
Boat Ownership

*Forming a shared-boat partnership—or fractional ownership—can greatly expand your cruising horizons.*

BY BRIANNA RANDALL

# *A* PIECE *of the* PIE

My husband and I are proud owners of one-third of a 2006 Jaguar catamaran. How does that fraction add up to happy cruising, you might ask? Perfectly, for our family of four.

Our journey toward fractional ownership started in 2018 during a two-week trip to the Exumas on a 22-foot open-cockpit Sea Pearl (see *CW* June 2021 "Sailing a Sea Pearl in the Exumas"). Seduced by those otherworldly seas, Rob and I began brainstorming while we were on the trip how we could spend a chunk of time in the Bahamas each winter. But after the eighth night camping amid swarms of sand flies and mosquitoes, I vowed we would never again sleep on the sand in the tropics.

The next year, we chartered a much bigger boat with berths: a Bali 4.1. Although we'd sailed thousands of miles aboard monohulls in a dozen countries, we'd never tried a catamaran. It was love at first sail—we were instantly sold on the extra space and smoother ride. And, once again, the Bahamas stole our hearts.

Back at home, we made lists. First, we figured out how to restructure our lives so we could spend two months away from our home in Montana each winter. This meant getting

**Montana resident Brianna Randall and her family cherish their winter months in the sunny Bahamas each year aboard their shared catamaran, *Mikat*.**

ROB ROBERTS

**Though there are always pros and cons, Randall found shared equity to be the perfect way to jump into boat ownership.**

permission to take our kids out of school, negotiating with our bosses to work remotely, and renting our home for extra income. Next, we looked into options for acquiring a catamaran. Since we live 3,000 miles from our desired cruising grounds and have limited financial resources, we quickly crossed "buy a used catamaran" off the list. Not only was the price tag too high, but it isn't wise to let a boat sit unused and untended for 10 months a year.

Many sailors like us buy a boat and put it into a charter fleet. We had lengthy conversations with a few charter companies, and I was nearly ready to sign, but Rob was leery of taking out a second mortgage for the down payment ($120,000 at the time) and being saddled with a $3,200 monthly payment if we couldn't sell the boat at the end of our contract. The other kicker was that most charter agreements don't allow owners two consecutive months aboard—especially agreements that provide guaranteed income to cover costs.

I also investigated whether we could afford a long-term rental each winter, but options were extremely limited and upwards of $30,000 for eight weeks aboard a catamaran.

Finally, I searched online for "catamaran share." I found just one notice, posted by a gentleman from Indiana. Six months and dozens of phone conversations later, Rob and I headed to Pensacola, Florida, to see *Mikat*, the Jaguar 36 our soon-to-be partner was restoring. The owner had experience in fractional ownership, sharing airplanes as well as a Gemini catamaran in the past, so he was familiar with the administrative ins and outs.

Two months later, we signed a contract forming a limited liability company and purchased one-third equity in *Mikat*.

## FORMALIZING THE PARTNERSHIP

While we've shared small boats with friends in Montana, the idea of sharing a large, expensive vessel with strangers felt overwhelming. Structurally, there are two basic options for fractional ownership: Find an existing partnership looking for new shareholders, or buy a boat and form a new partnership. (Some brokerages, such as SailTime and West Coast Monohulls, manage partnerships. These can be great options for weekend cruising near your home, especially if you prefer paying for a third party to deal with maintenance and administration chores.)

Whether you're entering into an existing partnership or launching a new one, the first step is to vet your partners. The people are as important as the boat. After deciding how many co-owners you'd prefer, you need the personalities to mesh. We wanted two to three partners who were handy, responsive, open to adventure, and not closeted ax murderers. What ultimately sealed the deal in choosing partners for *Mikat* was that our desired usage time matched up: One partner gets October and November, we sail in December and January, and our third partner takes February and March. Between April and October, any partner can set off for a cruise with notice to the other members.

Second, think long and hard about what you require in a boat: Do you need two heads? A full keel? Will having single-sideband radio or radar make or break your decision? Also consider when and where you want to sail. Are you open to a partner taking the vessel to Belize one year, or would you prefer that the boat stays on the Intracoastal Waterway? Being clear about your goals makes it much easier to find the right fit.

Once you find a boat and partners, the next step is to formalize the arrangement. For *Mikat*, we set up a member-managed limited liability company, which is a common way to protect everyone's liability and equity when sharing assets. You must file the LLC in a state where one or more members reside, and create an LLC operating agreement that outlines how your partnership will work. Free templates for



BRIANNA RANDALL

**A limited liability partnership based on similar models of airplane ownership make long days exploring Florida and the Bahamas possible for Randall's family.**

boat-sharing agreements can be found online. (See sidebar for details to include in a boat-sharing agreement.)

Next, it's a good idea to open a business bank account for all income and expenses related to the boat. To do this, you'll need to get an employer identification number for your LLC—a simple and free process on the IRS website, and one that many banks will do for you. Each partner can then use a debit card from the shared account for purchases, and to deposit dues directly into the boat's business account.

## SHARED-BOAT MAINTENANCE

For a partnership to work well, everyone needs to cede a bit of control. Sharing isn't always easy, and with multiple owners, the boat doesn't always look the same each time you step aboard. Lines might be stowed differently, boat cushions might be missing, or the galley rearranged. You might have to video chat with your business partner to figure out where he hid the spare oil filters.

In our experience, one of the trickiest parts of sharing a boat can be agreeing on how to go about repairs. In December 2021, Rob and I were sailing several miles south of Key West, Florida, well-provisioned and excited to spend a month away from civilization. And then—*ka-thunk, ka-thunk, THUNK*—the port engine died. With the starboard engine already acting up, we had to get towed to a boatyard.

After diagnostics and many discussions, the partners agreed it was better to keep *Mikat* on the hard to rebuild both engines. Rob and one of our partners did the repair work, saving the partnership $20,000 but sacrificing sweat and cruising time.

This past winter's repair conundrum involved a broken generator. We once again opted to fix it ourselves rather than buying a new unit. But since Rob and I didn't want to spend weeks waiting in Florida for the part to come in, we decided to cross the Gulf Stream without a way to power the watermaker, microwave and other amenities. One of our partners was less willing to go without showers and had the part delivered to his home. He installed it when he arrived in the Bahamas.

In the past, we've also had to navigate who should pay to repair a rudder that one partner bent on a reef, and finding and vetting a new partner when one sold his share. All of these issues required clear communication and a willingness to compromise.

Another consideration for co-owning is to keep organized to-do lists because partnerships can sometimes suffer from a tragedy of the commons. Tasks slip through the cracks because everyone thinks someone else is taking care of them. For instance, we nearly left the United States this year with an expired US Coast Guard registration after no one remembered to renew it. Writing down any new rattles and hums while aboard also helps everyone stay up to speed on what systems need monitoring or maintenance.

At the same time, it's a benefit that all of the repair costs are split into thirds. All told, Rob and I spend about $5,000 per year to cover our portion of expenses, which means two months of cruising *Mikat* in the Bahamas costs less than chartering a catamaran for one week (assuming we get most of our equity back when we sell our share). Another boon is that everyone brings a different skill set to a partnership. In our case, one partner is a race car mechanic with considerable mechanical know-how. My husband can repair almost anything with duct tape and bubble gum. Our third partner is detail-oriented and keeps track of what needs attention.

Fractional boat ownership isn't for everyone. It requires more trust, risk tolerance and flexibility than traditional ownership. Sharing a sailboat means navigating tricky financial discussions with your partners, compromising on certain upgrades or repairs, and not necessarily climbing aboard on a whim.

For us, though, the pros outweigh the cons. We love the cost savings, sharing the maintenance burden, and the ability to upkeep a boat from afar.

*Brianna Randall is a writer based in Montana. Randall and her family spend the winter exploring the Bahamas aboard their shared catamaran,* Mikat.

### KEYS TO THE CONTRACT

**Start with rules or guidelines that all partners must follow. Will the boat be loaned or rented to anyone other than members? Will water, diesel and propane tanks be filled upon transfer to the next owner? Where will the boat be berthed, stored or sailed?**

**Next, detail how to pay for expenses. For instance, members in our LLC contribute dues every six months, and additional funds can be assessed if necessary. Partners must agree on any expenses over $250.**

**Include a schedule of boat use or a system for sharing time. Either name specific dates or lay out a clear process for how to divvy up time, such as using an online calendar.**

**Assign roles for members. With *Mikat*, we have a manager who is responsible for overseeing maintenance and documentation, a secretary who maintains communications and records notes from meetings, and a treasurer who monitors the bank account and maintains a log of expenses.**

**Determine how to resolve conflicts. This might include describing how a partner can sell his or her share, what happens when one partner damages the vessel, or a recourse if a member defaults on dues. —*BR***