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JAFFA & CO

Aviation &  
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IYBA Purchase Overview



# IYBA OVERVIEW

Jaffa & Co is an award-winning law firm with a truly global client base. Specialising in superyacht law, we have advised on the construction, acquisition, financing, and dispute resolution of yachts, with an aggregate value of several billion dollars. Our superyacht team has unrivalled expertise. We advise the most discerning clients from all corners of the globe, working closely with an international network of trusted professionals in every major superyacht jurisdiction.

## *Step 1: Make an Offer*

While some yacht purchasers may initiate negotiations with a non-binding Letter of Intent (LOI), most transactions involving an IYBA Purchase and Sale Agreement (PSA) proceed directly with the circulation of the standard form contract as the formal offer. This approach is common because the PSA affords the Buyer the right to reject the Vessel and receive a full refund of the deposit at any time prior to formal acceptance.

The PSA includes an offer expiration date and outlines key transactional terms, such as:

- Vessel identifiers;
- Key performance and delivery dates;
- Clean title warranty; and
- Delivery location.

The Buyer is typically identified in his or her personal capacity with “and/or assigns” to provide flexibility in structuring the Vessel ownership.

## *Step 2: Finalize the Documents*

Ideally, the parties will agree to a bespoke Addendum prior to executing the PSA, setting out specific negotiated terms that supplement or modify the standard form. However, if not finalized beforehand, the Addendum can be incorporated as part of a Conditional Acceptance of Vessel. This is where you typically set out the historic title and technical documents which come with your new yacht.

## *Step 3: Pay the Deposit*

The Buyer must remit the deposit within three business days of the Seller’s execution of the PSA.

The Seller is not obligated to permit any sea trial, survey, or inspection until the deposit has been placed. Significantly, the Buyer retains the right to withdraw from the transaction and receive a full refund of the deposit at any time (and for any reason) prior to providing written Acceptance of the Vessel or the expiry of the Acceptance date.

## *Step 4: Title Search and Flag Considerations*

Jaffa & Co will engage in discussions in order to determine the ideal ownership structure of the Vessel and Vessel flag state. In most cases, this involves the formation of a Special Purpose Vehicle (SPV) or single-asset entity. The type of entity and flag state will be tailored based on several factors, including but not limited to the intended use of the vessel (private or commercial), intended cruising area, and citizenship of the beneficial owner.

## *Step 5: Sea Trial and Survey*

Should the Buyer elect to conduct a sea trial and survey, the Seller is required to make the Vessel available at the earliest practicable time.

- **Seller’s responsibility:** All running expenses and associated risks of the sea trial.

- **Buyer’s responsibility:** All costs related to the survey, including haul-out, dry dock, and any third-party inspections.

## *Step 6: Accept or Reject*

The PSA sets a specific deadline by which the Buyer must accept or reject the Vessel. The Buyer may reject the Vessel for any reason; either through written notice or by taking no affirmative action. In either case, the Deposit is refunded.



Once the Vessel is formally accepted, however, the Buyer must proceed to closing or risk forfeiting the deposit (subject to the yacht being undamaged and the Seller complying with its obligations).

## *Step 7: Transaction Structuring and Legal Compliance*

Jaffa & Co will handle the preparation of any necessary corporate assignments and oversee the drafting and negotiation of all closing documentation. In addition, we will coordinate the provision of technical documentation and ensure that all steps are in place for successful registration and regulatory compliance.

## *Step 8: Closing*

The closing location is a critical consideration for tax and duty exposure and is typically scheduled to occur in international waters, depending on the needs of the transaction.

In a traditional closing, there may be a period where the purchase funds have been released by the Buyer and the Buyer has not yet received the title documents and physical control of the asset. For peace of mind, we can

act as stakeholder and escrow agent, ensuring that funds and title documents are securely pre-positioned.

This avoids any risk associated with a timing gap between funds release and asset transfer and minimizes the potential for banking-related delays on the day of closing.

## *Step 9: Go Yachting...*

...and enjoy!