



# GUIDE TO MARINE SERVICE

Whether you are buying, maintaining or operating a boat, well-honed consumer skills will keep your budget on course — and keep the fun in pleasure boating. The BoatU.S. Consumer Protection Bureau's Guide to Marine Service is a step-by-step reference tool designed to help you ask the right questions, make informed decisions and keep hassles to a minimum. This pocket-size guide gives tips on doing business with boat brokers and dealers, marinas, mechanics, repair shops, mail order companies, boat transporters and manufacturers. Using the Guide as a consumer compass will keep you on course.

## HOW TO USE THIS GUIDE

This guide to buying, owning and selling a recreational boat is divided into sections geared specifically for boat buyers, for boat owners and for those who are ready to sell. A fourth section gives advice about what to do when disputes arise. BoatU.S. can help Association members settle problems through the Consumer Protection Bureau's dispute mediation service. Help is also available through the cooperative BetterBOAT dispute resolution program, which BoatU.S., the National Marine Manufacturers Assoc. and the National Association of Marine Retailers have created.



## CONTENTS

<b>BUYING TIME</b>	<b>3-11</b>
Getting Underway . . . . .	3
How To Choose A Dealer . . . . .	4
Disclosure And "As Is" . . . . .	5
Contingencies . . . . .	6
Let's Make A Deal. . . . .	7
Marine Surveys . . . . .	7
Sea Trials . . . . .	8
Deposits and Negotiating Prices . . . . .	9
Transferring Ownership . . . . .	10
Statements of Origin. . . . .	11
 <b>OWNING A BOAT</b>	 <b>11-25</b>
Manufacturers' Warranties. . . . .	11-12
Used Boat Guarantees. . . . .	13
Implied Warranties . . . . .	13
Service Contracts. . . . .	14-15
Storage Contracts . . . . .	16
Boat Repairs . . . . .	17-18
Damages & Shoddy Workmanship . . . . .	19
Billing Disputes And Liens . . . . .	19
Defect Recalls . . . . .	20
Hull Blisters. . . . .	21
Ordering Equipment. . . . .	21
Online Shopping. . . . .	21
Overland Transport . . . . .	22
Towing and Salvage . . . . .	23-25
 <b>SELLING A BOAT</b>	 <b>25-27</b>
Brokerage Agreements . . . . .	25
Multiple Listing Services . . . . .	26
Disclosure Obligations . . . . .	26
Sales Agreements . . . . .	27
 <b>BoatU.S. TO THE RESCUE</b>	 <b>28-30</b>
How To Complain. . . . .	28
BetterBOAT . . . . .	29
Salvage Dispute Arbitration . . . . .	30



## BUYING TIME

### GETTING UNDERWAY

Experienced sailors caution newcomers who haven't yet gotten their sea legs to have one hand for themselves and one hand for the ship.

The advice to protect yourself first before taking any risks at sea is right on the money if you are thinking about buying a boat. Put on the equivalent of a consumer's life jacket by brushing up on the basics.

- Determine which boats fit your price range and interests. Dollar-for-dollar, you can get more boat if you buy used, but maintenance costs will be greater and you may not have the security of a manufacturer's warranty.



- Have a clear idea of how much money you can spend not only on the boat, but also on yearly maintenance, storage, repairs and fees.

Yearly operating, maintenance, storage, repair and equipment replacement averages about 10% of the boat's value each year. Figure on additional expenses for marina fees, insurance, registration, taxes and fuel.

- It's a good idea to pre-qualify for a boat loan at a reasonable rate from a bank or lender before going shopping. Loans obtained on an impulse while you're enamored with your prospective purchase may not be as favorable or give you as much bargaining power as one shopped while you were cool, calm and collected.
- Comparison-shop! Price, performance and warranty coverage varies from boat to boat. Ask to see the written warranty before you buy.

### CHOOSING A DEALER OR BROKER

Dealer service is an important part of the new boat experience. Your relationship with the dealer will last for at least as long as your boat is under warranty. The ideal arrangement is to buy from a local company capable of working on both the boat and engine. Don't buy out-of-town and expect your local dealer to be eager to perform warranty work. Unlike auto dealers, boat dealers are not obligated to provide warranty service for vessels they don't sell.

When buying a used boat from a dealer or boat broker, be aware that the sales price generally includes a 10% commission. Be aware too that, unless you specifically hire someone to serve as a buyer's agent, dealers and brokers represent the seller's interests.

- Find out how long the dealer or broker has been in business and how long he's handled the make of boat you are buying. Longstanding dealers may have more clout with the manufacturer, especially if they've earned high marks on the manufacturer's customer service surveys.
- If you have any doubts, check with the local Better Business Bureau, consumer affairs agency and the BoatU.S. Consumer Protection Bureau to learn of possible complaints about the company's service;
- Talk with other customers for first-hand experiences.



## SHOW AND TELL

Sellers must disclose information about defects that affect the value, use or safety of boats, but they don't have to volunteer information about less dramatic problems unless they are asked directly.

Be suspicious if a "new" boat shows wear and tear — worn carpeting, stains, more than 10 to 15 engine hours — or if it is a leftover model a few years old. It might be a demo boat or one repossessed from a former owner or another dealer. Call the boat and engine manufacturers to learn the vessel's repair and warranty history. Have the Hull Identification Number (HIN) and engine serial number(s) handy to help identify the model.

## A WORD ABOUT "AS IS"

Most private party sellers and a good many boat dealers sell used boats in "as is" condition. "As is" boats are not necessarily a problem, but as a buyer you should go into such deals with your eyes open. If a serious defect becomes apparent later, be aware that you have virtually no recourse against the seller. Federal and most state laws absolve sellers from liability in "as is" sales.

Terms such as "In working condition" or "fully commissioned" imply that the boat will operate. But, don't assume that it is problem-free.

Buying directly from the boat's owner can mean substantial savings because the purchase price does not include a dealer commission. Although such deals are fairly informal, do not make the mistake of relying on handshakes and promises. Get all the terms of the purchase in writing. Private sellers are not held to as high a standard as professional boat dealers when it comes to transactions.

- A marine survey inspection (see pg. 7) is essential when considering the purchase of a boat or marine engine sold without any guarantees. The surveyor can identify damages and needed repairs on used boats. If the seller agrees to make repairs before the boat is sold, put this in writing.



## CONTINGENCIES

Contingency clauses written into the sales contract can protect the buyer if a boat is defective, delivered late or if the boat is substantially different than represented at the time of negotiations. Think twice about doing business with a dealer who's unwilling to include contingencies in the contract.

Common contingencies are:

- Satisfactory sea trial and survey inspection of boat and engine; essential for used boats;
- Acceptable boat loan terms, including interest rate, duration of loan and estimated monthly payment;
- Ability to obtain insurance;
- Clear title, free of liens and encumbrances; essential for used boats.





## LET'S MAKE A DEAL

A written contract clearly spelling out the terms of the sale is the best way to protect your interests, since handshake agreements are difficult, if not impossible, to enforce.

Most boat dealers use standard contract forms, but handwritten documents are also acceptable for private-party sales. When in doubt, have a lawyer review your contract.

Read both sides of the contract and ask questions about any terms that seem unclear. Don't feel pressured to sign a contract if you are in doubt. A price that's good today ought to be good next week.

Don't hesitate to cross out terms that seem inappropriate or add contingencies geared specifically to your deal. Always draw a line through blank spaces. Changes must be dated and initialed by both parties. Be sure to obtain a copy of the final signed contract.

Don't enter into any contract that requires you to make the final payment or begin loan payments before the boat is delivered.

If you are financing through a dealer, don't sign the contract until you verify that the amount financed equals the balance due on the contract.

Detailed information about boat buying strategies is contained in the 30-page "BoatU.S. Guide to Buying & Selling A Boat." Request a free copy by calling 703-461-2856 or by e-mailing [ConsumerProtection@BoatUS.com](mailto:ConsumerProtection@BoatUS.com).

## MARINE SURVEYS

The best line of defense when buying a used boat is a pre-purchase inspection by a marine surveyor who can judge whether the boat meets safety and manufacturing standards.

A survey gives a snapshot of the condition of the boat's visible components and accessible structures at the time of the inspection. Although this is no guarantee against future problems, it will help identify existing defects, how they can be repaired and for how much. A knowledgeable surveyor will also know if your make or model boat has any history of major problems.

Buyers are responsible for all pre-purchase survey costs, including haul-out and launch fees. Survey fees are



based on a per-foot price, the complexity of the boat and on the amount of time spent preparing the written report. Obtain permission from the owner or broker before boarding or inspecting the boat. Destructive tests are usually not part of a pre-purchase survey. Boats should be surveyed both in and out of the water.

Most surveyors do not evaluate engines, so plan to hire a marine mechanic for a separate inspection. If you are buying a sailboat, ask the surveyor how he will inspect the standing rigging because most surveyors do not go aloft. If there are any doubts, consider hiring a rigger.

Before making the final payment, insist on a sea trial to make sure all systems are working properly and the boat performs to your satisfaction. Bring your surveyor along to evaluate the boat underway.

- Do not hire a surveyor referred to you by the seller or broker! And, do not rely upon a survey report prepared for a previous owner, even if it was done recently.
- Surveyors are not regulated or licensed, so virtually anyone can call himself a surveyor — and many unqualified people do. Check references and for professional affiliations with the BoatU.S. Technical Information Exchange, National Association of Marine Surveyors (NAMS), Society of Accredited Marine Surveyors (SAMS) and the American Boat & Yacht Council (ABYC). For the names of reputable surveyors, contact BoatU.S. (800-283-2883 or [BoatUS.com/surveyor](http://BoatUS.com/surveyor)), NAMS (800-822-NAMS) or SAMS (800-344-9077).
- An in-depth written survey report evaluates the boat according to U.S. Coast Guard regulations, as well as ABYC and National Fire Protection Association (NFPA) standards.
- Get a written repair estimate for correcting problems identified in the surveyor's written report. This can be used to re-negotiate the sales price or back out of the deal altogether if needed repairs are too expensive or complicated.
- Attend the survey inspection. It's a great way to learn about your new boat.

## SEA TRIALS

Operating your boat-to-be on the water is the best way to see how well it handles and whether the engine provides adequate power for your needs. You can also test all operating systems and electronic gear during a sea trial.



Most dealers won't allow customers to sea trial boats without a deposit, but if your sales agreement contains a contingency for a satisfactory sea trial, you should have no problem getting your deposit back if you're not satisfied.

## DEPOSITS

Dealers typically insist on a 10% deposit before writing contracts on new or used boats. Don't leave a deposit without signing a purchase agreement stating that the deposit is completely refundable if the contract terms can't be met.

If you back out of the contract without cause, by law the seller has the right to keep all or a portion of your money — but only after giving a written statement of his expenses. Be sure to review the tips about contracts and buyer's contingencies found on page 6.

When buying a boat from a dealer, the deposit should be kept in an escrow account stipulating that the funds can be applied only to the purchase of your boat. The escrow funds shouldn't be released until a new boat order is placed with the builder or until a used boat purchase is completed.

## NEGOTIATING THE PRICE

Unlike automobiles, dealer invoice prices for new boats



are not published. Ask for quotes from several boat outlets or visit boat sale sites on the Internet to get a realistic idea of fair prices. When making an offer, keep in mind that dealer mark-ups are normally 10% to 15%, but may be even higher.



If you are trading in a boat to buy another, negotiate the price of the trade-in separately from the new boat price. That way you'll get the best deal. Make sure these prices are included in your written purchase agreement.

Boat show prices leave little room for negotiation because dealer mark-ups during these events are pretty slim. You may be able to sweeten your deal a bit by bargaining with the dealer for some extra options or accessories.

Most dealers and brokers rely upon used boat price guides for establishing values on used boats. BoatU.S. established a free online "Value Check" service to estimate the fair market value of your current boat, or another used boat. "Value Check" is available online at [www.BoatUS.com/buyer/valueform](http://www.BoatUS.com/buyer/valueform).

## TRANSFERRING OWNERSHIP

You've found the boat of your dreams, the price is right and you've paid the seller, so the boat is yours free and clear — or is it? Well, it isn't until the seller signs over the title or provides other legal proof of ownership. In states that don't require titling, ask to see the seller's bill of sale from his seller. Other documents that help confirm ownership are insurance policies and boat registration cards. Crosscheck the boat's Hull Identification Number (HIN) against the numbers listed on the seller's records to make sure it's the same boat.

Search the boat's title and registration with the state in which the boat is registered. If the boat is documented, call the U.S. Coast Guard's documentation division, 800-799-8362, to see if any liens (see pg. 19) have been recorded.

Vessel documentation is a national form of registration. To be documented, a boat must measure at least five net tons — most boats over 25 feet long will meet this criteria — and must be owned by a U.S. citizen. If the boat you want is documented, ask the seller to complete a U.S. Coast Guard Bill of Sale (CG-1340), a copy of which must be submitted with an application for Documentation (CG-1258). Information about documentation is available at the Coast Guard's web site, [www.uscgboating.org](http://www.uscgboating.org), or by calling 800-799-8362.





A nationwide Vessel Identification System (VIS) is in the works, but at present there is no national clearinghouse for state title and boat registration information. This makes it difficult to track boats that cross state lines when owners move or when thieves "launder" stolen boats from another state.

## MANUFACTURER'S STATEMENT OF ORIGIN

The Manufacturer's Statement (or Certificate) of Origin (MSO or MCO) that comes with each new boat contains the boat's HIN and engine serial number(s). It shows when the boat was built and transferred to the retail dealer for resale purposes. You will need the MSO when you register or document your new boat. If the boat is financed with a loan, the MSO will be transferred to the lender, otherwise it will be included in the boat's papers given to you at the time of purchase.

You or your loan company should receive the MSO when you take delivery. If you don't, contact the boat manufacturer at once. Without the MSO you may be unable to register the boat and may have trouble meeting insurance requirements.

## OWNING A BOAT

As a boat buyer your challenge was to get the best deal in terms of price and quality.

Once the boat is delivered, you have a few more things to attend to. As a boat owner, you may have new opportunities to deal with marina operators, repairers and mechanics, marine insurers and equipment suppliers.

Lay careful groundwork and you will reap the rewards. Let's start with the boat itself.

## MANUFACTURER'S WARRANTIES

A written warranty is a legally binding promise that a manufacturer will correct specific problems that arise during a stated period of time, typically one to three years for marine engines and five or more years for hull structures.



Warranty coverage is included in the purchase price and, unlike an extended warranty, does not cost extra (see extended warranties, pg. 14).

New boats are sold with two main written or express warranties, one from the boat builder and another from the engine maker. Boats also come with a host of warranties for accessories, electronic gear and galley equipment. Unlike an automobile, boat manufacturers do not cover these items.

Federal laws governing written warranties spell out both consumers' rights and manufacturers' obligations. For example, companies can warrant only certain parts of their products while excluding coverage for others.

Most marine warranties are limited, which means that the manufacturer can impose certain conditions on coverage. Consumers may bear some costs associated with warranty repairs or have to take certain steps to obtain service. For example, the owner may have to pay to transport the boat for service.

Manufacturers cannot, however, make it prohibitively expensive or difficult for consumers to get their boats repaired.



Federal warranty law permits companies to make a "reasonable number of repair attempts" before replacing boats or providing refunds. Since it's the policy of many companies not to provide copies of warranty repair invoices, owners should keep a written log of all problems they experience with their boats, along with data on the boat's performance, handling ability and fuel consumption. This record will help, should a chronic problem persist.

To avoid hassles...

- Read your new boat's warranties carefully and send in all warranty registration cards to the manufacturers as soon as you take delivery.
- Follow the boat and engine manufacturers' maintenance schedules carefully.
- During the "20-hour check" your dealer will test the boat to make sure everything is functioning and adjusted properly. Be aware, however, that you will pay for routine chores like oil changes and bottom painting.
- Obtain the manufacturer's authorization before going ahead with the project. If you break down far from your homeport, call the manufacturer. They should be able to arrange for warranty work at a nearby facility.
- Some manufacturers' warranties may be transferable to second owners. Call the boat manufacturer to find out. Most manufacturers charge a fee to transfer warranties.

## USED BOAT GUARANTEES

Dealers and brokers sometimes give 60- or 90-day guarantees on the used boats they sell, but coverage is often limited to mechanical breakdowns. Also, owners may have to pay for labor. Unless specific warranty terms are in writing, it's unlikely that you will get much help (see Contracts, pg. 27). Don't put any faith in oral promises.

## IMPLIED WARRANTIES

State laws create another kind of warranty that covers all products sold through commercial transactions. These legal protections are called implied warranties and are based on the common law principle of "fair value for money spent."

Two types of implied warranties are of special interest to consumers. The first is the implied warranty of merchantability, which is the seller's promise that the product will do



what it's supposed to do and that there's nothing significantly wrong with it. For example, the 20-ft. runabout and 175hp outboard you just bought will run and its hull will stay afloat.

The second type, the implied warranty of fitness for a particular purpose promises that the product will actually perform a specific task. For example, a ski boat must be fast enough to pull an average person up out of the water and permit them to ski behind the boat.

If products are not merchantable or fit for a particular use, consumers can sue for the purchase price and other out of pocket expenses. Consult with an attorney to see how your state's laws may apply.

## SERVICE CONTRACTS



Service contracts, also known as extended warranties, hold out the promise of peace of mind for boat owners once the manufacturers' warranties expire. Whether they actually make good on that promise is another story.

Bear in mind that extended service contracts are not warranties, but repair insurance policies administered by independent companies. As such, they do not create a





legal obligation for manufacturers to assist with repairs or make good on defects. In fact, the contract is probably administered by a company that has no interest in keeping you happy as the owner of a specific make of boat or engine. Instead, the company is betting that making necessary repairs will cost them less than what you pay for the contract — otherwise, they wouldn't be in business.

Before signing on the dotted line, take some time to find out exactly what is being offered and whether a service contract is really going to be much help to you. Ask to see a copy of an actual contract, not just the promotional brochure, and pay special attention to the exclusions sections. You may be surprised at what's not covered.

### Consider the following:

- Service contracts are no bargain. The cost to the consumer is often marked up 100% or higher to pay the sales people involved;
- Does the contract seem expensive compared to the cost of what it's covering? Contracts should not cost more than 10% to 15% of the value of what they cover;
- The coverage period may actually overlap with the original manufacturer's warranty. Buy service contracts as far into the warranty period as possible, to avoid overlapping coverage;
- An independent company may go out of business and you will have no coverage. This is less likely to happen with contracts sold by engine or boat manufacturers;
- Most marine engine problems occur within the first 100 hours of use, usually well within the manufacturer's warranty;
- Obtain authorization before proceeding with repairs, otherwise the contract company may deny your claim;
- Does the contract void itself when the pay-out for claims exceeds the value of the product covered? You could be left with no coverage if your boat or engine is a lemon;
- Consider an alternative to buying a service contract — try setting up a special savings account with the amount you otherwise would have spent. Use this money for major repairs.
- If you do buy a service contract, call the contract company a few weeks later to confirm that they have received your premium and that your service contract



will be in effect during the period agreed to. A quarter of all service contract complaints reported to BoatU.S. involve the dealer's failure to submit the application and premium.

- Follow the service contract's requirements for maintenance and repairs. Be aware that some contracts require that specific shops perform all maintenance.

## STORAGE CONTRACTS

Unless you have a dock or the room to store your boat at home, it's a good chance you will contract for slip space or dry storage at a marina.

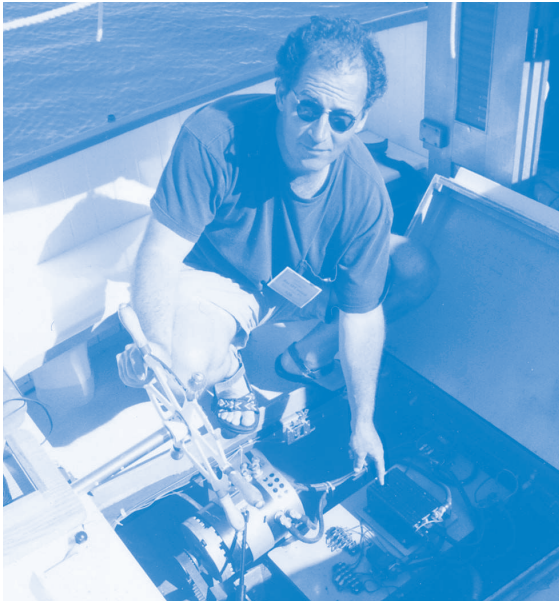
Read your storage agreement carefully! Many marinas impose conditions that come perilously close to violating antitrust and restraint-of-trade laws in some states. Here are some of common clauses that may be unfair:

- Repairs and maintenance — even common do-it-yourself jobs — must be performed by marina personnel. All states permit marinas to require contractors to carry substantial liability insurance coverage, but some marinas go a step farther and prohibit owners or outside contractors from making repairs.
- When outside contractors are permitted to work at the marina, the marina tacks a surcharge onto the contractor's bill for the "privilege" of doing business on private property.
- Customers are required to purchase all repair materials from the marina store or must pay extra fees if supplies are purchased elsewhere.
- Owners are prohibited from posting "for sale" signs on their boats or are required to pay a commission to the marina when boats are sold — even if the marina has no role in the sale.
- Owners must move their boats when hurricanes or dangerous weather conditions are imminent. Although marinas may require owners to make their own arrangements for hurricane protection, some make special arrangements for preparation and damage protection. Even so, owners may be liable for damages to marina structures if their boats break loose during a storm.



- Marinas require you to indemnify them in the event of personal injury or property damage claims. Marinas can not absolve themselves of responsibility if someone is injured on shore or if a boat is damaged due to an unsafe condition, like a problem with the dock's wiring system.

Remember, because slip space is at a premium almost everywhere in the U.S., this can create an unfair bargaining position for boat owners. Before signing a slip or storage agreement, read the fine print carefully. Consult with an attorney, your insurance company or your state's consumer protection agency if you can not understand the terms of the agreement.



## BOAT REPAIRS

Most boat owners do some of their own repairs and maintenance work, but regardless of how willing you are to do-it-yourself, the time will come when you need the services of marine mechanic or carpenter.

As your first step, prepare a written outline of what problems need to be corrected.



Next, get several quotes for the job. Written estimates are essential for all high-ticket repairs.

Finally, for complex repairs, consult with a marine surveyor and consider having the surveyor serve as a liaison with the repair shop.

Because boat repairs can be complicated, unforeseen obstacles are common. Ask your repair shop how much similar repairs have cost in the past and what kinds of problems are possible along the way.

Your repair list will become more detailed and may even expand as you discuss the project with the shop or mechanic doing the work. Be sure the mechanic has a copy of your work order when the project begins.

Tips for keeping your sanity and checkbook intact:

- Get repair shop referrals from other boat owners or marine surveyors.
- If your budget is tight, make this clear before the job begins. The shop may be able to suggest ways to complete the project in stages.
- Get a written estimate before work begins. Estimates are an approximation of how much repairs will cost if no unforeseen problems crop up later.
- Ask for a target completion date and write this into your work order.





- When tackling large jobs, boat repair shops often require payments at various stages of the project. Be sure to verify that each stage has been completed before paying. If you cannot be on hand yourself, consider hiring a marine surveyor to make periodic checks.
- Ask the shop to obtain your authorization before proceeding with unforeseen repairs or when work goes beyond the estimated price. Ask to get back old or damaged parts.

## **DAMAGES & SHODDY WORKMANSHIP**

Before you pay the repair bill, inspect your boat or engine. Reporting problems immediately will make it easier to get the shop to correct them. Rely on a marine surveyor for a second opinion if you are unhappy about workmanship or how repairs were made.

Contact the manufacturer for assistance when warranty repairs are faulty.

When the shop refuses to cooperate, file a written complaint with the shop and keep all invoices to document your complaint. Try to get your money back through dispute mediation or small claims court.

## **BILLING DISPUTES & MARITIME LIENS**

Most boat yards and marinas require payment in full for repairs before boats leave their premises.

Maritime law gives providers of goods and services — for example, marinas, boat yards and mechanics — the right to take legal action to "seize" boats until repair and storage bills are paid. The legal process even gives them the right to recoup the value of their services by selling boats or property on board if bills aren't paid promptly. Good service or bad, it's up to the consumer to either pay up or prove that the debt is unfair.

To improve your chances of avoiding billing disputes and maritime liens:

- Ask for references before having repairs made. If you break down far from home, contact your boat manufacturer for suggestions about reliable shops in the area.
- Meet with the mechanic to discuss any questions you might have about the completed repairs or your invoice.
- Demonstrate your good faith by agreeing to pay for undisputed portions of your bill.



- Get a second opinion from another mechanic or a marine surveyor.
- Do not stop payment on your check after you pay your repair bill. This can be interpreted as intent to defraud the repair shop and you might find yourself facing criminal charges.

## **DEFECT RECALLS**

Federal law requires marine manufacturers to notify owners when boats or engines contain defects that "create a substantial risk of personal injury" or when they don't meet manufacturing regulations.

Manufacturers are responsible for correcting defects discovered within ten years from the time the boat or engine was built. Boats over ten years old are not covered by recall regulations.

To be sure that you are notified of any recalls or consumer alerts, send in your warranty cards when you buy new or register with the manufacturer when you buy a used boat or engine. Although manufacturers try to maintain first purchaser lists, estimates are that in some cases fewer than 10% of owners are notified when their boats are involved in a recall.

If your boat or engine is recalled, follow the manufacturer's instructions, especially if you are warned against using the boat until it's repaired. Defects that become the subject of recalls usually involve safety hazards that could endanger you or your passengers.

Most of the time, dealers perform recall repairs, but sometimes the repairs are relatively simple and you may receive a do-it-yourself kit. Keep in mind, however, that all recall repairs must be performed at the manufacturer's "sole cost and expense." This means you should not have to pay for recall repairs or pay for incidental expenses, like haul-out fees, related to the recall.

Recreational boat recall information may be accessed by calling the Coast Guard's InfoLine, 800-368-5647 or by visiting their website, [www.uscgboating.org](http://www.uscgboating.org). Consumers can also use these resources to report possible defects.



## HULL BLISTERS

When water gets trapped under the outermost gel coat surface, a once-smooth hull develops raised areas called osmotic blisters or sometimes "boat pox."

Blisters can be as small as a pencil eraser or as large as a quarter. They pose no structural threat unless they go so deeply they penetrate the multi-layer laminate of fiberglass cloth and resin of your boat's hull. Blisters involving only the gel coat surface may be unsightly, but they don't make your boat unsafe. Even so, it's best to make repairs before the damages go deeper into the hull.

Repairs aren't cheap, usually \$125 to \$200 per foot of boat length, especially if high tech equipment is used.

Some new boat warranties cover blister damages. If not, check with the builder to see if they have an informal goodwill policy for handling complaints.

Some builders provide about 50% of repair costs when blisters occur in the first season. Compensation, if available, drops by about 10% per year after that. You will probably need to obtain two or three repair estimates.

## ORDERING EQUIPMENT

When outfitting your new boat, it's easy to shop by mail, telephone or online. But, don't get lulled into a false sense of security, especially when doing business with an unfamiliar company.

If in doubt, check references with your local consumer protection agency.

- Keep records of your order, including the company's address and phone number or web site. Make note of the merchandise ordered, the date your order was placed, the total including shipping charges and get an order number from the company when ordering by phone. Also keep track of how you paid and when delivery is expected.
- Open packages promptly and inspect your order, even if you are not going to use the product until the next boating season.



## ONLINE SHOPPING

If buying by mail or phone is easy, it's even easier to buy online, where everything under the sun is only a mouse-click away.

The Federal Trade Commission advises checking with consumer protection agencies and online sites like [www.bizrate.com](http://www.bizrate.com) that offer consumers' evaluations of various e-businesses.

- Print out all information relating to the transaction, including a description of your order, the company's terms and return policies and the delivery date.

Online boat buying is becoming more popular. Here are some guidelines:

- Don't sign a contract for a boat, even a new one, until you or someone you trust can see it in person. For used boats, insist on a marine survey inspection (see pg. 7); for new boats, obtain the HIN and call the manufacturer to verify that the boat is indeed new and under warranty.
- Online dealers far from your homeport may be able to offer low prices, but ask the manufacturer to arrange for warranty service with a local dealer. Most dealers are unwilling to service boats they don't sell.
- Long distance buying may involve unforeseen costs, including thousands of dollars in shipping fees.

## OVERLAND TRANSPORT

Trailering small runabouts and sailboats is a fairly easy task, but to move a larger vessel overland you will probably have to hire a trucking company that specializes in moving boats. There are an estimated 300 such carriers operating in the U.S. The typical transport vehicle is a 20-ton tractor-trailer equipped with a cradle capable of being fitted for boats up to 70 feet.

Transports can cost several thousand dollars, depending on boat length, width and weight. Costs rise dramatically during peak seasons in the fall and spring and when loads exceed state highway width and height standards. You may be able to reduce shipping costs by "sharing a ride" with another boat being shipped to your dealer or by getting a ride on a trailer that would otherwise be returning empty after delivering a boat to a dealer.





To keep the moving experience as hassle-free as possible, do business only with carriers that have operating authority from the Federal Motor Carrier Safety Administration (FMCSA). Legitimate companies will be willing to show you documentation of their authority, as well as required insurance coverage — \$750,000 for vehicle liability and at least \$100,000 for cargo. Boat owners can pay for additional coverage if their vessels are valued higher.

The carrier will orchestrate loading and unloading your boat, but you will be responsible for making sure that rigging, covers, wind screens, loose gear and fragile items are removed, secured or chafe-protected. Fuel, water and holding tanks must be emptied and it goes without saying that sailboat masts must be unstepped and securely tied down. Lock doors, ports and hatches to keep out vandals and road dirt (keep the keys). Most carriers will give you detailed instructions about preparing your boat. Your marine insurance company may also have some advice about preparing your boat.

Once the boat is on the truck, make a detailed inspection and note any existing damages on the "condition of cargo" report which should be attached to the bill of lading outlining the delivery agreement. At the end of the trip, inspect the boat again before it is removed from the truck. Note any new damages and get the driver to sign the "condition of cargo" report.

Remember, once the boat is unloaded, the trucking company is off the hook for any problems discovered later. Marine insurance policies do not cover damages that occur as a result of the carrier's negligence.

## TOWING AND SALVAGE

Sorry to say, at some point your boat may run out of gas, break down underway or go aground. You will need help and, chances are, it will come in the form of a commercial tow.

Understanding the difference between towing and salvage can save boaters money and aggravation. Towing occurs when there's no immediate danger to the boat or to a protected marine environment such as a coral reef or sea grass bed. If a grounded boat can rest without peril until the tide returns to float her free, or a boat is drifting in calm conditions after losing power, it almost always calls for towing, not salvage.



On the other hand, salvage is any voluntary and successful rescue of a boat, its cargo and/or its passengers from a peril at sea. Salvage can also occur when a boat becomes disabled in a protected marine environment. The tower — now a salvor — may use more than one vessel or employ special equipment, like high capacity pumps or air bags, or they may need to send divers into the water to rescue the boat and prevent damage to the environment.

Towing costs much less and is billed by the hour, averaging \$125 per hour. Salvage often results in a "demand" for a percentage — sometimes as much as 25% — of the boat's post-casualty value. Towers and salvors alike charge from the time they leave their docks to the time they return to their home ports.

Boaters should always ask whether the job is towing or salvage before they accept assistance. If the salvor wants to do the job but does not know the cost and will make a claim afterwards, the final amount will be decided one of three ways -- negotiation with your insurance company; binding arbitration (including the BoatU.S. Salvage Arbitration Program, see pg. 30) or, rarely, through litigation in federal Admiralty courts.





If the salvor does not give a price before doing the job, the boater should ask the salvor if he uses or will agree to use the BoatU.S. Open Form Yacht Salvage Contract, which assures any claim can go to binding arbitration if negotiation fails. As long as the situation is not dangerous and not deteriorating, boaters should feel free to call another company by radio or call the BoatU.S. 24-hour dispatch service for help at 800-888-4869. BoatU.S. membership includes \$50 free on-the-water towing assistance from over 400 TowBoatU.S. companies. Coverage can be increased for a small yearly fee.

Although the U.S. Coast Guard no longer tows recreational boats unless it's a life-threatening situation, they will help boaters contact commercial assistance and will stand by on the radio until help arrives.

All boaters should review their marine insurance coverage with their agent. The best protection against a salvage bill is adequate insurance. Boaters should make sure the policy provides for salvage up to the full value of the boat, not a percentage of its value, and that there is no deductible for salvage costs. The BoatU.S. marine insurance program offers this level of service.

## SELLING A BOAT

### BROKERAGE AGREEMENTS

Selling is an art. Some folks are naturals and others cringe at the thought. If you're in the latter group and you want to sell your boat, a broker may be your best friend.

The advantages of using a broker are many. Brokers know the market, they know how to advertise and, best of all, they know how to negotiate a deal and untangle complications involving titles, transferring funds and escrow accounts.

All this skill comes at a price, of course. Brokers usually charge a 10% commission for their services, plus the seller will be expected to sign a two- to three-month brokerage agreement or listing that creates specific legal obligations in the event of a sale.



Here are the types of listings:

- **Central Listing.** The commission is split between a listing broker and a central broker who actually manages the sale.
- **Open Listing.** The owner can still sell the boat himself (commission free) while listing the boat with a number of brokers.
- **Exclusive Listing.** A single broker controls the listing and earns a commission even if the owner sells the boat.

Before signing a brokerage agreement — don't even consider working on a handshake agreement — check for references from past customers.

Brokers make no guarantees, so sign the shortest agreement possible, no longer than three months. This gives the broker an incentive to move the boat.

Ask for frequent updates on advertising activity and an account of how many times the boat is shown to prospective buyers.

### MULTIPLE LISTING SERVICES

If you sell your boat yourself, chances are you will get a call from a telemarketer representing a computerized or online multiple listing service (MLS). For a fee, such companies promise to include your boat's information in their database, which then is supposed to be made available to prospective buyers.

Before signing up, be aware that these companies make no refunds when boats don't sell. Plus, it's often difficult to find out just how many buyers have actually made inquiries. As with all telemarketing solicitations, don't give your credit card number to unfamiliar companies, ask for written information about what's being offered and keep copies of sales slips or other records of all transactions.

### DISCLOSURE OBLIGATIONS

There is no obligation on the seller's part to volunteer information the buyer doesn't ask for, but this doesn't give the seller carte blanche to withhold information about a known defect or condition that renders the boat unsafe or expensive to repair.

There is a fine line between passive failure to disclose information and active concealment. If an accident



occurs later, previous repair records or complaints to the manufacturer may come back to haunt sellers who don't tell all. Being up front about work that needs to be done implies that the asking price already reflects the cost of repairs.

It's wise to have larger, more complex boats surveyed or inspected thoroughly by a repair facility before they are put up for sale. That way, you will be fully aware of any conditions in need of repair and you can even make repairs prior to the sale, making your boat more attractive to buyers.

## SALES AGREEMENTS

A handshake agreement just won't cut it when it comes to selling your boat.

- Write a sales agreement that outlines the terms of the sale and the obligation of the buyer and seller. Ask for cashier or certified checks for the deposit and final payment. Stick to an agreed-upon delivery date.
- Cooperate with the buyer. Be aware that if you do not allow the buyer to have the boat surveyed or sea trialed, you will probably end up losing the deal.
- Be prepared to renegotiate the asking price when it comes to repair items the buyer's surveyor finds. Be sure to put the details in writing if you agree to repair the boat prior to the sale. Written repair estimates are helpful.
- Unless you like to gamble, don't offer to finance the boat. The risk is not worth the often small amount of interest you stand to gain. And, if you have a boat loan outstanding, the lender won't permit this arrangement.
- The **"BoatU.S. Guide to Buying & Selling A Boat,"** which contains detailed information about selling strategies, may be obtained by calling 703-461-2856 or by e-mailing ConsumerProtection@BoatUS.com.



## BoatU.S. TO THE RESCUE

### HOW TO COMPLAIN

When a problem with your boat or engine arises, create a paper trail. Telephone conversations are fine, but file a written complaint with the manufacturer or dealer, stating the nature of the problem and how you would like it to be resolved.

Include photographs, marine survey reports, written repair estimates or invoices to document your complaint.

BoatU.S. recommends sending complaint letters to company presidents or service department managers. Contact the BoatU.S. Consumer Protection Bureau, 703-461-2856 or ConsumerProtection@BoatUS.com, for names and addresses.

If the company does not respond in a satisfactory way, send the Consumer Protection Bureau copies of your complaint correspondence.

The Bureau mediates complaints on behalf of BoatU.S. members. We handle hundreds of complaints each year and have established productive, working relationships with most of the major marine manufacturers. During our mediation process, we keep the lines of communication open until a reasonable response is received. We are usually able to help both parties reach an amicable settlement without going to court.

All complaints and comments from consumers are entered into our database, which is an online resource for BoatU.S. members at <http://www.my.BoatUS.com/consumer/database.aspx>. Many boat owners contact BoatU.S. to learn about problems with specific models and how companies respond to complaints.

### BetterBOAT

In our continuing effort to improve the boating experience for consumers, BoatU.S. has established the BetterBOAT dispute resolution program, a cooperative effort with the National Marine Manufacturers Association (NMMA) and the Marine Retailers Association of America (MRAA). A peer review panel, with members from BoatU.S., NMMA and



MRAA, works together to develop non-binding solutions to complex, multi-party complaints.

## ***SALVAGE DISPUTE ARBITRATION***

BoatU.S. established a Salvage Dispute Arbitration Plan in 1989 for use in recreational boat salvage disputes. Disputes usually involve salvage companies and marine insurers, but may also involve uninsured boat owners. The Association's Salvage Arbitration Plan helps resolve disputes in an unbiased, inexpensive and timely manner through a three-member panel of arbitrators appointed by the parties to the dispute.

The arbitrators are marine professionals with a minimum of five years experience in recreational boat salvage. They may be salvors, marine surveyors, insurance adjusters or admiralty attorneys.

The arbitration fees are split equally between the two parties. There are no pre-arbitration set-up costs, no travel or hearing costs or additional legal fees associated with this plan.

For information, contact the BoatU.S. Consumer Protection Bureau at 703-461-2856 or [www.BoatUS.com/salvage](http://www.BoatUS.com/salvage).





**BoatU.S. Consumer Protection Bureau**  
**880 South Pickett St.**  
**Alexandria, VA 22304**  
**Phone 703-461-2856**  
**FAX: 703-461-4674**  
**<http://my.BoatUS.com/Consumer>**

**With over half a million Members, Boat Owners Association of The United States (BoatU.S.) is the nation's largest organization of recreational boat owners. For over 45 years, BoatU.S. has provided its Members with over 26 essential benefits and services, including the Consumer Protection Bureau. For more information or to join BoatU.S., email, call or visit:**

**BoatU.S.**  
**Washington National Headquarters**  
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**Alexandria, VA 22304**  
**800-395-2628**  
**[Membership@BoatUS.com](mailto:Membership@BoatUS.com)**  
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