

**DRY STACK & LAND STORAGE**  
**BOAT SPACE LICENSE AGREEMENT-TERMS AND CONDITIONS**  
**\*\*PLEASE, READ CAREFULLY BEFORE YOU SIGN\*\*!!!!**

1. Varadero @ Palmas, Inc. facilities means the Varadero @ Palmas, Inc. docks, dry stack, boatyard, parking, structures, etc., located at Palmas del Mar Humacao, Puerto Rico.
2. Upon execution of this Agreement for an annual term (or seasonal term for Land Storage), owner will pay Varadero @ Palmas, Inc. as security for the faithful performance of the terms of this Agreement, a sum of money equal to one month's charge which shall be returned to the boat owner without interest at the end of this Agreement only upon owner's compliance with the covenants and conditions contained in this Agreement unless either party gives written notice to the other at least **thirty (30) days** prior to the expiration of the term of this Agreement, this Agreement shall be extended for an additional term of one (1) year at the rates posted at that time. It is mutually agreed that there will be no refund of the unused portion of any monthly charge when this Agreement is terminated by the owner.
3. A contract of **three (3) months minimum** is required for Dry Stack and/or Land Storage. If the client decides terminate this contract before the stipulated minimum terms they will have to pay for the minimum term specified in the contract.
4. Dockage/Storage charges are due monthly in advance. All checks must be drawn on U.S. or P.R. banks. Returned checks will carry a service charge of **twenty five (\$25.00) dollars**. In case of non-payment for 10 days or more, Varadero @ Palmas, Inc. may charge account to owner's credit card including a service charge of 5%. Boats which the dockage/storage charges are not paid within sixty (60) days of due date will incur daily (lay day) rather than monthly charges until the account is brought up to date. For agreements for less than three (3) months, payment must be made by cash in advance or open major credit card. Posted rates may be change from time to time at Varadero @ Palmas, Inc.'s sole discretion.
5. All Dry Stack and Land Storage payments are due the first (1<sup>st</sup>) day of each month. Varadero @ Palmas, Inc. gives to our customers a 9 days grace period after the due date; **after day 10 of each month a \$25.00 late fee charge will be applied.**
6. Boats with balances due may not leave the Varadero @ Palmas, Inc. facility until the debt is paid in full.

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7. If an account is not paid when due, Owner shall be in default under this Agreement. In the event of default or failure by owner to pay any indebtedness to Varadero @ Palmas, Inc., Varadero @ Palmas, Inc. shall have the right to secure the boat and/or remove it until all amounts then due are paid in full. Owner shall be liable to Varadero @ Palmas, Inc. for any damages Varadero @ Palmas, Inc. may suffer as a result of the owner's default. Varadero @ Palmas, Inc.'s Rules and Regulations and Hurricane Guidelines ("Regulations") which are posted at the Varadero @ Palmas, Inc.'s office are incorporated herein by reference and made a part hereof. Varadero @ Palmas, Inc. shall reserve the right to amend or modify these regulations at any time by posting new ones at Varadero @ Palmas, Inc.'s office or by furnishing owner or person in charge of the vessel a copy of the new regulations. Owner and his agents, guests, invitees and employees shall comply with the regulations of Varadero @ Palmas, Inc. and shall also comply with and conform to the laws, regulations and rules of Puerto Rico and the United States, as and to the extent that they may be applicable. Owner acknowledges receipt of Regulations.
8. Owner agrees to maintain Yacht Insurance at all times while his vessel is in the Varadero @ Palmas, Inc. facilities. This insurance shall consist of limits not less than \$300,000 for Protection & Indemnity (General Liability) and hull, coverage shall be carried for the market value of the vessel. This insurance shall be contracted with A Best rated insurance company or Lloyds of London and shall include an endorsement whereby the Varadero @ Palmas, Inc. is an additional insured and a certificate holder. This endorsement with copy of policy (ices) shall be delivered at Varadero @ Palmas, Inc.'s office or sent to the Varadero @ Palmas, Inc. at **110 Harbour Drive #11 Palmas Del Mar, Humacao PR 00791**. Failure to carry adequate or proper insurance or the agreed endorsement will confirm the intention of the vessel owner to self insurance, and vessel owner shall be deemed to be the insurer, and owner shall indemnify and hold Varadero @ Palmas, Inc. harmless from any claim, loss or liability due to owner's failure to cover Varadero @ Palmas, Inc. under the required insurance.
9. Owner shall be responsible for all damages to underwater gear such as fathometers, transducers, trim tabs, grounding plates, inboard propellers, shafts, struts or keels which are not visible to the forklift or hauling operators. Damage to projections, which may impact racks or roofs, such as antennae, radar equipment, mounts, outriggers, or convertible tops left in an upright position shall be the sole responsibility of owner.

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10. Dry Stack storage rates include in/out once per day and use of wash or repair rack once per week on space available basis. Boats may not be left unattended at launch docks without the express approval of the Varadero @ Palmas, Inc. Varadero @ Palmas, Inc. shall not be liable for normal wear and tear of dry stack operations which may result in minor scratches and wear of hull. Owner is responsible for verifying that assigned cradle or rack is suitable for the vessel. By executing this Agreement Owner certifies that Owner has inspected (and will inspect from time to time) the assigned cradle/rack and further certifies that the cradle conforms to the boat manufacturer's recommendations for dry storage. If owner deems cradle/rack is unsuitable, owner shall provide Varadero @ Palmas, Inc. with boat builder's graving plan and request and pay for special rack/cradle. For vessels which may be hauled out and/or stored on land, owner agrees to supply Varadero @ Palmas, Inc. with boat builders dry docking or graving plans ("Plans"). Owner assumes all responsibility for damage to the vessel from placements of slings, forks, blocks, racks, cradles or jack stands in the absence of Plans, and hold Varadero @ Palmas, Inc. harmless for any such damages.
11. Owner agrees that any claim or loss by owner, or related to owner or his vessel, shall be first paid by owner from owner's insurance.
12. Owner may work on his own boat if such work does not interfere with the rights, privileges and safety of other persons or property. Varadero @ Palmas, Inc. reserves the right to require any mechanic or repair service or any other persons performing any work on owner's boat while on the premises to provide Varadero @ Palmas, Inc. with a standard certificate of workmen's compensation, including Varadero @ Palmas, Inc. as "statutory employer", and liability insurance coverage (including "Pollution") equal to the coverage carried by the Varadero @ Palmas, Inc. in order to protect the health, safety, welfare and property of Varadero @ Palmas, Inc., other boat owners, and the public. Failure to meet these and/or other Varadero @ Palmas, Inc. Regulations and requirements may result in the repair person being refused access to the Varadero @ Palmas, Inc. Outside contractors may be charged a fee, per job to be performed, to cover use of facilities, security and clean-up. Owner must notify Varadero @ Palmas, Inc. in advance of any work to be done by outside contractors.
13. Owner and/ or boat shall be responsible for damages caused by the boat and/or owner to Varadero @ Palmas, Inc. facilities, other boats, to the environment or to any person or property. If owner and/or any representative of such incurs in any violation of law, owner will be responsible of payment of fees, fines and/or penalties attributed to Varadero @ Palmas. If any environmental damages are caused by owner and/or representative, owner will be responsible for any fees, fines and/or penalties and will pay for all clean up charges. If Varadero @ Palmas is fined and/or penalized in any way due to any action of the owner, owner will cover such penalties and/ or fines.

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14. Owner acknowledges that neither this Agreement nor the assignment of any slip, rack or location (“space”) entitles the owner’s boats to the use of a specific space. This Agreement entitles owner only to the use of space of sufficient size for the boat. Space assignments may be changed by Varadero @ Palmas, Inc. from time to time to make the best use of the available spaces. Varadero @ Palmas, Inc. may arrange for rebirthing of the boat upon given notice. This license confers no interest whatsoever in property and is revocable by Varadero @ Palmas, Inc. at any time upon giving or sending written notice to owner.
15. This Agreement is not assignable, nor transferrable, and space may not be sublet by the owner. The boat space may not be used by an owner or boat other than as specified in this Agreement. This agreement is for pleasure vessels only.
16. Owner warrants and represents that at all times during the term of this Agreement, the boat shall be maintained in a clean and safe condition by owner, be lawfully registered and marked, have a tidy appearance and shall be operated in a careful and safe manner and diligent so as not to cause damage to Varadero @ Palmas, Inc.’s facilities or any other property, boats or persons. Owner authorizes Varadero @ Palmas, Inc. to take appropriate actions as Varadero @ Palmas, Inc. shall determine at its sole discretion, including, without limitation, to hauling and/or moving the boat, at owner’s sole risk and expenses, to abate, mitigate and otherwise deal with the danger and hazards that in Varadero @ Palmas, Inc.’s judgment appear to be a present or foreseeable risk by reason of any unsafe condition of the boat, or the operation of the boat in an unsafe manner, or a dangerous weather or otherwise. Notwithstanding the above, nothing herein shall be construed to create any duty, obligation or responsibility on the part of Varadero @ Palmas, Inc. to act in such circumstances. Any charges for such services will be paid by owner.
17. Varadero @ Palmas, Inc. assumes no responsibility for and shall not be liable for the care, protection and security of the boat and its gear and contents. Uses of the space or any other facilities of Varadero @ Palmas, Inc. or other authorized amenities are at the sole risk of owner. Should Varadero @ Palmas, Inc. accept responsibility or be held liable by a Court with jurisdiction thereof, for damage to any vessel, Varadero @ Palmas, Inc. may affect such repair by contractor(s) chosen by Varadero @ Palmas, Inc. In no event will Varadero @ Palmas, Inc. be liable for damages exceeding the actual market value of the boat at the time of the occurrence. The Varadero @ Palmas, Inc. shall not be liable for consequential damages such as loss of income, mental anguish, cost of rental, etc. In the event owner claims “total loss” of the vessel and decides to sell the vessel for salvage value, the Varadero @ Palmas, Inc. shall have the right of first refusal to acquire the vessel.

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18. **Owner hereby grants to Varadero @ Palmas, Inc. a maritime lien on the boat and a security interest therein to secure the payment of any and all dockage fees, charges or other sums due hereunder and for any other services or materials rendered or supplied to owner by or on behalf of Varadero @ Palmas, Inc.** This lien shall be in addition to other remedies otherwise available to Varadero @ Palmas, Inc. hereunder or by law or equity. The maritime lien shall include an additional amount equal to 25% of the debt to cover attorney's fees in the event collection is required.
19. All claims and disputes relating to this Agreement, or the breach thereof shall be governed by the Maritime Law of Puerto Rico and all actions relating thereto shall be filled in Admiralty in the United States District Court for the District of Puerto Rico. If for any reason, the agreed forum (U.S. District Court) is not available, then such actions shall be filled in the Court of First Instance in Humacao, Puerto Rico. Varadero @ Palmas, Inc. may file collection actions in either forum.
20. Should owner breach this Agreement (incl. Regulations), this license may be terminated immediately by Varadero @ Palmas, Inc. who may remove the boat at owner's risk and expense.
21. Owner acknowledges and agrees that Varadero @ Palmas, Inc. is not responsible for materials and/or services provided by Boatyard independents contractors and/or other lessees or concessionaires of Varadero @ Palmas, Inc., which are deemed to be independent businesses.
22. The owner will be responsible for notifying Varadero administrative office **in writing with 30 days in advance** its intention to terminate this contract. If the customer fails to comply with this requirement Varadero will continue billing and collecting monthly until the receipt of such notice. **The amounts collected will not be refunded; no credit for such will be given.**
23. The person named custodian by the owner on the Agreement has the exclusive responsibility, care, custody, control and access to the boat, its gear, equipment, contents and personal property at all times.
24. If any part of this Agreement shall be held to be illegal or unenforceable, only such part shall be null. The balance of this Agreement shall remain in full force and effect.
25. "Notice" shall mean communication by U.S. Mail, Fed Ex, e-mail, fax or telephone. "Written notice" shall mean communications by U.S. Mail (certified-return receipt requested) fax or Fed Ex. All notices shall be sent to the addresses shown on this Agreement.

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