

## **GENERAL TERMS AND CONDITIONS**

AVAMAX Yachting d.o.o. (hereinafter referred to as AY), in accordance with the General Terms and Conditions and the charter contract, will let the charter vessel to the customers for the agreed period of accommodation on board of vessels. AY guarantees that all charter vessels are technically sound, maintained, in good condition and have all required documents for navigation.

The person who confirmed the booking and made the advance payment (hereinafter referred to as the Client) enters into a contract with AY, thereby accepting the General Terms and Conditions. Everything described in the General Terms and Conditions represents a legal obligation for the Client, as well as for AY. This Terms and Conditions are the basis for resolving any dispute that may arise between the parties.

When booking, the Client must provide true details which are required in the booking procedure.

### **1. PRICES AND CONDITIONS OF PAYMENT**

The prices for accommodation on the vessel are advertised in Euro, in the current AY price list. Upon the payment of the service as relevant is considered the calculated middle CNB exchange rate on the date of payment and includes Croatian VAT. AY reserves the right to change the price list without previous notification.

The Charter Fee includes the letting of a vessel in proper working order and good, clean condition with a full fuel tank; on-board accommodation and usage of the vessel's equipment; compulsory and all-risk insurance for the vessel, accident insurance for the crew; mooring at the home marina; navigation permit.

The Charter Fee does not cover costs for dockage or other charges of marinas visited during the charter, fuel costs, consumables and car parking expenses or health insurance for the crew.

The reservation is considered to be finally confirmed after the prepayment was made (not less than 20% of the charter price). The balance of the Charter Fee must be paid no less than 30 days before the takeover of the vessel, which leaves the Client the ability to prepare the crew members on time and to pay the travel and health insurance, to find a suitable skipper etc. The Client can take over the vessel only upon all necessary payments have been made properly in accordance with the booking process.

### **2. CONDITIONS OF PAYMENT FOR REGATTA AND FLOTILLA BOOKINGS**

In the case of more than one yacht is booked on the same date the first payment of 10% must be made within a week after booking. - 20% no later than 180 days before the start of the charter - 50% no later than 90 days before the start of the charter - 100% no later than 30 days before start of the charter

### **3. CHANGES TO OR CANCELLATION RESERVATION FOR CRUISES BOOKINGS**

At the case the payment is not made on time AY reserves the right to cancel the booking or change the cost of the charter and extra services.

The payment can be confirmed by payment confirmation sent by e-mail.

The Client can take over the vessel only upon all necessary payments have been made properly in accordance with the booking process.

In case the Client wishes to make changes to the booking or cancel the reservation, AY must be notified immediately in writing via e-mail, fax, or post.

In case of a cancellation of the reservation in writing, AY reserves the right to apply the following cancellation costs: - For cancellation made up to 60 days or less before the start of the charter period, AY holds 50% of the total rental cost or the prepayment (but no more than 50%) - For cancellations made up to 30 days or less before the start of the charter period, AY holds 100 % of the total rental cost or 100% of the prepayment - If cancellation for any reason made on a day of Check-in or after Check-in, AY charges 100% of the Charter Fee in addition to any other costs arising from the cancellation as a result. In the case of the cancellation not later than one day before Check-in due to documented serious illness AY provides a Voucher for the paid amount for cancelled booking. This Voucher can be used for another period during the next year.

If the Client is able to find a replacement letting party for the same period of the charter and under the same terms and conditions, AY reserves the right to charge for any costs incurred by the change.

Provided the Client has to cancel the reservation due to death in the family or serious illness, AY is not liable to return the paid amount but will issue a credit note (Voucher) for the unused portion of the total charter fee to be used against any future charter with AY on a similar vessel for an alternative period.

AY does not assume responsibility in case of changes or failure to perform the paid services or part of the services due to situations such as war, riot, civil dispute, industrial dispute, terrorist activity, exceptional sanitary conditions, natural disaster, intervention of competent authorities, or other unforeseen circumstances that may amount to force majeure. In case of force majeure circumstances, AY has the right to develop further conditions for organizing booking and notify customers about these rules.

#### **4. CHANGES TO OR CANCELLATION RESERVATION FOR REGATTA OR FLOTILLA BOOKINGS**

In the case of more than one yacht is booked on the same date and the Client wishes to make changes to the booking or cancel the reservation, AY must be notified immediately in writing via e-mail, fax.

In case of a cancellation of the reservation in writing, AY reserves the right to apply the following cancellation costs: For cancellation made up to 180 days or less before the start of the charter period, AY holds 10% of the total rental cost or the prepayment (but no more than 10%). For cancellation made up to 90 days or less before the start of the charter period, AY holds 50 % of the total rental cost or 100% of the prepayment (but no more than 50%), for cancellation made up to 30 days or less before the start of the charter period, AY holds 100 % of the total rental cost or 100% of the prepayment. If a cancellation for any reason is made in a day of Check-in or after Check-in, AY charges 100% of the Charter Fee in addition to any other costs arising from the cancellation as a result.

In the case of the cancellation not later than 1 day before Check-in due to documented serious illness AY provides a Voucher for the paid amount for cancelled booking. This Voucher can be used for another period during the next year.

Terms of payment and cancellation of regatta and flotilla can be changed individually as indicated in an additional agreement to be concluded.

If the Client is able to find a replacement letting party for the same period of the charter and under the same terms and conditions, AY reserves the right to charge for any costs incurred by the change.

In the event that the Client has to cancel the reservation due to death in the family or serious illness, AY is not liable to return the paid amount, but will issue a credit note (Voucher) for the unused portion of the total charter fee to be used against any future charter with AY on a similar vessel for an alternative period.

AY does not assume responsibility in case of changes or failure to perform the paid services or part of the services due to situations such as war, riot, civil dispute, industrial dispute, terrorist activity, exceptional sanitary conditions, natural disaster, intervention of competent authorities, or other unforeseen circumstances that may amount to force majeure. In case of force majeure circumstances, AY has the right to develop further conditions for organizing booking and notify customers about these rules.

## **5. DELIVERY (CHECK-IN)**

AY will deliver the vessel fully commissioned, clean and tidy, with all the gear and equipment in good working condition and a full tank of fuel, ready for navigation. During the takeover, the Client has to make thorough inspection of the vessel. By signing the Check-list, the Client confirms the existing state of the vessel and its equipment, including the underwater part of the vessel.

The Client will pay to AY a deposit upon the date of check-in to cover any damages loss of equipment, or liability not covered by the vessel's insurance.

The deposit is payable in cash, by credit card imprint or debit card. The deposit is refunded to the Client in full upon return of the vessel and AY's base staff have confirmed that the vessel has been returned on time and at the agreed place, the vessel is clean and in good condition with a full fuel tank, and upon signing of the Check-out list by the skipper containing the notification ensuring that no damages on the vessel or the pertaining equipment occurred during the Event, and no third party is claiming damage caused or arising from the usage of the vessel during the Event.

The Client will be liable for any loss or damage of the vessel or its equipment or gear caused by acts of brutal negligence and willful damage by the Client or any member of the charter party. The Client will also be liable for any decrease in the vessel's value due to such damage.

AY will keep the amount of the deposit according to the cost of the repair and/or the cost of purchase of the equipment or spare parts of the vessel. If further chartering is not possible, due to the damage and/or loss of equipment of the vessel/equipment, AY shall keep the amount of the deposit accordant with the lost profit.

The deposit is obligatory even in case when the vessel is rented with a skipper provided by AY.

If the Client does not accept the vessel at, or within 24 hours of the agreed check-in time and place without prior notification, AY reserves the right to terminate the contract with no further claims against the company by the Client.

If for any reason, not attributable to force majeure, AY is unable to deliver the vessel to the Client at the agreed time and place, AY has a time limit (24 hours) to provide the Client with another vessel of similar characteristics. If such a delay exceeds 24 hours, the Client has the right to terminate the contract, and all sums paid will be refunded. In the event the Client decides to accept an alternative vessel, and the waiting time exceeds 24 hours, the Client

has the right to request a refund equal to the number of days the check-in was delayed. In these circumstances, AY will only be liable for the Charter Fee with no further claims against the company.

Upon check-in, the Client is obliged to inspect the vessel and upon acceptance certify that he has found the vessel and its equipment in acceptable condition and in every respect seaworthy. At that point the vessel will be deemed to be in good order and fully in compliance with its description (check in list). All eventual complaints regarding the state of the vessel or the equipment are made in writing before taking over the vessel.

AY will not accept liability for any claim arising from the hidden defects and deficiencies of the vessel and equipment at the time of boarding and regular maintenance of the vessel, which AY could not predict, including all deficiencies and failures that may occur at the time of boarding.

The vessel will have, as part of the inventory, all necessary documents (permit, registration forms...), as well as charts, almanacs and cruising guides. The Client will take exceptionally good care of the aforementioned documents and return them to AY staff upon return of the vessel.

Any complaint regarding all necessary documentation the Client is obliged to submit in writing prior to taking over the vessel.

In respect of the contractual penalty the Client is obliged to pay the amount of 500,00 EUR if the Client loses or damages the documentation or any part of the documentation taken, and the cited amount would be calculated upon middle CNB exchange rate on the date of payment.

AY may refuse to hand over the vessel in case of the charter has not been fully paid, the Client has not paid the deposit or deposit insurance, the necessary documents are missing or insufficient (no passport/ID card, no valid navigation license, no VHF license), if during the process of check-in or during the trial trip it turns out that the skipper does not have the required qualification for the charter, if the Client has signs of alcohol or drug intoxication.

## **6. RETURN OF THE VESSEL (CHECK-OUT)**

The Client is obligated to return the vessel to the point of pick-up no later than 17:00 PM one day before contracted use of the vessel for the accommodation of passengers. Failure to respect these times will result in additional fees for diver inspection services.

The vessel shall be returned in the same conditions as it was delivered; clean and tidy, with a full fuel tank, clean dishes and ready for further navigation. The Client will take out garbage off the vessel and dispose of it in the marina and in the appropriate manner. AY reserves the right to charge the Client penalty caused by inappropriate disposal of garbage by the Client and his crew according to port Drage rules.

If the vessel is at any time out of commission during the period of charter and/or a delay in the return of the vessel is inevitable, the Client must inform the base manager and AY, requesting further instructions. All requests for further instructions must be recorded in the vessel's log.

Unfavorable weather conditions are not an acceptable reason for any delay of the return.

In case the vessel is returned late, the Client agrees to pay 100 EUR charge for every hour up to 3 hours of delay. The Client will pay for any losses or expenses incurred due to the delayed delivery of the vessel. Exceptions to this rule are possible only through previous agreement between AY and the Client.

In case the return of the vessel cannot be made to the agreed point of pick-up, the Client will be liable for the cost of transferring the vessel to the agreed point of pick-up, a penalty charge for the delayed return, as well as any damage that may occur from the vessel's transfer. In the event that the costs and the penalty exceed deposit, the Client agrees to immediately pay the relevant difference.

AY is entitled to charge all the costs arising from delay or relocation of the vessel primarily from the deposit. If the costs exceed the amount of deposit the Client is obliged to pay the amount missing between the amount of security deposit paid and the amount of the actual cost.

Upon return, an AY representative and the Client will jointly inspect the vessel and its equipment in order to verify that the condition of the vessel complies with the check-in list. If any deficiency occurs during the inspection, AY representative and the Caterer are obliged to ascertain liability for each deficiency.

The Client is obliged to notify the AY representative of any defects or damage. If the damage has occurred on the underwater part of the hull, or if there is suspicion of such damage, it will be necessary to inspect the vessel in detail, either by the intervention of professional divers or using a vessel crane. The AY representative's decision is final and binding and the Client will be charged for associated costs.

The penalty fee for failing to report loss or damage to the vessel that may have occurred during the period of the charter or the loss or damage notorious to the Client or ought to be notorious to the Client is 500,00 EUR, and the Client will pay for all recovery costs.

In the event the fuel tank is not full upon return, as it is upon delivery according to its check-in list, AY will add the cost of the fuel and refueling in the amount of 50,00 EUR to the final invoice.

## **7. THE CLIENT'S OBLIGATIONS**

Upon signing the Charter Contract, the Client agrees

- to send the complete crew list, with the full name, address, date and place of birth, nationality, and ID or passport number of all the members of the crew, as well as a copy of a valid sailing license for the Skipper, to AY no later than one week before the beginning of the charter.
- to have valid travel documents/passports. AY is not responsible for loss or theft of the documents during the period of the charter or any ensuing costs.
- to carefully read all on-board written documentation.
- to navigate the vessel in a safe, responsible and seamanlike manner, and never under the influence of alcohol or narcotics as well as to handle all gear and equipment with due care and attention.
- to navigate the charter vessel only within the territory of the Republic of Croatia. Sailing in areas designated as 'out of bounds' will be permitted only if a signed permit is obtained from AY prior to entering such areas.
- to ensure the equipment on board, especially the sails, mast and lines are not submitted to unnecessary stress by adapting the sailing to the weather conditions and the crew's sailing ability.

- to never leave port or anchorage if any part of the vessel or its equipment, which is important for safe navigation, is not in order or fully functional.
- to never leave port if port authorities have placed a ban on navigation or in case of insufficient fuel in the tank.
- not to use the chartered vessel for commercial purposes (transportation of people or cargo for money), professional fishing, sailing courses or similar activities.
- to limit the number of people on board to not more than the designated number for that type of vessel, as well as to ensure that only persons on the crew list are allowed on board.
- not to lend the vessel to a third party
- not to participate in regattas or races without first acquiring a written permit from AY.
- not to tow another vessel
- to accept full financial and moral responsibility for any breach of the rules of port Drage and other ports and harbors including car parking, possible damages while docking the boat, inappropriate disposal of garbage etc. caused by the Client and his crew.
- not to be allowed to sail In case of a strong wind speed with announced peak gusts of more than 25 knots. The Client must follow the instructions given by the AY base manager, whether they allow the sailing or instruct the Client to seek a safe anchorage. If the base manager's instructions are not complied with, all the claims for resulting damages against AY and the insurance will be refused. - To undertake all necessary measures to avoid the chartered vessel from incurring damage that could result in the need for towing.
- that throughout the charter period, should any member of the crew violate local or international law and regulations, AY will take over authority for the chartered vessel without any right to compensation on the side of Client. AY will not be liable for any violation of the law or regulations committed by the Client or any person on board the vessel and the Client will assume full responsibility.
- to accept financial responsibility for any liability AY may have towards third parties and which is due to the Client's, or the charter party's negligence, act or misuse.
- to accept responsibility for violating any rules of proper navigation or other laws and regulations during the agreed period of the charter, which responsibility does not expire with the termination of the period of charter or the Charter Contract.
- to notify AY immediately of any breakdown, accident or damage to the vessel, making sure to record the event, register the incident at the nearest Harbour Master's Office and request a verified report from the Harbour Master, doctor or other competent authority.
- to notify AY immediately of any breakdown or failure of the vessel or its equipment caused by normal wear and tear. In such cases AY will be responsible for repairing the vessel within 24 hours of receiving the notification. AY is not liable for any compensation if the problem is fixed within 24 hours. Emergency telephone numbers can be found in the vessel's documents.
- to accept full financial responsibility for any third-party claims occasioned by the Client's own negligence or misuse, which are not covered by the vessel's insurance.
- to immediately notify AY and competent authorities in the event of the vessel or its equipment being stolen, the vessel not being fit for navigation, sanctioning of the vessel or the implementation of cruising limits by government authorities or third parties. In such circumstances, the Client will procure a written copy of the police report.

- to accept responsibility in the event the vessel is sanctioned by competent state authorities due to unauthorized or illegal acts committed during the period of the charter, such as commercial fishing, stealing artefacts from the seabed, etc.
- to accept responsibility in the event of serious pollution of the sea during refuelling or due to inappropriate disposal of waste outside the designated places.
- to check engine oil levels on a daily basis. The Client will be liable for any failure resulting from lack of oil in the engine.
- not to allow any animals on board of the vessel. Pets are not allowed unless previously agreed with AY.
- to accept responsibility for all members of the charter party, as well as any other persons allowed on board by the Client.
- to use the plotter only as a navigation support. Basically, the navigation must be made by using nautical maps on board that is also the current case law is most countries of the world. The responsible skipper may have liability consequences.
- that no complaints for clogged waste tanks will be accepted during the charter or check-out if the functional check of the waste tanks at check-in was done and confirmed by the Client's signature.
- to accept full financial and moral responsibility for any breach of the rules and regulations to which the vessel becomes subject.

AY retains the right to compensate from the security deposit all damages incurred from the violation of the above cited obligations. If the security deposit is not sufficient for the compensation of the incurred damages, Client would be personally liable for the amount missing between the amount of security deposit and the actual damage.

## **8. SKIPPER'S AUTHORITY**

AY does not provide a Skipper but can be an intermediary between the client and the company providing this service. AY is not responsible for the quality of the Skipper and other services provided by another company.

The Client who takes over the role of skipper warrants that he has the necessary competence and skills required to navigate the vessel safely, as well as a license for open sea sailing and a GMDSS Radio Operator's License. If the Client does not possess the required competence, skills and licenses for navigating the vessel, he warrants that the member of his crew who does hold such will be the sole person to navigate the vessel.

AY reserves the right to accompany the Client or the appointed skipper of the vessel for trials prior to handover in order to determine whether he/she has the required competence to handle the vessel safely. The time required for the demonstration is part of the agreed charter period.

AY reserves the right to appoint an official skipper to the vessel if the AY representative finds that the Client or the appointed skipper is not competent to take charge. The Client will pay for the appointed skipper in accordance with the Price List. If the Client refuses to accept this decision, AY reserves the right to prohibit the vessel from leaving port and terminate the agreement. In these circumstances, any sums paid will not be refunded and no further claims may be raised against AY.

If the Client knows in advance that a skippered vessel will be needed, he must inform AY upon booking.

## **9. VESSEL INSURANCE**

The vessel carries third party liability insurance. Protection and indemnity insurance for the vessel is provided in the amount of the vessel's value as it is recorded in the insurance policy. The vessel's insurance covers damage above the amount of the security deposit or yacht damage waiver; however, the Client remains fully liable for any loss or damage to the vessel caused by the Clients, or the charter parties, own negligence or misuse.

AY shall have no liability for loss or damage to personal effects of the Client, or members of the charter party and crew, nor is AY responsible for any personal effects of third parties left on board the vessel, the company vehicle, or within AY offices. By confirming the reservation (deposit left) and accepting the terms and conditions, the Client agrees that AY shall have no liability for loss or damage to personal effects of the Client or third parties.

In the event of loss or damage, AY must be notified immediately. In the event of a more serious incident, or where more than one vessel is involved, the Client shall notify the competent Harbour Master's Office and acquire from them the necessary documents for the insurers.

Insurance policy covered damages not notified immediately to AY, competent government bodies including insurers, and for thereof damages the acquired documentation has not been submitted, thereof damages would not be acknowledged in accordance to the terms of insurance. For thereof damages there is sole liability on the side of Client in full amount of the cited damages.

In case of damage to the vessel covered by insurance policy, Client is obliged to cover all costs in accordance with the existing protection and indemnity insurance conditions only up to the amount of security deposit. The Client is liable for the costs of all damages to the vessels and/or equipment caused by Clients or the Client party's negligence or misuse and/or loss of one or more parts of the equipment, in a full amount.

If the Client fails to inform AY, the relevant authorities, or insurers immediately of any loss or damage, or fails to acquire the necessary documentation, and the loss or damage is, in consequence, not accepted by the insurer, the Client will be liable for any costs incurred, even if the damage is covered by the vessel's insurance.

In the event of any damage to the vessel, the Client will be liable for the costs covered by the insurance to the extent of the security deposit.

The Client will be liable for any loss or damage to the vessel or its equipment caused by the Client, or any other member of the charter parties, own negligence or act.

The Client will have to pay for any damage to the engines caused by lack of motor oil in the machinery, as this is not covered by insurance.

The Client will have to pay for any damage to the engines caused by lack of motor oil and coolant in the machinery as this is not covered by insurance.

Yacht damage waiver covers all damages up to the standard deposit amount for the vessel or regatta deposit amount. The deposit covers minor breakdowns and accidents (damage). The deposit does not cover the absence or loss of equipment. Return of the yacht must be carried out in the same kit as it was upon receipt of the yacht. In the absence of any equipment during check out, the client agrees to pay for the lost item immediately during check out according to the prices of the current price list of the company's lost things.

## **10. DAMAGE AND DEFECTS DURING THE USE OF THE ACCOMODATION SERVICES**



The Client is liable for any loss or damage to the vessel that occurs during the charter period and that is not related to the vessel's depreciation.

Prior to initiating any repairs, or proceeding with any purchases, the Client will contact AY to obtain their approval for technically justified repairs and agree on the liability for the damage.

AY is liable for any loss or damage that occurs during the charter period and which is caused by reasonable wear and tear of the vessel and its equipment. The Client must obtain AY's approval prior to initiating any repairs in order to agree on the technical and financial aspect of the repairs. Once agreement has been reached, the Client will pay for the repairs on site, but keep the receipts in order to be refunded in full upon return to the base.

The Client will notify AY immediately of any loss or damage, regardless of the cause. The Client will comply with any instructions given to him by AY. If AY is not able to arrive and immediately eliminate the damages occurred, AY will personally or by instruct the Client to engage the third party, eliminate the damages occurred. Prior to the repair of the damage by the third party, AY must certify the manner of execution of the repair and the costs of repair. After the AY certifies the approval for the agreed cost and the manner of execution of the repair, Client is authorized to settle the cost of the repair on behalf of AY. Client is required to keep the invoice paid. If there has been any damage or failure due to age or deterioration of the vessel AY is required to refund the amount paid to the Client. Any unauthorized repairs or changes to the gear and equipment will be charged to the Client's final invoice.

## **11. COMPLAINTS**

The Client has the right to lodge a complaint if he is not satisfied with the service AY is providing or believes the quality of service is not of the required standard. Compensation in proportion to the complaint may be approved if and only if the Client, upon return, makes a formal written complaint accompanied by all relevant documentation. The complaint must be issued in writing and lodged no later than upon return of the vessel with both the Client's and AY representative's signatures. Any complaints made later may affect the Client's rights under the Charter Contract. AY reserves the right not to take into consideration any complaints received after the aforementioned period, or if any relevant documentation is missing.

AY will answer the complaint in writing no later than 14 days following its receipt. AY reserves the right to postpone the resolution of the complaint a further 14 days with the aim of investigating the complaint and gathering all the necessary information from persons directly or indirectly involved in the case.

The highest possible compensation per complaint may equal the value of the disputed portion of the service, but may not include the already used portion of the period of charter, nor can it be equal to the full Charter Fee. The Client does not have the right to compensation for non-material damage.

## **12. DISPUTES**

If the Client is not satisfied with the way AY tries to rectify the complaint and the parties cannot find a peaceful and satisfactory resolution, he is entitled to court proceeding. Any disputes not resolved peacefully will be lodged with the Court in Zadar and are subject to Croatian Law.

Any changes or amendments to the General Terms and Conditions must be issued in writing and agreed upon by both parties.