



Northwest Yachts Purchase/Leaseback Partner Program

The Northwest Yachts *Purchase/Leaseback Partner Program* is a unique opportunity being offered to boat buyers interested in putting their new boat to work on a part-time basis.

If you purchase a new **Northwest, Nimbus, or Paragon Yacht** and participate in our *Partner Program*, you will receive special discounted pricing, charter revenue and a commission on future sales.

Here's how the program works:

- Order a new Northwest, Nimbus or Paragon at special discounted pricing
- Lease your boat back to Charters Northwest (division of Northwest Yachts) for (limited) bareboat charters to prospective new boat buyers who wish to experience the boat before purchase. (partner avoids having to pay sales tax on purchase price)
- Moor your boat at docks visible and convenient to Northwest Yachts
- Allow appropriate signage to be placed on the boat when it is not in use by you
- Let Northwest Yachts show your boat to prospective purchasers
- Permit Northwest Yachts to conduct short sea trials for serious qualified potential customers
- Allow the use of your boat at selected regional boat shows

In exchange, Northwest Yachts will pay you 60% of net charter revenues received and a commission of 2% of the base purchase price of any boat of the same make (Northwest, Nimbus, or Paragon Yacht) sold for the first three years or 5 boats, whichever comes first, following the delivery of your boat.

Anticipated Questions

1. ***Why are you offering this program?*** – The business climate has changed radically in recent years. It is no longer easy for boat builders to have inventory at the dock to sell or use as demonstrator boats. Floor plans (bank financing of inventory) have all but ceased to exist. This program is designed to reward an owner who is willing to partner up with us and allow us to have product available for display, demonstration and boat shows.
2. ***Are their tax benefits to this program?*** – Boat owners who purchase a boat and place it in a managed bareboat charter program defer the payment of sales or use tax at time of purchase. Expenses and capital purchases for the charter boat may be tax deductible under Section 179 of the US tax code. Consult your accountant for more information.
3. ***Does Charters Northwest have any experience in the bareboat charter business?*** – Yes, Charters Northwest is a bareboat charter company founded in 1992. It was in 2006 that we ceased doing charters to concentrate on boat sales.
4. ***Am I restricted in the use of my boat?*** – Under Washington State law, boat owners of boats in a charter program may not “use” their boats. Charters Northwest will charter the boat to the owners for fair charter value and collect sales tax on the charter fees. 100% of charter revenue

(less tax) is remitted to owner. Owners may charter their boats as often as they like provided they do not take extended cruises of longer than 3 weeks at any one time and extended cruises not to exceed 2 in any calendar year.

5. ***Will my boat get worn or abused while in charter?*** – It is anticipated that there will be a limited number of charters per year. Charter will be offered primarily to parties interested in purchasing a new boat. If charterer cannot demonstrate proficiency in handling the boat, then a licensed USCG skipper will be required.
6. ***Who has responsibility for moorage, insurance, maintenance, and cleanliness of the boat?*** – You, as the boat owner are responsible for the cost of moorage, insurance, normal maintenance, and periodic cleaning of your boat. Northwest Yachts will be responsible for any special maintenance or cleaning needed as a result of the boat being used for charter, demonstration or boat shows.
7. ***Who pays for the fuel when my boat is used for charter, demonstration or boat shows?*** – A per hour of running fee will be established (based on engine and boat size) to be paid to Owner by Dealer when your boat is used for charter, demonstration or boat shows.
8. ***What happens at the end of the agreement term?*** – Northwest Yachts and boat owner may elect to extend the agreement term if the boat is still of current model, design, and is in “like new” condition. In the event the boat is not a current model or the condition of the boat is less than required to remain in the program, you will be given first right of refusal to continue in the program by selling your present boat and purchasing a new one.