

Significant Yacht Issues Luxury Yacht Market Purchase & Sale Maritime Lien Claims Yacht Insurance

MLA Fall Meeting, October 18, 2018

How Big Will They Get?



Lien Enforcement/Arrest

- Changes in lender policy
- Arrest v. Non-Judicial Action
- Class action suit on collateral sale notice and breach of peace
- Bigger Yachts/Bigger claims
- Fraud Issues



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Why Goldman Sachs Seized a Client's 217-Foot Yacht

Wall Street Journal August 10th 2017

- 2014 Goldman Sachs loans billionaire \$32 Million US to refinance cash purchase of yacht (yacht equity loan).
- Competition pushes Goldman, Morgan Stanley and UBS to promote large loans to wealthy clients
- Do they have the right experience to succeed?

Since 2012:

- Goldman's lending balances quadrupled to \$29 billion
- Morgan Increased 420% to \$74 Billion
- Security includes classic cars, hedge fund stakes, art and wine collections and "rare violins"



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- Knowledge of borrower leads to lender comfort and additional fees
- Oil/Maritime business sold for \$900 million in 2009
- Natita Owner Holdings (2009-2014):
 - Three Gulfstream Jets
 - Eight Residences (Peru, Dominican Rep (2), Texas Cattle Ranch, Palm Beach)
 - Seven Yachts (JFK's "HONEY FITZ" and Ivana Trump's "LA DIVA")
- Money troubles started in 2016-bad investments including a failed liquor distillery.



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- Natita listed for sale 2015 for €59.5 million.
- Goldman foreclosed in 2017 [17-cv 80838 (SDFL 7/13/2017)]
- Sold for approximately \$28 million.



Recreational Marine Finance Report

- US Recreational Boat Loan Update
- Dealer Wholesale Financing (Manufacturer Support)
- Factors Affecting Marine Lending
 - Tax Law Changes
 - Tariffs
 - Economy/Competition/Underwriting
- Delinquency/Charge off
- NMLA Conference schedule

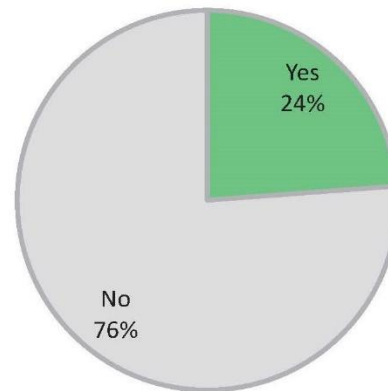


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National Marine Lenders Association Annual Report 2018 (year ending 2017)

Question 17
NMLA Bank Originator Annual Survey

**Figure 11b: Financed Foreign Flagged or Offshore
Registry Boats/Yachts in 2017**



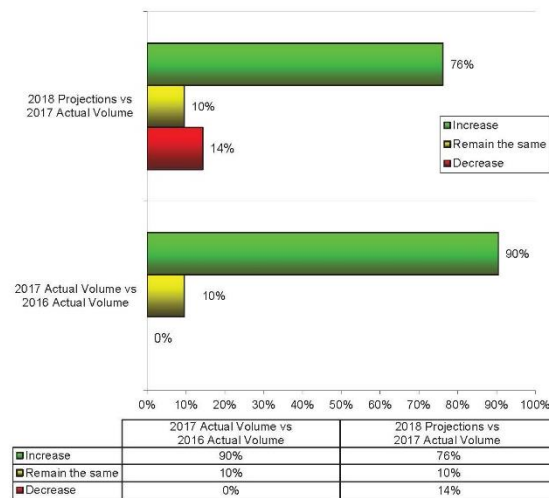
Source
National Marine Lenders Association

1 - 13

National Marine Lenders Association Annual Report 2018 (year ending 2017)

Question 24
NMLA Bank Originator Annual Survey

Figure 17: Loan Volume Activity Compared to Previous Year: January - June



Highlights: Most respondents saw an increase in activity in the first half of 2017 and expect continued increases in 2018.



Source
National Marine Lenders Association

1 - 20

National Marine Lenders Association Annual Report 2018 (year ending 2017)

Questions 34 - 35
NMLA Bank Originator Annual Survey

IV. Performance

Figure 26: Average Delinquency (by Dollars)

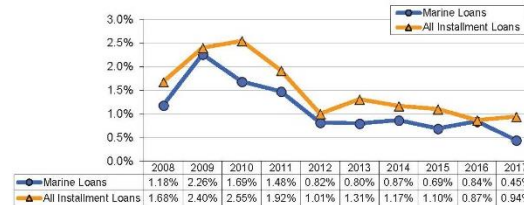
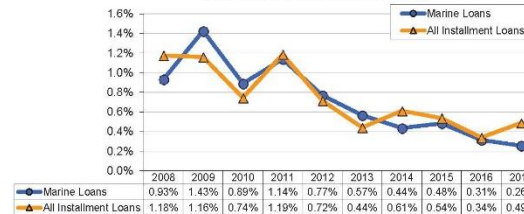


Figure 27: Total Loan Charge-Offs (by Dollars)
(As a Percentage of Loans Outstanding)



Highlights: Delinquencies and charge-offs remained at levels well below the highs of 2009 - 2011.



Source
National Marine Lenders Association

1 - 30

National Marine Lenders Association Annual Report 2018 (year ending 2017)

- **The 2018 NMLA Annual Statistical Report**
Is available now at www.marinelenders.org/annual-report
Next release is scheduled for Summer, 2019
 - 21 Lender Members
 - 24 Origination Company Members
- **2019 NMLA 40th Annual Conference**
Ocean Reef Club, Key Largo, FL
Early Fall, 2019
- **2019 Marine Lending & Recreational Finance Workshop**
Early Spring, 2019 (Venue, exact dates TBD)



Open Discussion/Q&A



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