



# Survey Says...

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**C**ongratulations! You're about to buy your dream boat. You've signed a Purchase and Sales Agreement and provided a deposit. What's next? In reading the Purchase and Sales Agreement, you see that the deal is subject to securing financing and an acceptable survey. Your bank is ready to loan the money, but what is a survey, and how and where do you get one? Are there different kinds? What is the best? How do you know that the survey you get is acceptable? So many questions, but who can you ask and who can you trust?

First, a Purchase and Sales Agreement is a legal document that says you will pay a set price for a particu-

lar boat assuming things work out the way you want. This also prevents the seller from selling the boat to someone else without your knowledge. The seller can accept your offer or can counteroffer with another price or different conditions.

Two important conditions you should always include to protect yourself are "subject to financing" and "subject to an acceptable survey." These conditions allow you to cancel the deal and get your deposit back if these things don't work out. This is especially important when buying a used boat because you don't want to be stuck with a money pit. Once the seller signs the agreement, the boat will legally be yours if all specified conditions are met.

You have probably borrowed money from a bank or lending institution for other major purchases, so you should have some idea what's involved. But what is a survey?

A marine survey is a thorough inspection of a boat performed by a knowledgeable individual. Depending on the reason for a survey, your surveyor will look at different things on the boat. Some of the more popular types of surveys have become known by their uses:

The Condition and Valuation Survey or C&V Survey provides the current condition of the vessel and its market value. The C&V Survey is the most comprehensive of all the survey types and most often includes inspections both afloat and ashore. It will include evaluation of the vessel's structural integrity, rig, navigation equipment, propulsion, electrical, plumbing, mechanical and other miscellaneous systems. Compliance with boat building standards as set forth by the American Boat and Yacht Council (ABYC), federal law spelled out in the Code of Federal Regulations (CFR), and fire safety rules established by the National Fire Protection Association (NFPA) will be considered as well as cosmetic appearance, condition of maintenance and cleanliness.

The C&V Survey is often request-

## The Ins and Outs of this important boat-buying step

ed prior to purchasing a boat to ensure the purchase price is reasonable and that there aren't any potential problems with the boat. Most banks want to see a current C&V Survey as assurance that the boat is worth the amount you are borrowing. Many insurance companies require a C&V Survey prior to providing insurance and several insurance companies have recently started requiring a new survey on boats more than 10 years old before renewing a policy. Because a C&V Survey assigns a value, it can also be useful when donating a boat. The receiving institution can use the survey to determine if the boat will fit their needs and what repairs, modifications, or maintenance may be needed. Sometimes these surveys are named by their specific uses, i.e., Pre-Purchase Survey or Insurance Survey. A less inclusive survey that only assigns a value to a vessel is known as an Appraisal Inspection. Since the purpose of this survey is only to assign a value, it is less involved than a C&V Survey. Uses normally include legal cases, estate settlements, donations or financing.

Finally there's the one nobody wants, the Damage Inspection. A Damage Inspection may be requested by a boat owner or repair yard, but most often, by an insurance company. Your surveyor will examine the damage to your boat, write a report describing the extent of the damage, recommend necessary repairs and may provide an independent estimate of costs for the

repairs. If requested, a determination of the probable cause of the damage can also be provided.

All of these surveys should include a written report. Reports for the different types of surveys will provide slightly different information depending on their intended use. The report should describe the vessel, its location, its condition and details required for the report's intended use. How do you know which type of survey to ask for? A competent marine surveyor can help guide you through the entire process. From advising the type of survey needed to explaining the findings, answering questions you may have about the survey or the report, and recommending a course of action based on the report, your surveyor should be able to assist you.

Surveyors work only for the individuals who hire them. If you are buying a boat and hire a surveyor, you are getting a personal consultant regarding the survey. The surveyor should report his or her findings only to you and work with you for your desired purpose.

To accomplish this, a marine surveyor should be knowledgeable in all facets of boat construction and use. If someone claims to be a marine

surveyor, be sure to check his or her credentials. There are no licensing requirements for marine surveyors, but most respected and competent surveyors belong to a certifying organization. Some prominent domestic organizations include SAMS (Society of Accredited Marine Surveyors), NAMS (National Association of Marine Surveyors), and USSA (United States Surveyor Association). These organizations may ask their members to prove their knowledge and abilities through a test or probationary period before conferring some title attesting to their acceptance. Many banks and insurance companies are starting to refuse survey reports from surveyors who have not earned such acceptance.

So relax. With the help of a competent marine surveyor you won't be surprised by unforeseen problems when buying your dream boat. ~

