paid off in order to transfer the title. It's important to include a statement in the purchase agreement that requires the seller to pay off the loan within a specified amount of time after the sale. Best is if you can meet at the bank that has the lien and have it released on the spot. Consider using a respected escrow company to transfer funds and title. The seller should clear up any other liens, before any sale occurs. Note that not all states assign titles to boats. Check here for state rules on titling and registration: <http://www.boatus.com/gov/states/>
3. **Hull Trace the HIN:** Take a pencil and paper to get a rubbing of the boat's 12-character serial number known as the Hull Identification Number (HIN), which is located on the upper side of the starboard part of the transom, and ensure it matches registration and title. If it does not, there could be issues retitling the boat so the seller should correct the problem before a sale takes place.
4. **Taxes:** It's advisable to get a statement from the buyer stating that any state or local taxes on the vessel have been paid. This can be easily included in the purchase agreement.
5. **Purchase Agreement:** It's smart—and a widely accepted practice—to include contingencies for the buyer such as securing financing, insurance, and receiving an acceptable survey and sea trial.
6. **Bill of Sale:** Prepare this document with the Seller's name as it appears exactly on the title and registration.
7. **Payment:** A cashier's check or bank draft is often used to consummate the deal, but the name on the check must match the name on the title and registration. Also these documents can be forged, so make a call to the bank to verify the validity of the check.

For more information, go to the BoatUS Guide, Buying & Selling a Boat:
<http://www.boatus.com/buyer/>

BOAT BUYER/SELLER PURCHASE AGREEMENT

Date: _____

1. Purchaser & Co-Purchaser

Name: _____

Name: _____

Address: _____

_____ Zip: _____

Phone: _____

2. Seller & Co-Seller

Name: _____

Name: _____

Address: _____

_____ Zip: _____

Phone: _____

3. Broker (if applicable)

Firm Name: _____

Address: _____

_____ Zip: _____

Salesman: _____

Phone (h): _____

Phone (o): _____

4. Description of boat (manufacturer, model, year, length, HIN, state registration)

5: Location of boat

Name of marina: _____

Address: _____

_____ Zip: _____

6. Selling price: \$ _____

7. **Deposit received:** \$ _____ **Date deposit received:** _____

8. **Closing Date:** _____

9: Liens or Encumbrances:

This boat is sold free and clear of any liens , bills or encumbrances of any nature whatsoever except as stated below. The Owner warrants and will defend that he has good and marketable title and the lawful right to sell the boat, and will deliver all necessary documents for the transfer of title or recordable U.S. Coast Guard bill of sale to the Purchaser or, at the Purchaser's request, to his agent.

10: Additional Optional Provisions:

- (a) Transaction is subject to acceptable survey, sea trials, financing (if applicable).
- (b) The boat must be insurable.
- (c) The deposit is refundable in full to the purchaser if any of the above items are unsatisfactory.
- (d) The following equipment is part of this transaction:

Seller

Purchaser

Co-Seller

Co-Purchaser

** Copies of current state title & registration and current Certificate of Documentation (if applicable) should be attached to this agreement.