

P. O. Box 69  
Anacortes, WA 98221  
(800) 233-3004  
FAX (360) 293-6683



## **Yacht Ownership Program (YOP) & Charter Management Service**

**(ADDENDUM TO OWNER CONTRACT)**

**Includes Group Insurance and Fee Schedule**

Updated 1-5-23 cc

This **Addendum To Owner Contract** serves as a detailed explanation of the objectives, policies, practices & procedures, along with the services which are provided to Yacht Owners of vessels in Anacortes Yacht Charter, Inc's **Yacht Ownership Program & Charter Management Service**

***\*Please initial and return the Yacht Owner Contract at the bottom of page 2 to notify AYC that you have received and read this Addendum.***

### **OUR OBJECTIVES**

1. To promote the Owner's Yacht extensively through advertising, social media, trade shows and reputation, and to grow the boating base of qualified charter customers through educational opportunities & classes.
2. To present to qualified charter customers a high level of friendly, courteous, knowledgeable customer services on well-outfitted, properly maintained, safe and dependable yachts through which they may enjoy a safe and relaxing cruise.
3. To provide the Yacht Owner with an opportunity to meet his financial objectives, while keeping his yacht in ready-condition for his own cruises.
4. To maintain a highly qualified staff in a professional environment to meet the above expectations, and to provide a profit opportunity for Anacortes Yacht Charters.

## ADVERTISING

Through planned, professionally prepared national and regional advertising, boat shows, seminars and other promotional programs, we will make our best effort to expose your yacht and our services to the broadest possible market.

## SPECIFICATION SHEETS/MARKETING

Anacortes Yacht Charters (AYC) will develop a Specification Sheet to provide charter customers with details on your yacht. An Owner should provide 4x6 exterior and interior pictures of the boat, at least one preferably underway. We also need a floor plan to include on the Speci Sheet.

Our website at [www.ayc.com](http://www.ayc.com) will list your yacht using your Spec Sheet information, which we ask you to review and update annually in the off-season. We will include a variety of pictures online to help show the boat in its best light, and use the 4x6 photos for our Lobby & Boat Show display albums.

A Yacht Set-Up Fee (Marketing Fee) will be assessed the first year a vessel is placed in charter service, plus an Annual Marketing Fee for each year a vessel is in charter. The Set-Up Fee will cover the cost to prepare the Spec Sheet, develop an internet presence, prepare the Lobby and Boat Shows Display Albums, plus add your yacht to all our marketing pieces. The fees for these services (Initial Set-Up Fee and Annual Marketing Fee) are listed on the Fleet Owner Fee Schedule accompanying this document.

## YACHTS AND EQUIPMENT

Our fleet selection is based on our knowledge and experience with vessels that are most sought after by charterers. We traditionally find that boats from certain builders will always be more popular than others. Nationally advertised, quality-built yachts in top operating condition with accommodations providing maximum privacy are best suited to chartering.

Newer yachts are most desirable, however, well-maintained used boats have also proven to be very successful. Only in an exceptional case would a gas powered yacht be accepted in the AYC charter fleet. Our experience has also shown that stern-driven power vessels do not prove as successful in the charter environment.

Boats 12 plus years old will be required to have a recent survey, which will be used to determine eligibility for the fleet, and to provide the Insurance Company with a baseline condition of the yacht and its systems.

The equipment required onboard the yacht prior to entering charter service is listed on pages 11 and 12.

## YACHT SELECTION BY CHARTERER

All yachts in our fleet will be offered to prospective charterers without prejudice. They will be accurately described online and in our print advertising as to size, type, accommodations, equipment and condition. We will aid the charterer in their yacht selection based upon their

desires as to size and type, the accommodations and equipment needed, rate and availability.

## CHARTER RATES & DISCOUNTS

**RATES:** Charter rates will be set by mutual agreement between the owner and AYC, taking into consideration known competitive rates for yachts of similar size and type, age and condition, with similar equipment.

AYC offers seasonally adjusted rates (see below) as well as charters of less than one week. This rate structure consists of a full rate in the Summer Season, a 5% discount in the Fall/Spring Season, and an additional discount in the Off-Season. AYC designates these seasons by a color-coded system as follows:

White (Off-Season) October 16 – April 30  
Blue (Spring/Fall Season) – approximately 45 days  
Red (Summer Season) – approximately 45 days  
Gold (Peak Season) – approximately 60 days

**DISCOUNTS:** In an effort to promote charter customer loyalty and meet competitive demands, AYC has instituted two loyalty programs:

Captain's Club (have chartered w/in 2 years)  
Admiral's Club (have 5+ charters w/AYC).

Each level provides a 5% repeat charter discount on charter fees and other incentives offered by AYC.

Finally, AYC Management reserves the right to modify rates when this is considered to be in the best interests of both the Yacht Owner and AYC. Some possibilities are:

**Multi-week** discount for 2+ consecutive weeks of charter

**Price matching** a competitor's rate structure

**Flotillas** (5+ boats rented by a yacht club or other organization)

**Advertised Specials** to incentivize bookings and to fill late openings

**Switches** – to accommodate last-minute movement of a charter party due to a mechanical failure or similar on their current vessel.

## CHARTER PARTY QUALIFICATIONS

AYC will obtain from the charter party a Boating Experience Resume describing his or her experience and training, including the operation and use of vessels of similar size and type in waters and under conditions normally experienced within the cruising limits of our fleet.

Within the limits of our ability, AYC will attempt to determine, before departure, that the charterer has the skill and knowledge required to safely operate and navigate the chartered vessel, and to treat the vessel and its equipment, operating systems and appointments with care and consideration.

Upon arrival, the charterers will be met by a Fleet Captain who will familiarize them with the vessel and its use and operation, including all systems and equipment. The charterer typically will be asked to demonstrate his or her ability to operate the vessel, including docking and

maneuvering, use of charts and tables, and familiarity with his planned cruising area.

Although it occurs infrequently, unqualified charters occasionally arrive on departure day. When this happens we believe that we must, with the backing of the owner, refuse a charter and, in some cases, give the charterer a full refund.

### **AYC CHARTERER SERVICES**

The following services are available to each charter party:

1. Provisioning – essentials kit for meal preparation
2. *Linens for all charters (See Fee Schedule)*
3. Maps, Charts and Tide Tables
4. Cruise Planning & Itineraries
5. Travel and Hotel recommendations
6. Rental gear: kayaks, paddleboards, additional linens
7. Instruction & Full Time Skippers as needed/desired
7. Around-town shuttle service
9. Loading, unloading customer service assistance
10. Docking assistance, refueling assistance
11. Pumpout service on final day

Our objective is to provide charter guests with a complete cruising vacation that will meet their demand for excellent service, and will exceed industry standards.

### **DAMAGE vs. WEAR & TEAR**

AYC will repair or replace equipment that is lost or damaged due to a charterer's negligence, up to the deductible on the vessel. If the repair results in an insurance claim, neither AYC nor the charter client is responsible for any gap in covered repair cost due to the "Depreciation Clause" (see policy for more information) or dinghy clause. AYC is not responsible to repair or replace equipment damage that is attributable to normal charter usage ('wear & tear').

Choosing to place your yacht into charter will generally increase the amount of wear & tear on the boat above what is typically noticed on a boat in private ownership. You will also notice an increased level of routine maintenance, such as at least one additional oil change per year, as a result of charter usage. It is important to remember you will be **generating income** to offset these expenses.

Many items installed aboard personal pleasure yachts by the manufacturer were not designed or intended to be used in a charter (commercial) environment year after year. Moving parts such as (but not limited to) door handles/latches, window hatches, springs, hinges, cleats, etc are going to see increased usage and will eventually fail. There is also much more possibility for minor scratches and scuff marks in wood, fabric, and fiberglass surfaces as a result of normal use. It may be necessary for these items to need repair or replacement from time to time.

AYC will determine with the help of knowledgeable marine techs whether or not an item is classified as normal wear & tear and billable to the owner, or charter negligence and AYC's responsibility.

### **GELCOAT DAMAGE**

AYC will be responsible for gelcoat repairs to the Hull of a yacht in charter service that requires grinding, filling, sanding and gelcoat spraying. AYC will not be responsible for minor scuffs, scratches and scrapes that can be buffed out during an annual Buff and Wax treatment as part of routine maintenance on the yacht.

Prior to a yacht's first charter activity, a Hull Condition Report will be completed by a Representative of AYC. (Owners are encouraged to be present at this time). Any pre-existing hull damage will be noted, to be compared to the end-at-season Hull Condition Report that notes any new damage. Repairs will be completed by AYC or its representatives before the next charter season begins, when possible. Please note; Gelcoat repairs are weather dependent.

Striping and other decals that can be easily damaged by a minor rub with the dock will also be considered normal wear and tear.

Painted yachts provide a unique challenge due to color matching. Repairs to painted yachts will be treated in the same manner as if the yacht had a gelcoated surface. Due to the sun's effect on a painted surface, repairs requiring filling, sanding and spraying may be visible when completed. These minor repairs will not justify a complete painting of the hull simply to match faded paint.

### **PROTECTION & INDEMNITY INSURANCE**

A separate Protection & Indemnity Insurance Policy (Liability Insurance) is required of each charterer in the amount of \$1,000,000.00. This policy names the charterer, the vessel owner and AYC as 'additional insureds' for the duration of the individual charter as an added layer of protection.

### **TURNAROUND SERVICE/ CHARTER FLEET CAPTAINS**

Each charter party will be instructed in the use and operation of the vessel and familiarized with his planned cruising area. This will be done on board the vessel with an AYC Fleet Captain as part of the Checkout process. Each charterer will also participate in an Office Briefing and Chart Review highlighting areas of concern. Repeat customers within the last charter season will participate in an abbreviated version of this orientation.

When the vessel is returned, a Fleet Captain will check the inventory, and the boat will be inspected for proper operation of mechanical systems, electrical equipment and for hull and equipment damage. The boat will undergo an underwater inspection by a qualified diver before its first charter and after each charter is completed, including owner use time (Owner charters). Any maintenance that is identified and required to be repaired as a result of this inspection will be communicated to the owner and billed at standard rates.

Our Fleet Captains are experienced boatmen who are familiar with our cruising waters. They are assigned to a limited number of yachts, trained to our standards, and familiar with their assigned vessels.

The fees charged for turnaround services are listed in the attached Fee Schedule.

A Boat Owner, (but only the Owner himself, not any other person, neither related to, hired by or requested by the owner), may elect to perform some of these services noted below. There must be prior communication and appropriate training by the AYC Operations team, using AYC's forms and procedures. An Owner must submit the appropriate AYC accounting form (called a Turn Fee Credit) prior to the next Owner Statement, where he will be reimbursed for the portion he performed based on the following percentage of the total turnaround fee:

Check Out 30%

Check In 30%

Cleaning 40%

### **YACHT AVAILABILITY**

For maximum income and overall best results, owners should make their yachts available for chartering at any time of the year. We recognize that Owners wish to use their yachts and that they must have them available for maintenance. However, during the Red and Gold Seasons the Owner is respectfully requested to only reserve a maximum of two weeks for personal use. This must be done prior to the start of the booking season. Any confirmed or tentative bookings will take precedence over later Owner requests.

The IRS and Department of Revenue of the State of Washington have regulations regarding an Owner's Use of his boat.

AYC acts as the Lessee, and subsequently subleases each boat in AYC's name & on AYC charter documents, on behalf of the Boat Owner. Sales taxes are collected and paid directly to the State of Washington by AYC. AYC will provide Boat Owners with the necessary income information required to file their Business & Occupation Tax (B&O Tax). However, with the Small Business Tax Credit, it would be unusual for Owners to have any tax obligation associated with the revenue derived from leasing their yacht to AYC. Currently, an Owner would need to earn over \$87,000.00 of gross Annual Income to incur any B&O tax obligation on his Annual State of Washington tax return.

If, during the time the yacht is in Anacortes and the Owner wishes to remove it from its usual moorage for any reason, even for one day, the Owner is required to notify AYC. A dive inspection will be scheduled before the next charter and billed to the Owner's account.

### **MOORAGE**

Moorage is a Boat Owner's cost of doing business, and therefore is typically secured at Owner's expense. From time to time AYC will have an available slip in its moorage pool, whereby a slip can be assigned to a yacht at the time the vessel is accepted into the AYC Fleet. An Annual Sublease Agreement with AYC is required in that case, with moorage payments beginning on the day the signed Yacht Charter Contract is received and signed by AYC Management. AYC will collect the first and last month's moorage amount of the slip fees on the first month's statement. AYC will also provide a gate key to access moorage, & secure a deposit on the first month's statement.

Owners are required to give **60-days written notice** prior to vacating a slip as required in the Moorage Agreement AYC has with Anacortes Marina or the Port of Cap Sante Marina. Occasionally management may defer moorage payments for new boats entering the fleet that are under construction, where delivery will be taken later in the year.

Owners that arrange for moorage on their own must have AYC's prior approval and the slip must be in a location that allows charter (commercial) activity.

Moorage in AYC's moorage pool may be paid on an annual or monthly basis. If you elect to pay monthly, AYC will assess a \$50/month moorage pool administrative fee.

AYC will only rarely enter into a seasonal (part year) moorage agreement. Seasonal moorage will be charged at 1.5X the current rate, and all other terms will apply. The amount is due in full at signing.

### **VESSEL CONDITION & DOCUMENTS**

The Owner agrees to deliver the yacht to Anacortes insured for charter, properly licensed, registered and/or documented, including the necessary State of Washington and a U.S. Customs decal (User Fee Decal). The vessel will be fully prepared with all systems in good working order, clean and equipped in accordance with the AYC Equipment List. The galley will be equipped to AYC's standards with matching sets of dishes, glasses, flatware & cooking pots.

The decision to accept and place a boat in charter rests with the AYC Management Team.

Our basic objective is to assure ourselves, the Owners and charter clients that all yachts are maintained in operating condition, available for use during the charter season, and ready on schedule for the next charter party.

### **REPAIRS**

Prior to the start of the season, AYC will select qualified boat repair yards in our usual cruising area and arrange for them to perform repairs as needed on a priority basis at their regular rates.

When a boat is on active charter or at our charter base in Anacortes being prepared for its next charter, AYC will be authorized to spend up to \$1000.00 for Sailboats and \$2000.00 for Powerboats without prior notification to the

owner. These expenditures will be for necessary repairs or maintenance to prepare the boat for its next charter or so that the boat can be brought to a safe harbor or continue to the conclusion of its present charter.

In many cases, a boat's charter schedule will dictate when repairs can be made. Repairs that do not affect the charterability of a yacht may be addressed at the post season. Temporary repairs made during the season will be made permanent in the post season as well.

AYC will make every reasonable attempt to contact the Owner before authorizing expenditures against the Owner's account. If contact cannot be made, the Service Manager may use his best judgment to proceed with repairs and notify the Owner at the first opportunity.

All other repairs and maintenance will be authorized or initiated by the Owner before the work is done.

The Owner has 3 options for service:

- 1.) Have the work performed by AYC and/or have AYC act on his behalf through subcontractors;
- 2.) Select a boat yard or repair service of his choice for repair work, or
- 3.) Do the work himself.

If an Owner chooses a repair yard or subcontractor used by AYC, but requests to be billed directly, the owner is not entitled to receive the AYC Fleet Discount.

AYC offers our charter guests a "Cruising Guarantee" which states "should you have a mechanical breakdown during your charter, we will complete repairs within 4 hours of notification...". We will make every effort to resolve an issue as cost effectively as possible. In many cases an issue is easily resolved over the phone and may simply be a lack of understanding of the system in question. In other cases we need to enlist the assistance of a subcontractor in the field to respond to the problem. And on a rare occasion we need to send our chase boat out with one of our mechanics to resolve an issue; this is always a last resort. Although chase runs are expensive, the expense is typically less than a charter customer demanding a refund for vacation time lost due to a breakdown.

### INSPECTION SERVICES

Each vessel will undergo a mandatory Pre-Season and Post-Season Inspection, systems check, and underwater dive inspection. Time spent by AYC, either during the Pre-Season or Post-Season inspection process, will be billed at the AYC standard hourly rates. At the completion of the Pre-Season inspection, problems found will be reported to the owner with a request to correct the problem before the vessel goes out on its first charter. Any deficiencies not corrected prior to the first charter will be noted on the Hull Condition Report, Dive Report, or Listed Discrepancies. If the owner does not make the requested corrections within a reasonable time prior to the first scheduled charter and an acceptable substitute boat is not available, the necessary repairs will be authorized by AYC and billed to the owner.

At the conclusion of each charter and before the yacht leaves on its next charter, your Fleet Captain will inspect the vessel above the waterline. Deficiencies will be

reported and, if necessary, corrected. At the same time, a pump out service will be performed and an independent diver will do an underwater inspection and a continuing underwater condition report will be maintained.

A Post-Season Inspection will be completed by AYC at the conclusion of all charter activity for the season. Results and recommendations will be forwarded to the Boat Owner. During the Post-Season inspection, inventory replacement and insurance fund issues will be addressed and resolved.

**\*\*If a Boat Owner removes his vessel from AYC's location or from the AYC Fleet without proper notice, and/or does not allow time for AYC to complete a Post-Season inspection and subsequent repairs, Owner absolves AYC of all responsibility for outstanding discrepancies/repairs resulting from, but not limited to, charter use, inventory replacement items or insurance fund issues.**

**\*\*INITIAL HERE IF YOU PLAN TO REMOVE YOUR BOAT PRIOR TO POST-SEASON INSPECTION**

**Initials:** \_\_\_\_\_ **Date:** \_\_\_\_\_

### CLEANING SERVICES

AYC maintains cleaning and maintenance crews whose services are available to charterers and Owners.

Normally, the owner is responsible for the general upkeep and cleanliness of his yacht. He should plan to deliver the vessel to the fleet at the beginning of each season in a thoroughly clean condition including all living spaces, heads, lockers, stowage areas, engine room and bilges. AYC does not require the charter party to clean the yacht for the next charter; rather the Turnaround fee covers this cleaning service. As part of the Pre-Season Inspection all vessels will be inspected by our Cleaning Supervisor for cleanliness and general condition. Inventory will be confirmed; all drawers and cabinets will be inspected and any cleaning and/or general straightening up will be done as needed. Personal items will be removed, boxed for storage and sent to the owner at his/her expense. Anacortes Yacht Charters has limited storage capacity and owners are encouraged to remove items not on the inventory or required for Charter Service. We cannot accept responsibility for lost or stolen property not on AYC's standard individual inventory sheet. Finally, all food & beverages of any kind will be removed from the yacht and disposed of prior to the first charter each season.

Charterers are asked to return the vessel "straightened up"; however, after a number of charterers it is not unusual for a mid-season "deep clean" to be necessary. The owner should plan to thoroughly clean the vessel again or arrange to have our crew do so. Carpet cleaning will be done by AYC during the year at the Cleaning Supervisor's discretion. At the conclusion of the charter season, AYC will perform a Post-Season cleaning service to do a final, more detailed cleaning than the turn-around service allows.

## MANAGEMENT FEES

AYC's Base Fee is 30% of the net Owner Charter Rate, which is the Owner Charter Rate **less** the Turnaround & Linen fees. Commissions and owner payments will be made on the Owner Charter Rate that is calculated from the Charter Contract. Advertised Charter Rates will vary from the Owner Charter Rate as all advertised charter rates will include a per day Charter Care Fee, charged to charterers in the Advertised Charter Rate.

\$ 75.00 per day – Sail / \$125.00 per day – Power

A Charter Contract also may have other rate adjustments from time to time. Examples include advertised "specials", one boat being substituted for another if repairs preclude a boat being available for charter, etc. Owners will always receive monies based on the commission structure, not a fixed income number.

AYC commission will be adjusted to 20% for friends & family of the owner, if the Owner notifies AYC in writing prior to the booking. No adjustments will be made "after the fact", or for charters on other yachts in the fleet, or for pre-existing clients. Owners may advertise their own yachts, however this is not considered a friend or family member, therefore a referral adjustment will not be made if a new client is secured in this manner.

If an Owner has **deferred WA State Sales Tax** on the purchase of his boat, or brought the boat into WA State Use Tax deferred, a provision is made in the tax code for him to still use his boat. He simply must **charter his own boat**. This does not include bona fide maintenance time on board, which is time set aside strictly for maintenance. For each Owner charter, AYC's commission is 5% of the Yacht Fees to administrate and maintain documentation of the charters. This assists in validating the Owner's tax deferred status in the event of an audit. He is also required to pay the assessed sales tax on the full charter Fair Market Rental Value (FMRV) amount. No additional insurances are charged. Please pick up your Charter Contract/documents available at the AYC Reception Desk when you arrive for your Owner Use Time charter.

## CANCELLED CHARTERS

If a charter client must cancel, the following cancellation penalties apply:

### # Days prior to Departure Date:

120 or more.....	\$200. AYC Booking Deposit
60-119 .....	30% of Charter Fees + AYC Booking Deposit
0-59 .....	100% of Charter Fees

### 70'+ Yacht Cancellation Policy:

At booking.....	1/3 of fees
120 days.....	100% of fees

AYC retains the \$200. Booking Deposit. Any Charter Fees forfeited by a charter client, for which the time on the vessel was not rebooked, are split between the Owner and AYC on a 60/40 basis. **This will be credited on the Owner's regular December Boat Owner Statement.**

## VESSEL INVENTORY

The attached standardized Inventory Form is a list of items found on most boats. An additional area is provided to allow the owner space to add items of significant value unique to his vessel. These items are required to be approved by Anacortes Yacht Charters prior to the start of every season. Equipment that is not required should be removed from the boat. Equipment left on the boat (but not a line-item on the standard inventory) will be the responsibility of the Owner if lost or damaged. Non-attached Electronics must be expressly approved by Management.

A completed Standard Inventory Form itemizing required equipment as well as valuable gear specific to the vessel must be returned to AYC as early as possible. This information is provided to prospective charterers as well as being used by AYC staff to check quantity and condition of the ship's gear during Check-In.

## INVENTORY REPLACEMENT FUND

The Inventory Replacement Fund exists to:  
Pay for the replacement of specific items that regularly need replacement due to wear and tear in the charter environment (these items are shown on the standardized Inventory Form in gray highlights), and  
Replace occasional galley items listed in the box on the reverse side of the Inventory Form.

For each charter, a small fee (See "Owner's Fee Schedule") is deducted from Owner Revenue and placed into the general Inventory Replacement Fund, to cover these items.

Items will be replaced using the Inventory Replacement Fund only when a boat that has entered the fleet has purchased new equipment through standard AYC stock. If the Owner did not start with new AYC stock, and an item needs to be replaced using the Inventory Replacement Fund, an Owner may be charged for a portion of the cost, at the discretion of AYC. It is therefore highly recommended that your initial inventory be supplied by purchasing standardized items from our stock.

Non-inventoried, but Required Equipment and supplies, such as spare oil and certain spare parts, will be replaced by AYC, as needed, and charged to the account of the owner. Any other inventory items found to be missing or damaged at the conclusion of a charter will be replaced by funds paid by the charterer's Daily Damage Waiver fee. AYC does not accept responsibility to replace any items not listed on the Inventory Sheet.

Consumable items that need periodic replacement due to normal usage, such as batteries, light bulbs and fluids should be placed aboard especially when they are unique to the boat. These consumable items not covered under the Inventory Replacement Fund will be replaced by AYC as needed and charged to the Owner's account.

## VESSEL OPERATIONS MANUAL

A straightforward Operations Manual is required prior to the first charter. A personalized manual that details your boat's unique characteristics is most effective. (Equipment manuals produced by manufacturers are overly technical and do not address typical questions from Charterers.) Our staff can send you a template and can provide you with samples from other similar vessels so that you can produce your manual. Include photos and diagrams where it will be helpful. This will be the first place a charter customer looks when trying to operate a system aboard your yacht. Errors or incomplete information could lead to further mechanical problems. AYC can hire one of our Fleet Captains to create an Operations Manual for you.

The rate for AYC to produce your Operations Manual can be found in the "Owners Fee Schedule" attached to back of this document.

## EQUIPMENT LIST

A detailed, thorough list of all mechanical and electrical equipment will be placed on each yacht showing the model number, serial number, and location if required. Anacortes Yacht Charters will provide you with a form to fill out if you choose to do so yourself. It is required that this be accomplished prior to the boat's first charter activity. The equipment list is a critical time and cost saving item. The more complete and detailed the list is, the easier it will be for Anacortes Yacht Charters to manage equipment breakdowns.

## EXCLUSIVE LISTING

**All yachts in our Charter Management Service are accepted only on the basis of an exclusive listing and may not be listed with any other company or chartered privately by the Boat Owner.**

## ACCOUNTING AND FINANCIAL TRANSACTIONS

We provide complete accounting services, including the receipt, deposit and disbursement of funds, collection and payment of Washington State Sales Taxes, charter reservations, Daily Insurance Fees, repairs, and other fees. A monthly statement showing all activity on the account will be mailed on or about the 15th day of the month following the month the charter is completed. Accompanying the statement will be either a check for the net balance due to the owner, or an invoice for the net balance due AYC for services provided but which were not covered by the charter fees. Invoices are due and payable prior to the last day of the month. A service charge of 1.5% per month will be applied to outstanding balances. Owners who do not pay their balance timely during the offseason with AYC may, at AYC's discretion, be required to leave credit balances on account.

Owner Statements are sent out monthly. All income and expense activity will be closed on the last day of the month and statements issued on approximately the 15<sup>th</sup> of the following month. Charters will be construed as "completed" on the day the yacht returns.

Any disputed charges must be made in a timely manner, within 60 days of receipt of the statements. After 60 days AYC will not be required to consider adjustments that have not been brought to our attention.

## OWNER USE OF YACHT ('OWNER CHARTERS')

**\*\*Owners who have *deferred Washington State Sales Tax* at the time of purchase, or *deferred Use Tax* when a previously owned vessel is brought into the state, have certain tax obligations. You are required by the Department of Revenue to do a 'lease back' of your yacht from a third party entity (AYC). The fee charged for your personal use time, when you have possession of the vessel, will be calculated at the normal charter rate (FMRV). Washington State Sales Tax will be collected along with the Charter Fee. AYC's commission charged for these "Owner Charters" will be 5% rather than the 30% commission regularly assessed on client charters.**

Owners who **have paid Washington State Sales Tax** when the yacht was purchased are not required to do a 'lease back' or pay these fees for a scheduled "Owner Charter". You should call our Reservations Staff to have your owner time entered into our Reservations system for any open dates, but do not expect an invoice.

**AYC assumes no responsibility, written or implied, for any Boat Owner tax obligations.**

## BUSINESS CHARTER – RESTRICTIONS

Federal and State of Washington government regulations place certain restrictions on the use of charter boats by their owners if the sales tax or use tax on the purchase value of the boat has not been paid or if certain federal tax deductions have been taken.

## MISCELLANEOUS

The following miscellaneous items are important to the success of your charter vessel, and bear mentioning again.

1. **Personal Gear:** Please remove all personal gear from your yacht before the first charter. The charterers will plan to use the storage space. It also makes it difficult for us to do a thorough inventory.

2. **Smoking Policy/Pet Policy:** We maintain a **NO SMOKING NO PET** policy on all yachts. Pets may be allowed at Owner discretion, and we can advertise as such.

3. **Operations Manual:** Each vessel is required to have an Operations Manual. A sample format will be provided for you. It will be uploaded to the web, and a copy will be placed on board for charter use and another will be held in our files. The owner should also retain a copy. AYC can provide this service for a nominal fee, or the owner can prepare his own manual. (See "Owner Fee Schedule").

4. **Pictures:** For advertising purposes, please provide good quality photos, such as a 5x7 photo of the exterior of your yacht underway, and several interior photos. AYC can provide this service or recommend an outside photographer. (See "Owners Fee Schedule").



## GROUP INSURANCE PROGRAM (Updated 12-30-22)

All vessels in Anacortes Yacht Charters fleet are required to be insured under a **group plan** administered by **USI Insurance Services (the Broker)**. The insurer is subscribed between International Marine Underwriters and Endurance Risk Solutions Assurance Co.

A Master Policy is issued to Anacortes Yacht Charters. A Certificate of Insurance, with basic insuring conditions, is sent to the Yacht Owner. The Master Policy has two significant advantages. First, the insurance company will name the Yacht Owners, AYC and the Charterers as 'Additional Insureds' on the same policy. This eliminates the need for three separate policies and also eliminates the potential problems associated with subrogation.

### Owner Insurance Costs for Coverage –

The Owner's Hull and Machinery, Loss of Hire, and Owner's P&I premiums are paid annually, directly to the Broker, by the Yacht Owner.

- 1. Annual Owner's Hull and Machinery Insurance/Loss of Hire** – When the Owner is aboard, the policies provide coverage similar to those offered by typical yacht policies. However, coverage under the Fleet Policy is usually much broader and includes protection for the Yacht Owner against **Loss of Hire** should the boat be out of service, for a covered loss, caused by a Charterer. With a ten day deductible the Owner will be compensated for lost income (loss of hire) paid at 70% of the weekly charter rate on the invoice in effect at the time of loss, to a maximum of \$10,000. This coverage only applies to confirmed charters at the time of the incident.

<b>POWER - Declared Value of Hull &amp; Machinery</b>	<b>Base Rate</b>
\$ 0 - \$250,000	1.68% + \$75 Administration Fee
\$250,001 – \$500,000	1.57% + \$75 Administration Fee
\$500,001 – and above	1.37% + \$75 Administration Fee
<b>SAIL - Declared Value of Hull &amp; Machinery</b>	
	1.47% + \$75 Administration Fee

- 2. Owner's P&I Insurance** - The rate for \$1,000,000.00 coverage is \$1100 per year for all yachts in the fleet. The rate for \$2,000,000.00 is \$1800 per year. P&I is Subject to a \$5,000 deductible.
- 3. 'Per Charter' Exposure - Hull and Machinery Insurance** - When the yacht is chartered an additional exposure premium is charged. For each increment of charter activity, a Charter Hull Insurance Expense will be withheld based on the Gross Boat Owner Income for that charter, calculated on the Contract Charter Rate. **The Charter Hull Insurance percentage is 11.5% percent for all yachts in the fleet.** AYC forwards the Charter Hull Insurance premiums to the insurance carrier on a monthly basis.

**Deductible:** Vessels are subject to a deductible which is 2% of the insured value with a \$3000.00 minimum. While under charter, additional deductible may apply if the claim is against the Yacht's mechanical equipment.

#### Depreciation Clause:

**Inboard machinery and Inboard-Outboard engines:** We will not depreciate Inboard Machinery and Inboard-Board engines for the first Twelve years from the year of manufacture. On the thirteenth year of manufacture, we will apply 10% depreciation and every year thereafter we will apply an additional 10% depreciation.

**Outboard motors and Outdrive units:** We will not depreciate outboard motors and outdrive units for the first two years from the year of manufacture. On the third year of manufacture, we will apply 10% depreciation and every year thereafter we will apply an additional 10% depreciation.

**Batteries, vinyl, canvas, sails and protective covers:** The Company will not depreciate batteries, vinyl, canvas, sails and protective covers for the first year from the year of manufacture or the date of original purchase, whichever is later. On the second year of manufacture or the date of original purchase, the Company will apply 10% depreciation and every year thereafter the Company will apply an additional 10% depreciation. In no event will more than 50% depreciation be applied.

**PLEASE NOTE** – The above depreciation clause applies based on engine/machinery age, including rebuild, i.e. If a 2000 engine had a professional rebuild performed in 2015, which can be documented, the age of the engine would be considered as 2015.

#### Tender Coverage:

If declared, it is understood and agreed that tenders for your yacht are covered hereunder. Tenders are not subject to a deductible; however, we will only pay fifty percent (50%) of the actual cash value for loss or damage to your tender if it is in tow behind or alongside a vessel, is being hauled or launched, or is actively being navigated or operated

#### The Hull and Machinery Insurance also includes:

- A. Coverage against loss of the yacht owner's or charterer's personal effects up to a total of \$10,000 with a \$100 deductible.
- B. Medical Payments Coverage up to \$10,000.00 with no deductible.
- C. Emergency Towing and Assistance up to \$1,000.00 with no deductible.

- 4. Vessel Pollution Insurance** - A flat and fully earned premium of \$200 annually is charged for each vessel covering the vessel owner's liabilities for Pollution costs under the Oil Pollution Act of 1990 (OPA) and the Comprehensive Environmental Response, Compensation and Liability Act. (CERCLA).
- 5. Charterer Insurance Cost** - The charterer purchases P&I (Liability) coverage at his expense from our insurance carrier. AYC forwards the premiums to the insurance company on a monthly basis.
- 6. Cancellation and Return Premium:** Vessel Pollution Premium is fully earned. Broker fee is fully earned. If the Hull & Machinery / Protection & Indemnity policy is cancelled by the company the return premium shall be computed on a pro-rata basis for the unearned term. If Owner cancels, return premium will be calculated on a pro-rata basis less 10%. It is further understood and agreed, that any premium resulting from charters executed during the policy term, shall be considered fully earned. It is warranted that the premiums are fully earned if there is a loss during the policy term, unless the boat is sold during the policy term.

**The following is an example of Owner Costs for both the Owner Hull & Liability, as well as the Charter Hull and Machinery coverage.**

**Owner Use**

Below is an example of what Mr. John Doe would pay for his personal policy per year.

Power Boat Value: \$275,000.00		Sailboat Value: \$115,000.00	
1. \$275,000. x 1.57%	= \$4317.50	1. \$115,000. x 1.47%	= \$1,690.50
Administration Fee	= \$ 75.00	Administration Fee	= \$ 75.00
2. Pollution Insurance	= \$ 200.00	2. Pollution Insurance	= \$ 200.00
3. P&I \$1,000,000	= <u>\$1100.00</u>	3. P&I \$1,000,000	= <u>\$1100.00</u>
Annual Cost	= \$5692.50	Annual Cost	= \$3065.50

**Charter Use**

Below is an example of what Mr. John Doe would pay **in addition** to the personal policy, on a per charter basis.

Power Boat Value: \$275,000.00		Sailboat Value: \$115,000.00	
4. Charter Rate	\$5,000.00/week	4. Charter Rate	\$2000.00/week
Charter Hull 11.50%	= \$ 575.00.00/wk.	Charter Hull 11.50%	= \$230.00/wk.
5. Charter P&I – Charterer is responsible for a separate P&I policy.			

**USI Insurance Services**  
601 Union Street, Suite #1000  
Seattle, WA 98103  
(206) 577-5534

Alicia Gilleland, **Client Executive**  
Cell: (206) 214-6791  
alicia.gilleland@usi.com

Dudley Johnson, **Client Consultant**  
dudley.johnson@usi.com

Revised 12-29-22

# ANACORTES YACHT CHARTERS REQUIRED EQUIPMENT \*

## ENGINE EQUIPMENT

- Audible engine alarm system for high water temperature and low oil pressure with oil & temperature gauges
- Engine(s) fitted with throttle blocks to limit engine speed to maximum cruise RPM
- Sea Strainer(s) for engine(s)/generator(s) system that can be visually checked
- Primary engine(s) fuel filters are to be Racor or equal with two sets of replacement elements
- Engine spares - all V-belts, water pump impellers and associated gaskets, zincs, filters, etc.
- Hour meters for engine(s) and generator set(s)
- 1 Gal. spare oil for each engine
- 1 Gal. auto transmission fluid, if used
- Spare 50/50 coolant

## VESSEL EQUIPMENT

- 2 Anchors with anchor rode and chain - 250' minimum of chain and rode for primary anchor. The primary anchor rode must be marked in increments and identified in Operations Manual. Painted markings are preferred and a color/depth code noted
- 4-6 Fenders
- 6 Dock lines minimum, appropriate size and length (braided preferred)
- VHF Radio - each station
- Compass - each station
- Depth Sounder - each station
- Multi-Function Display, including GPS - each station
- Approved marine toilet system(s) with holding tank(s) with indicators fitted with electric waste pump (recommended) or manual gusher pump necessary wye-valves, and deck pump-out fitting
- Stove with oven – electric, propane or non-pressurized alcohol (Pressurized alcohol or kerosene are NOT acceptable)
- Propane system must comply with American Boating & Yachting Council specification  
System is to include a Marinetec-type switch and shut-off solenoid. Propane bottles are to be stored in an approved enclosed vented locker on power and sailboats
- Dinghy with oars - Dinghies to be identified with name and/or numbers. Inflatable for sailboats recommended
- Outboard motor for dinghy – All vessels
- Adequate set of tools in tool box
- Cabin heat
- Swimstep or deck davits for powerboat dinghies
- Electric bilge pump(s) with automatic float switch
- Manual bilge pump(s) with strainer (sailboats)
- 50' shorepower cord minimum OR as appropriate for boat length
- 110 Volt pigtail adapters (15 to 30) (20 to 30) (30 – 50) or as appropriate
- Fuel gauges preferred, sight gauges acceptable
- Permanent labels or tags on all valves, thru-hulls, AC/DC breakers and heads
- Spare head pump for manuals, duckbill valves or pump for electric
- CD player recommended, Bluetooth capable strongly recommended
- If TV is provided, it should be DVD compatible
- Outboard motor mounting bracket on stern or stern rail
- 12-volt accessory outlet(s)
- Spare fresh water pump
- Spare macerator and/or gusher pump
- BBQ - Propane ONLY, rail mount type
- 2-4 Deck chairs (powerboats only)
- 1 Deck table (powerboats only)

\* In addition to Vessel Inventory Checklist required items

## BOOKS, MANUALS, CHARTS, DOCUMENTS & DECALS

- Chapman Piloting & Seamanship Manual
- Comprehensive Inventory, according to AYC Inventory Form
- Operations Manual – Produced specifically for your vessel
- Engine, generator, pumps, stove, head, furnace, electronics & other manufacturer's manuals
- Ships Papers – USCG Documentation for Yacht, State of Washington Registration for tender (if needed )
- Customs Decal – US only, for all vessels 30' and larger
- Waggoner Cruising Guide, current year
- Washington State Parks Decal for vessels 45' or less *recommended*
- Current Atlas & Waggoner's Tables (*sailboats – required, trawlers - recommended*)
- Ports n' Passes Tides & Currents book
- U. S. Waterproof Chart #43 (San Juan Islands)
- CDN Chart #3463 (Strait of Georgia, Southern Portion)
- Evergreen Cruising Atlas, Olympia to Desolation Sound
- Other Charts as appropriate for cruising area to Desolation Sound & Princess Louisa Inlet
- GPS Chips to Desolation Sound & Princess Louisa Inlet

## ELECTRONICS

Yachts equipped with GPS/Chart Plotters must include the necessary "chips" to cover the San Juan Islands, Canadian Gulf Islands and north to Desolation Sound and Princess Louisa Inlet. These areas fall within the usual and normal cruising areas of the Pacific Northwest.

\*\*Unsecured electronics left on board (e.g. iPad or laptop) are solely done at the discretion of the Yacht Owner. AYC is not responsible for loss or damage to same.

## RECOMMENDED

- Playing cards, DVD's, Games, Nautical books
- Bridge and cockpit cushions, closed cell (*recommended*)
- I-Pod Friendly (*highly recommended*)
- USB plug-in
- 12v adapter plug-in in staterooms (*recommended*)

**\*Please LABEL all books and loose equipment with your Yacht's Name.**



## 2023 OWNERS FEE SCHEDULE

(Effective 1/01/23)

P. O. Box 69  
Anacortes, WA 98221  
(800) 233-3004  
FAX (360) 293-6683

### \*Services 1 - 5 are assessed for EACH CHARTER:

1. **Turnaround Service** - Check-Out, Check-In and Cleaning Service (One Turn Fee Per Charter).

Length of Yacht	Sail	Power
Yachts to 34'	\$ 12.50 / ft	\$ 13.50 / ft
Yachts 35' – 44'	\$ 13.50 / ft	\$ 15.00 / ft
Yachts 45' – 54'	\$ 15.50 / ft	\$ 16.00 / ft
Yachts 55'+	N/A	\$ 17.50 / ft

For vessels that are not in Anacortes Marina, an additional surcharge will apply as follows:

Cap Sante	\$ 50.00 / charter
Skyline	\$100.00 / charter

2. **Inventory Replacement Fund Service** - Includes specifically designated items noted on Inventory Form

Yachts 39' and under	\$ 30.00 / wk
Yachts 40' and above	\$ 40.00 / wk

3. **Linen Service – Fee per Pillow** (dedicated berths only) \$ 30.00 / pillow / wk

O – 13 Charter Days = 1 fee  
14 Charter Days or more = 2 fees

4. **Underwater Inspection Service**

Anacortes Marina Boats	\$ 50.00 / dive
Cap Sante Boats	\$ 70.00 / dive
Skyline Boats	\$ 100.00 / dive
Emergency Ordered Dive	Per Diver's Rate

5. **Holding Tank Pump Out Service**

Anacortes & Cap Sante Boats	\$ 25.00 / charter
Skyline Boats	\$ 35.00 / charter

### \*The following services are assessed as needed:

6. **Cleaning – General / Pre-Season / Post-Season / Laundry** \$ 60.00 / hr

7. **AYC Senior Mechanic & Electrician Rate** \$ 125.00 / hr

8. **Service Labor Rate** \$ 115.00 / hr

9. **Service Assistant Labor Rate** \$ 75.00 / hr

10. **Pre/Post Season Evaluation** \$ 105.00 / hr

11. **Parts – Cost plus 20%**

12. **Outside contract repairs, services, and materials arranged thru AYC**

**U.S. Repairs:** Cost plus 15%.

**Canadian Repairs:** Same as above with CDN cost exchanged at going rate to U.S. funds

13. **Chase Boat** \$200.00 / hr

(Rate Includes Operator & Fuel – Mechanic billed separately if needed)

14. **Winter Watch** \$ 3.50 / ft / month

15. **Marketing Fee**

**Initial Set-Up** \$500.00 / first year only

**Annual Marketing Fee\*** \$300.00 / year

\*Annual Marketing Fee will be waived Year One for vessels who entered the fleet in the 4<sup>th</sup> quarter of the prior year; initial set-up fee charged at signing Owner Contract

16. **Moorage Pool - Annual Term: \*If paid monthly** - Marina annual rates + \$50 monthly moorage pool assessment + electrical. Payable one month in advance + one month's deposit. **\*If paid annually**, no \$50 monthly moorage pool assessment.

17. **Moorage Pool - Seasonal Term: Limited availability.** Seasonal Moorage is 1.5X current rate, due in full at signing.

18. **Photographic Services/Nameplate & Sign Services**– Outside services available on request, please call Service Manager.

2023 YOP 1-5-23 cc Prices subject to change to meet local vendor & market conditions