

ENGINE ESCROW AGREEMENT

This agreement is designed to limit the payout of escrow money to problems internal to *the engine and transmission only*. This means the escrow money will only apply to internal problems that will prevent the engine and transmission from working properly. It does not include routine servicing of fuel and water pumps, filters and tanks, belts and other items that are considered normal, routine maintenance.

The parties agree that in order for this escrow to apply the BUYER must instruct Crowley's Yacht Yard to perform an in water engine check out when completing his/her Spring Commissioning Service order. The cost of this check out is at the BUYER'S expense. The BUYER agrees to request that Crowley's provide a copy of written test results to the BROKER within 2 hours of completion of the testing, if any results are under the heading of "SELLER is Responsible for..."

In no case is the SELLER expected to pay for any post-departure service work. This is because the SELLER cannot be responsible for how an engine is used, or what may occur with the engine, after it leaves the yard.

The SELLER is responsible for the following items that fall beyond routine maintenance.

- 1. Cracked engine block or cylinder head.** A worse-case example, a cracked block or head will not allow sufficient compression for the engine to run, necessitating *major* repairs.
- 2. Internal transmission problems.**
- 3. The ignition switch needs replacement.**
- 4. Broken pumps.** Cooling water and fuel pumps.
- 5. Bent propeller shaft** is the Seller's responsibility; for its removal and providing and installing an adequate replacement; including haul-out, blocking, and re-launch charges.
- 6. Hull leaks** requiring haul out are the Seller's responsibility including haul-out, blocking, and re-launch charges.

Agreed to by the parties:

BUYER _____ DATE _____

SELLER _____ DATE _____

Used boat engines can be expected to have some problems. The BUYER needs to go into the purchase with eyes open, ready for some of these “surprises” of cost and inconvenience. This list is intended to be suggestive rather than inclusive. The parties agree to define “normal, routine maintenance” as follows.

The BUYER is responsible for:

1. Tune Ups: Gas engines routinely need tune-ups every couple of years and some engines won't start and run smoothly without one. A tune-up generally includes new points, spark plugs and rotor, much like a car. Buyers of boats with gasoline engines would be wise to have the engine tuned up prior to leaving the docks.

2. Stuffing boxes and cutlass bearings: Both items require scheduled inspections, maintenance and the occasional replacement. Neither is a particularly small job (more often than not, the rudder needs to be removed to get the prop shaft out) and for this reason often goes to the bottom of the “to do” list. Keep in mind that the stuffing box seals a large hole in the bottom of the boat, so don't let it go too long!

3. Belts and hoses: Accessory belts and hoses wear out over time and should be checked annually and replaced as needed.

4. Old, stinky fuel: Both gasoline and diesel fuels spoil over time and it's reasonable to expect that the boat you're buying may have a tank-full of bad fuel, especially if it's been sitting for over a year. Have the boat yard check it out prior to, or upon, launching and replace if it looks or smells bad (you'll know!).

5. Minor alignment problems: Alignment problems are usually the result of motor mounts that vibrate loose. If left unattended, this will often lead to significant problems, e.g., excessive stuffing box wear, cutlass bearing wear, propeller shaft damage and transmission damage.

6. Batteries: Simply put, marine batteries have a finite life span and lead a hard life. When buying any used boat unless the batteries are a year or two old, figure on a couple hundred dollars for new ones.

7. Consumables: Starter motors, alternators, distributors, carburetors and shafts that need realignment.

The \$_____ drive train escrow is held by Sailboat Sales Co., as the Selling broker, in our dedicated escrow account until the approximate launch date of _____.

The escrow is designed to protect the BUYER from “big ticket” surprises. It is also to protect the SELLER from getting nicked and dined to death. The vast majority of the time, boats leave the dock without requiring escrow-covered work, but there will always be those times when the escrow comes into play.

Agreed to by the parties:

BUYER _____ DATE _____

SELLER _____ DATE _____