

HOW THE PROGRAM WORKS (GUARANTEED INCOME)

1.) YOU BUY THE YACHT

You pay cash or finance. Finance programs vary with the nationality of the buyer and/or country of residence. If you want to finance we may be able to help. The price includes a fully equipped yacht, all cruising gear, commissioned and delivered to the charter port.

2.) WE PAY YOU A LEASE PAYMENT EACH MONTH

We pay you a payment each month guaranteed to be the same amount for the duration of the program. First payment is paid the last business day of the month following the month the full purchase amount is received. The last payment is made the last business day of the month the contract ends.

3.) WE PAY ALL OPERATING EXPENSES

We pay for all parts, maintenance, insurance for the yacht, haul outs, bottom paint, dockage or moorage. You are billed for nothing associated with our operation of the yacht.

4.) IN ADDITION TO THE COST OF THE YACHT YOU PAY FOR

The cost of registering and flagging the yacht plus any annual fees associated with this. When you use your yacht or a like yacht you pay a turn around fee. This is a flat fee regardless of the number of days of use and this fee is for preparing the yacht for your use and cleaning it upon its return. This also covers the use of a dinghy and outboard. (NOTE: *We do not sell a dinghy and outboard as part of the cruising gear. It is impossible to keep a dinghy matched to a yacht and the life expectancy in charter is a couple of years.*) This fee also covers a compliment of fuel, ice, fresh linens and topped off water tanks. Refills are your expense. Some areas have local cruising licenses or national park fees and these will be collected at the time of use. You may opt out of the Collision Damage Waiver (CDW) or you may choose other insurance options to cover the cost of damage occurring while you or a guest are operating the yacht. Your food and beverage is also your cost.

5.) YOU GET TO USE THE YACHT UP TO 12 WEEKS PER YEAR

You receive up to 12 weeks of access to your yacht or a like yacht each year. This is accessed as follows. You receive annually 42 points to be redeemed for advanced booking. This use can be booked as far in advance as the End of Contract (EOC) date. High season days (per the grid attached) can be booked for two points per day and one point per day for low season use. You also receive 42 points annually for short notice use. Short notice is use booked inside 16 days at most destinations and 3 to 7 days at some select bases in the Mediterranean.

This Use is not cumulative from year to year and is prorated at the rate of 3.5 days per month. Use begins the month following closing. If you close in July, for example, points accrue from August and at 3.5 per month you will have a compliment of 17.5 points (*rounded to 18 points*) for the balance of the year. This is 18 points for advanced use and 18 points for short notice use.

Owner(s) must be aboard the yacht at the time of use. Only owners can use points. An owner is considered to be the person buying the yacht, as well as their spouse and legal children, birth or adopted. If there is a partnership each partner has the same privileges extended to spouse and children.

Some yachts are owned in LLC's or other partnership structure with multiple partners and the use benefits are shared by the partners. We require a notarized operating agreement naming the partners of the registered entity to allow the use by multiple owners.

The current program allows owners to sell, donate or give away up to 14 points per year in low season. This in effect is two weeks. This is considered guest use. Guest use is organized by the owner and the owner is responsible for the fees per the term on the use agreement. If you sell the time it is up to you to collect the funds and pay the owner use fees and insurance obligation. In years past we allowed owners to sell all of their use privileges. As is sometimes the case the spirit of the agreement was abused. Some owners started "cottage businesses" pooling use and selling it at deep discounts. We were compelled to tighten the use restrictions.

We do not take back points and make additional compensation to owners. We often get this question and the reason is simple. If we could conceivably book the yacht 52 weeks a year we could place a specific value on the days (pts) or weeks we take back. We target 20-25 weeks of use per year per yacht. We always have excess capacity and we allow owners access as a use benefit. We do not buy back any of the time.

As a recap you can have up to 12 weeks per year (annualized) if all use is in low season and you can sell up to two of these. If you plan to use your full allotment of time in high season, you could have five weeks per year with a maximum of two weeks of advanced booking use and three weeks of short notice use each year.

6.) MAINTENANCE AND END OF CONTRACT

We have a very methodical and manualized maintenance program. Unofficially we call it the A, B, C, and D maintenance. The A maintenance is the maintenance scheduled at the end of charter as a result of a debrief squawk list. These items are attended to prior to the start of the next charter. The B maintenance is the periodic oil, transmission and other fluid changes required for preventive maintenance and these are computer tracked for preciseness. The C maintenance is the major maintenance that is scheduled annually where the boat could be hauled and bottom painted as necessary, engine and transmission manufacturers' recommended "major" maintenance is performed as well as cosmetic work to hull and bright work. The D maintenance is the EOC maintenance. Owner Care will schedule this per the management contract. As the contract approaches the end Owner Care will contact you and may offer an extension or a placement into our sister company Footloose Sailing Charters. If your plan is to keep the yacht and take handover, the handover date will be determined based on specific owner's needs and timing. This is normally 4-6 weeks from the EOC date, but could be sooner or later depending on the agreement between Owner Care and you. Of course many owners decide to continue in the program and we readily offer trade in programs to allow continuation of the experience. If you just plan to sell, the same company owned brokerage operation that sells yacht which we take in trade is ideally suited to selling your yacht for you.