

General Conditions

are part of agency agreement between:

YA and Charterer
YA and YCO
YCO and Charterer

Concluded by and between: Ms/Mr. _____ as Charterer,

and

LM Yachting d.o.
Put Mrviska 22
23212 Tkon, Croatia
VAT No. 56969502240,

for

chartering yacht (craft): _____,

in period from: _____ to _____

Place:

Departure: Biograd na moru

Return: Biograd na moru

1. Contractual Partners

Contractual partners are LM Yachting d.o.o., the Yacht Charter Operator (hereafter called YCO or organizer) and the Charterer as mentioned in the Contract. The Yacht Charter Operator (organizer) is the Owner of the craft chartered by the Charterer or a person authorized by the latter. The Yacht Agency (hereafter called YA) acts as intermediary in this contract.

2. Acceptance of the Contract and its Conditions

The YA is authorized to set up this Contract as representative of the YCO and duly sign it.

The Charterer confirms that he has read the Contract and that he understood the nautical terminology used therein. Moreover, the Charterer agrees with the General Conditions of the Contract including the special characteristics of chartering a craft and with this type of sportive activity.

3. Charter Fee

The charter fee encompasses the use of the craft and its inventory. Extras and incidental expenses will be calculated separately and will not be taken into consideration in case of possible refunding of charter costs. The following items are not included in the charter fee: Port charges, fuel, gas, water and all expenditures for measures which are required for the proper operation of the craft during the trip. Obvious mistakes in calculating the charterer fee or inadequacies referring to some of the terms in the Contract do not justify exiting from the Contract; rather, corrections may be duly undertaken, based on the current list of fees and the current contractual conditions of the YCO. Irregularities in equipment or gear (non-correspondence with inventory or equipment lists supplied to Charterer) do not authorize the Charterer to make any deductions – provided safety and operation of the craft as such and functioning equipment are guaranteed.

4. Journey to Location of Craft Check-in

The journey to the location is not part of the Contract. If the start of the journey is delayed because the Charterer or a member of the crew arrives late, there shall be no refunding of costs. Charterer and crew are aware of the fact that they are leasing an "instrument" to exercise boating and that the terms agreed on differ from laws and regulations governing the tourist sector.

5. Cancellation policy

Should the YA/charterer for any reason whatsoever cancel the charter, the YA can after making a prior agreement with the YCO, find another person or company to take on its rights and obligations. Should the YA fail to find a third party to replace charterer, the cancellation costs shall be deducted as follows:

- 20% charter price if the YCO manages to find a client for the cancelled week,
- 50% charter price if a reservation has been cancelled more than a month prior to the first charter day,
- 100% charter price if a reservation has been cancelled less than a month prior to the first charter day.

The period of validity of the Contract can only be changed in agreement with the YCO and according to the existing possibilities.

Cancellation by the YA/charterer more than four weeks before the start of the journey: cancellation fee depending on the above conditions. After this deadline the full amount has to be paid. It is highly recommended to the YA/charterer to take up a special insurance in case of cancellation.

If there is a possibility to recharter the craft for full week, 20% of the charter fee will be withheld to cover relevant expenses. If recharter is just partial and not for full week, 20% of the charter fee + pro rata of remaining charter will be withheld. The remaining sum will be refunded to the YA by the YCO.

Defects, incorrect recordings of instruments or other problems with gear or equipment do not entitle the Charterer to either refuse check-in, stop the trip or raise financial claims—provided correct navigation is possible by applying classical navigation methods, such as position fixing by bearing, dead-reckoning navigation etc. and if safety of ship and crew is guaranteed by good seamanship.

6. Check-in and Check-out of Craft

The YCO is obliged to properly instruct the Charterer or the person nominated by him (Skipper) about all technical details concerning gear and equipment, using a check-in or/and inventory-list. Trial trip may also be requested by YCO. By signing the checklist the Charterer/Skipper confirms that he has taken over the craft in good condition, clean, with full tanks (fuel, water) and fully functioning gear and equipment and that he/she has all the required licenses under Croatian law for skippering the yacht. Possible defects, damages or missing parts of gear and/or equipment must be laid down in writing.

The Charterer may refuse check-in if safety standards do not comply with national rules and regulations or if hull, bonding deck to hull, rig, sail or steering gear are damaged to such an extent that safety of both ship and crew can no longer be guaranteed.

The YCO may refuse to hand over the craft if:

- the fee has not been fully paid,
- deposit has not been made or replaced by an insurance,

- necessary documents are missing or insufficient (no license or a license not valid for the chartered craft, etc.)
- during the process of check-in or during a trial trip it turns out that the Skipper does not have the required qualification for this job.

In the latter case or if there are licensing problems, the journey may be started with another Skipper, all expenses paid by the Charterer.

7. Delayed Check-in Procedure

If the YCO cannot supply the craft or an appropriate replacement (meaning a type similar in dimensions, gear and equipment) and the delay exceeds 2/7 of the total charter time or a maximum of three (3) days, the Charterer has the right to withdraw from the Contract. In this case payments already made will be refunded to him. No further claims may be raised.

If it is an established fact before the start of the trip that neither craft nor replacement will be available on the agreed date, the YCO shall be obliged to inform the Charterer as soon as the former knows the facts. In this case both parties may withdraw from the Contract before the assumed start of the trip. Payments made by the Charterer will be refunded as above. No further claims may be raised.

If check-in time is delayed by the YCO for reasons he is responsible for, the Charterer will get a pro rata refund from the YCO,

- provided either the check-in procedure had originally been agreed to take place in the second part of the day including an overnight stay on the craft
- or if a replacement and/or actual check-in has not occurred until noon the next day the latest
- or if the check-in of the craft had originally been agreed to take place during the first part of the day but in reality was delayed for more than 12 hours.

8. Insurance and Deposit

The chartered yacht is insured against third party damage, fire, lightning, explosion, theft or robbery or damage caused by natural disasters, marine and collision risks and against any loss or damage except equipment expressed in this contract.

The financial liability of the client (charterer) for loss or damage caused by him or a crewmember is limited with the agreed deposit. Exceptions are mentioned in this contract.

The insurance premium for the craft chartered is included in the charter price or separately charged as extra costs.

The insurance does not cover accidents of crewmembers, losses or damage to their personal belongings. We recommend taking up a special insurance for this purpose.

If the insurance comes to bear in case of damage, terms state that the damage had not been caused deliberately or by gross negligence or that the charterer /Skipper did not set behaviour, which release the insurer to fulfil its contractual obligation.

It is expressly stipulated that in case of gross negligence or deliberate act the liability of the Charterer is not limited by the deposit. The Charterer may be forced to pay the full sum of the damage.

9. Use of the Craft, Obligations, Damages

The Charterer/Skipper agrees to navigate the craft with special consideration of good seamanship and careful observation of all legal regulations and provisions as applicable in all the countries visited

The Charterer or the Skipper nominated by the Charterer is committed:

- not to accept more than the maximum number of persons permitted on board and to inform the YCO and the relevant authorities about any changes in the crew
- not to allow the craft to be used for transporting passengers nor for commercial fishing nor for any other gainful activity
- not to take part in races without the express agreement of the YCO and not to re-charter the craft
- not to use the craft for towing other crafts or to be towed or rescued by other crafts except in cases of emergency; should such an emergency arise, orders have to come from the YOC (or a person authorized by him). Should this not be possible, the Skipper has to establish contact with the skipper of the other vessel and come to an agreement about costs of towing or other rescue

operations before help is accepted.

- to write a logbook in which the following items have to be recorded in chronological order: course, manoeuvres, logs, proper handling of sails/engine, positions, checks, maintenance and repairs, important events or observations (accidents)
- not to let the engine run if the ship sails in a sloping position and to use the engine only as long as it is necessary; sails should be adapted to the rig and to the existing wind forces
- to leave a protected harbour only if the principles of good seamanship allow this
- to leave unsafe anchorage places or moorings if the weather forecast, the existing weather conditions or the foreseeable development makes it necessary.
- To take care that while the craft is anchored or moored, danger to the craft has to be recognizable at all times, thus allowing measures to be taken to avoid danger.

If there is damage on the craft due to material wear, the Charterer/Skipper has to arrange for a replacement of the parts or repair as instructed by the YCO or his deputy. If neither can be reached, Charterer or Skipper is authorized to organize repair or replacement – provided the amount does not exceed 100 Euros. This sum will be refunded at the end of the journey after submitting the bill except if the damage is due to incorrect operation of the craft, faulty or negligent handling by Charterer/Skipper or the crew. Parts that had to be exchanged are not to be disposed of. If the craft has to stay in port because of repairs, the Charterer is not entitled to raise any claims if the delay does not exceed 2/7 of the entire charter period. Otherwise the Charterer has to be reimbursed on a pro-rata basis. There are no further claims to be raised.

In case of major sea damage or accident, possible delay or loss of manoeuvrability of the craft, the YCO has to be informed at once. The Charterer/Skipper has to undertake everything in his power to reduce the effects as well as to avoid consequential damage (for instance breakdown, etc.). In concerted agreement with the YCO, the Charterer/Skipper has to organize the necessary repair work, to document all the facts, to monitor the repair work and to negotiate price and payment. Moreover, the Charterer/Skipper is obliged to keep a record of the details of the damage and – provided there are claims of third parties – to have all the data confirmed by the relevant authorities. The Charterer/Skipper may be obliged to pay for the entire costs if the aforementioned conditions are not properly adhered to. The Charterer/Skipper is fully liable for all direct and consequential costs such as confiscation of the craft if it is within the scope of responsibility of the Charterer/Skipper or members of the crew.

If there is reason to assume that the craft is damaged in the part under water, the craft has to be navigated to the nearest port where the services of a diver must be engaged, the supply of a crane organized or a slip up arranged. The costs have to be borne by the Charterer.

Theft of the craft or of part of the gear or equipment has to be reported to the nearest police station

Animals may be taken aboard only with the express permission of the YCO.

10. Check-out

The Charterer has to return to the port at the time stipulated in the Contract or to inform the YCO in writing about any change. The agreed schedule also has to take inclemency of the weather or other adverse circumstances into consideration. If the Charterer is unable to return the craft he, he has to inform the YCO and make arrangements to have the craft returned by another person at the Charterer's cost and risk. Until the check-out the Charterer has to leave a qualified person on board. If the Charterer does not comply with this provision, he has to satisfy all financial claims resulting from this negligence and breach of Contract. The financial obligation is not limited with the agreed deposit. The Charter Contract has not been fulfilled entirely until the craft is returned in the condition as stipulated in the Contract.

Any day of delay in returning the craft will enforce compensation payment amounting to the double of the daily Charter fee. Calculation is based on the items contained in the current price list of the YCO. (Discounts granted or other special conditions such as early booking or a bonus for a "regular" Charterer cannot be taken into consideration when calculating the fine due for late return).

The Charterer has to return the craft to the YCO at the date and hour agreed on the latest. Until this point in time the entire crew has to have left the craft including baggage. Time for cleaning and check-out including inspection by the YCO or his deputy is part of the agreed time schedule laid down in the Contract.

At the check-out any part of the equipment or gear lost or damaged has to be recorded in detail and paid for. The amount may be deducted from the deposit. The YCO also has to be informed about groundings and possible defects.

If the craft and equipment are in good condition, clean, complete and with a full tank, the deposit will be returned to the Charterer. The proper condition of the craft at check-out has to be confirmed and signed jointly by Charterer and YCO or their deputies.

The YCO is entitled to have final cleaning arranged at Charterer's expense. Charterer has to hand over the craft clean and tidy (including kitchenware) in a good seamanship manner. If this is not the case, the YCO may collect a special additional amount for the extraordinary cleaning required.

If repairs are necessary, the Charterer has to contact the YCO and agree on an earlier return of the craft so that work can be done in good time for the next charter to start. If the damage is within the YCO's responsibility, fees covering the loss (day(s)) will be reimbursed to the Charterer. Any additional claims by the Charterer (cost of overnight stays, etc.) are excluded (see also item 8). If the Charterer causes the damage, no compensation for lost time during the trip will be disbursed.

If damage or losses are a case for the insurance company, return of the deposit or parts thereof will be delayed until payment from the insurance has arrived. Deposit will be handed back to the Charterer after deducting the retainer and all costs incurred by repairing the damage that are not covered by the insurance. The deposit may also be withheld if the repair costs or other expenditures to be paid from the deposit cannot be calculated exactly at the time of the craft check-out.

Any claims for damages raised by the Charterer against the YCO must be put down in writing immediately after check-out of the craft and contain pertinent explanations. Claims raised later cannot be considered.

11. Restrictions Ordered by the YCO

The YCO reserves the right to limit the range of the craft either based on the vessel's category or if conditions for navigation are unsafe or otherwise unusual. A ban on navigating the craft at night may also be pronounced by the YCO. The responsibility for ignoring such restrictions is exclusively with the Charterer/Skipper.

12. Liability and Place of Jurisdiction

All disputes between Charterer and YCO have to be settled directly between these two. If arbitration or court proceedings are required, the place of jurisdiction is at the location of the YCO Head Office. For any disputes between the Charterer and the YA, Croatian Law shall apply. If it is a case for the Courts, the place of jurisdiction will be the location of YCO Head Offices.

13. Liability of the YA

The YA act as the intermediary between Charterer and YCO. His liability does not exceed his specified tasks or responsibilities as laid down. If parts of the Contract are null and void or invalid, the other parts retain their validity. The signers reserve the right to correct mistakes, misprints or errors in calculating.

Any agreements not contained in the Contract, oral promises or changes have to be confirmed in writing.

By signing the document or/and Check-in and embarking the yacht, the Charterer affirms that he has read the General Terms and Conditions and agrees to the content.

Place & Date _____

Charterer

Yacht Agency

LM Yachting d.o.o.