

## Explanation of the Demise Contract

If you select a beautiful private pleasure yacht for your charter that does not conform to the Coast Guard regulations for certification as a commercial passenger carrying vessel the Bareboat Demise Contract will be used to charter this non-certified, non-commercial vessel. This in no way indicates any deficiencies in the safety, condition, required equipment or competent operation of the vessel it is just not a commercial passenger vessel.

As a charterer, you should be aware of the following points:

1. You become the Owner of the yacht for the period of the charter and will assume full control and liability during the term of the charter. In fact, the Owner relinquishes the vessel and you incur all incumbent Owner responsibilities.
2. You may, if not a qualified captain, select a captain from the list supplier. We suggest, however, that serious consideration be given to the vessel's maintenance captain, as he is most familiar with the vessel's systems and operation. The contract arranging for the services of a captain (Yacht Services Agreement) is signed separately. Please feel free to choose a captain from the list that will be supplied, however, keep in mind a captain of your own choice, must be approved by the owner as per the Bareboat Contract.
3. You have complete control over the Captain and the Crew, except as to the safe navigation and safety of the vessel.
4. You have the right to survey the vessel, at your expense, or you may waive that right.
5. You should be aware that the Coast Guard, Customs, State Agencies or Marine Patrols have the right to stop, board, and interview all on board, at any time.
6. Upon boarding, the Captain will explain the location of safety equipment and instructions in the event of an emergency.
7. You may have only guests or family members in your group. The charter may not be for a commercial or business purpose. You must insure that those guests invited have not contributed to the cost of the charter, nor will you derive any financial benefit from the invitation to your guests.
8. The Owner carries his own hull and liability (P&I) insurance. You are not covered by any existing insurance and may purchase your own liability insurance. It is strongly recommended that you purchase a Charterer's Liability Policy. Information on a Charterers' Liability Policy is available.

It is our responsibility to ensure that our clients are fully informed of the circumstances, and that they understand the Contract and Employment Services Agreement, which are presented for signature. In addition to cooperating with the Coast Guard, we are making out best effort to completely inform you of your liabilities and protect you from unwanted responsibilities.

Many yacht charters are successfully conducted under the Demise Contract. Do not be fearful but be informed..