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Live the Dream

Now you can enjoy your fantasy yacht for just a portion of the cost with a fractional ownership or leasing program. By RANDY SCOTT

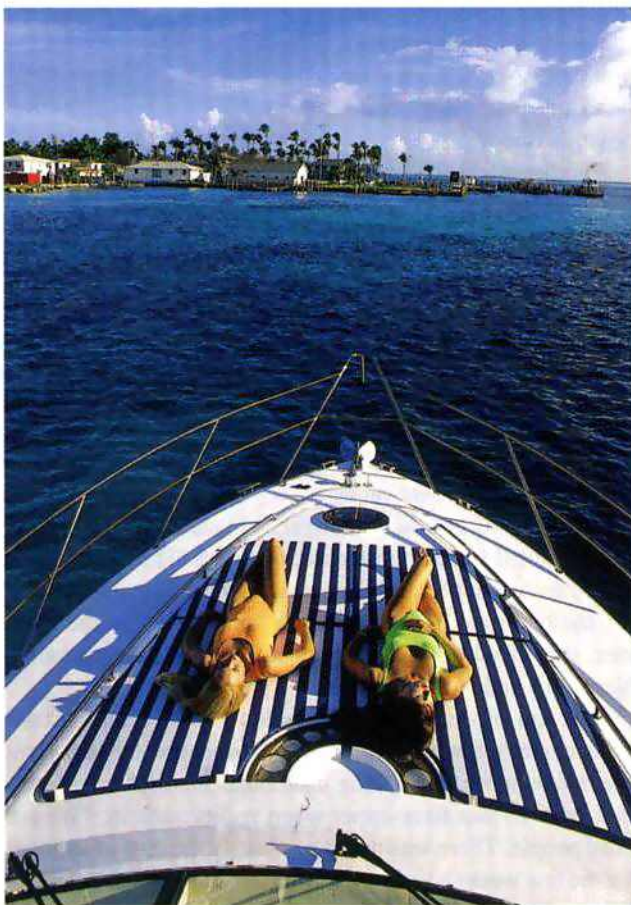
Here's an old saying among boat owners that goes like this: The two happiest days of my life were the day I bought my boat and the day I sold it. Although usually said in jest, there's a grain of truth in this adage for some, namely those who are frustrated and disappointed to learn that their circumstances don't permit them to use the boat as often as they would like. Yet they're still responsible for the monthly boat payments, and the cost of insurance, storage and maintenance. For these owners, the cost-to-use ratio seems out of balance. If you find yourself in this group, there are alternatives: namely, fractional ownership and leasing programs.

Although programs vary, the basic tenets of fractional ownership are the same. Buyers purchase shares in a boat and pay maintenance fees, which entitles them to a certain amount of usage during the year. They are still boat owners, but at a fraction of the cost. Some companies will even allow boat owners to enroll their existing vessel in the program, provided it is in good condition. They still own interest in the boat and can use it as much as they had been, but they can allocate the costs to a group.

Fractional ownership is equally attractive to those who have longed to own a boat but can't afford the full purchase price, or just don't want to invest that much money. By offsetting the cost among a group of buyers, they can be a part-owner and still experience the yachting lifestyle.

Monocle Yacht Management (954-563-5808) is one of the more established companies in existence. In the four years it has been in business, it has accrued a fleet of approximately 50 boats ranging in size from 48 to 238 feet. The boats are located in ports from coast to coast and internationally, and they all have GPS so Monocle can track their whereabouts. According to company President Loren Simkowitz, the program is similar to time-share condominiums. "I call them 'yachtominiums,'" says Simkowitz. "We will take a boat an owner is willing to sell, divide up its value into fractional units and sell those as shares. We then take the boat's annual operating expenses and also divide it among the members."

Under the program, a 56-foot Sea Ray costs \$80,000 per share, plus \$7,500 for operating expenses, which entitles the owner to four weeks' use per year for as long as he keeps the boat.



SEA CENTS: Buy a share of this 62-footer and cruise the Caribbean.

Monocle differs from many other fractional companies in its emphasis on management. Before launching the fractional ownership side of his business, Simkowitz managed yachts for 15 years. Before that he owned a large real estate management firm. Asset management is the key to his business. Hence, Monocle does not own a portion of any of its fleet of yachts. Its aim is to service its customers that do. "We're not yacht brokers, we're management people. The philosophy is different," says Simkowitz. "Our goal is to remove all the headaches of own-

ership. We take care of all repairs, handle all the financing and supply crews, including the captain, that stay with the boat forever." Since Monocle does not own the boats, it doesn't sell them after a few years like many other companies do.

Darius Sidebotham has been happy with the Monocle program. "It's the sensibility of it that attracts me," says the 31-year-old business developer. "As a sole boat owner, if you don't use the asset as frequently as you'd like, you scratch your head and ask 'Why did I buy this thing?'"

Another established company is YachtSmart (866-869-2248). It was born out of necessity in 2001 by two financial consultants, Jonathan Metcalfe and Phillip Burroughs, who couldn't find a good fractional boat ownership program to buy into. They started their own by negotiating a discount on a new Fairline 62 and then selling it as 11 shares, one of which they retained for demonstration purposes. They have since added an Azimut 85 and Benetti 115 to the fleet. In the winter, the boats are in the Caribbean and Florida; in the summer, they head up the East Coast to ports like Annapolis, New York and Newport.

Rick and Gayle Buckman stumbled onto a YachtSmart advertisement a few years ago. At the time, these Pennsylvania residents were shopping used boats and had nearly settled on a 45-foot fixer-upper when reality sank in. "We are busy people. There was no way to justify the cost of the boat for the few weeks a year we'd be able to enjoy it," says Gayle. Eventually, they were able to purchase a yacht by sharing the cost among a group of other buyers.

Not surprisingly, several other companies are entering the fractional boat ownership business. One newcomer is Managed Opulence (866-383-4916). Currently, its fleet consists of three boats: a 164-foot Benetti; 120-foot Sovereign; and a 145-foot Benetti. The two Benettis are in the Mediterranean, and the Sovereign serves the East Coast from New England to Florida and the Bahamas. According to company President Ron Alber, a fourth boat—a 180-foot, expedition-style yacht for the Pacific Northwest—will be added soon.

Managed Opulence offers the traditional fractional owner-

How To Find a Partner

Looking for compatible partners in a fractional ownership deal but don't know how to find them? Dyer Fractional Registry (www.dyerfractionalregistry.com) might be able to help through its online networking service. It offers two programs. MatchMaker allows you to sign up at no charge, but you pay \$100 when you find a partner. Your contact info is kept confidential, and Dyer acts as intermediary. A second program puts potential partners in direct contact with you. The cost is \$10 for a three-month registration.

The Price of Fractional Ownership



Monocle: Sea Ray 56 Sedan Bridge
\$80,000/share;
\$7,500 monthly operating expenses.
Owner can use four weeks per
year for unlimited years.

YachtSmart: Fairline Squadron 62
\$186,000/share; \$1,750 monthly management fees.
Owner gets four weeks per year; boat sells in five years.
Managed Opulence: Benetti 164
\$598,321/share; owner can use one week per year for six years.
Share price includes private jet transport.

ship program, but with a twist. One program allows the customer to buy one or more individual staterooms for one week per year for six years. Or as a Weekly Interest Customer, you can buy the entire boat for an equivalent period. Various levels of buy-ins are available for both programs (\$17,000 to \$38,000/week for stateroom customers, and \$69,000 to \$100,000/week for weekly customers), but all of them include roundtrip private jet transportation and one night's stay in a luxury hotel the day before departure. Customers also have the freedom to trade into other yachts in the fleet and to sell (or charter out) their time if they can't go.

Yet another newcomer is SailTime Power (877-724-8463). It recently announced that it is launching into the motorboat fractional use market, although the company has been engaged in sailboat programs since 2001 and has expanded to 30 bases in three

years. SailTime Power has struck a deal with Mainship Corporation, which will supply its Pilot 34. SailTime plans to put 10 of these boats into fractional use its first year. It will cater to two customer types: Members who pay a monthly fee to use the boat (like a charter) and owner-members who purchase the boat and lease it to SailTime to manage operations for a minimum of five years.

Shareholder pricing is still being set, but SailTime has announced a couple of special programs for its customers. SailTime Scheduler permits members to arrange their cruising times in real-time for up to a year and also request swap times with other members. E-tendant is an onboard maintenance management system using a wireless PDA terminal to regulate supplies and boat systems. SailTime also has a Novice to Captain program that trains members who want to operate the boat on their own.

As more companies get into the alternative boat ownership market, more customer-friendly programs will become available. But already, the existing programs are proving to be viable alternatives to sole ownership for those who might otherwise opt out of boating altogether due to cost and time restraints. And they are opening the door to new boating enthusiasts who have longed to own but could not afford the boat of their dreams.

For a comprehensive list of fractional yacht ownership programs, log onto www.motorboating.com.