

CWS MARITIME SERVICES

REPORT OF MARINE SURVEY

"MV XXX"

PREPARED EXCLUSIVELY FOR:

MR. XXX XXXXX

CONDUCTED BY:

Charles W. Solarek

On

July 08, 2010

Reference: CWS-XX-XXXX - Marine Survey of the MV **XXXXXX** – a 1979 Bayliner Bodega 4050 for Estimated Fair Market Value.

Acting upon the request of Mr. XX, the undersigned marine surveyor conducted a survey of the MV **XXXXXX** – Washington State bow hull number **WN XXXX XX** (sighted) – builder's hull number **XXXXXXXXXXXXXXXXXX** (sighted). The inspection of the vessel's hull, machinery, and attached systems was conducted on 08 July 2010 while the vessel was waterborne at Port Orchard Marina – Port Orchard, Washington, USA to determine general condition and serviceability as it pertains to value. The vessel was not lifted from the water for inspection. Attending the survey was the undersigned.

The purpose of this marine survey was to estimate the subject vessel's fair market value where found and as found. At the time of survey, the undersigned did not view the operation of the vessel's machinery. Not all auxiliary accessories-systems were examined and or tested for proper operation. No sea-trial was executed. From the examination of all accessible areas, the vessel appears to be sound with no evidence of structural damage or system failure(s)

Page 1 of 12

notwithstanding the exceptions of items noted below under Recommendations, Observations, and Non-Standard Conditions.

The undersigned wishes to disclose that USCG NVIC 8-87 *Notes on Design, Construction, Inspection, and Repair of Fiber Reinforced Plastic (FRP) Vessels* was used in the survey process and report herein.

The services rendered herein and the report furnished herewith are done with the specific understanding that the undersigned and or CWS Maritime Services will not be held responsible under any and all circumstances for any and all errors, omissions, or failure to properly perform the requested services as set forth above. As it concerns the vessel described herein, all matters and statements contained herewith constitute statements of opinion only and not to be construed as representations, warranties, or guarantees and that, any and all statements made herein or in connection herewith will not be used for the basis of any claim, demand, or action against the undersigned. The request for services and the report herewith shall be construed to be an acceptance of the above conditions. Any and all claims for damages of what-so-ever nature asserted against the undersigned are limited to refund of the entire cost of the survey.

Description of subject vessel - The MV XXXXXX is a forty (40) foot power driven recreation vessel with a single skin - semi displacement hull. The vessel was constructed by BAYLINER MARINE CORP, USA. The vessel's hull and superstructure is of molded fiberglass reinforced polyester (plastic) laminate construction (FRP). Internal bulkheads are of marine-grade plywood FRP tabbed to the hull. The hull – deck joint is securely fastened.

Most forward in the forepeak is the chain locker with "vee" style double with double bunk sleeping compartment aft, including a storage locker. An enclosed marine toilet – shower compartment is located aft and to starboard. There is a small stateroom with double bunking athwart ships of the head with access to a small storage area just aft. Forward access to the machinery spaces is located in this storage area. Up and aft is the galley area which includes a full size refrigerator/freezer; Magic Chef microwave oven; trash compactor; water level gage; Optimus Princess stove w/oven and ice maker. Up and to port is the lower helm – navigation station with Compucourse 220 auto pilot with remote operator; GARMIN 4212 GPS with G3 chipset; Azimuth electronic compass; Ray Marine Depth sounder; and the windlass remote controls. In the main cabin is a L-shaped settee, drop leaf table, and stowage. Also located in the main cabin is a small beverage reefer and a "wet bar" with Perm-a-Pub dispenser. The aft cabin features a queen walk around berth and head with enclosed marine toilet and a separate shower compartment. Aft of the house is an open stern deck area with ladder up to a helm station and seating. Escape – ventilation butterfly fly hatch is fitted in the overhead in the foc'sle and in the aft cabin. The vessel's tender is a 10 foot Zodiac Zoom RIN, inflatable with a 9.9 Yamaha outboard. The vessel is provided with upper helm canvas top.

Machinery and electrical equipment is accessible from doors in the storage area located aft of the port cabin and forward in the aft cabin. The vessel is powered by a twin fresh water cooled Volvo Penta AQD40 diesel engines with MS3 reversing marine gear box (reported 160

horsepower). The vessel has both 12-volt DC and 30-amp 120-volt AC electrical systems with distribution panels, battery isolation switch, marine grade-stranded copper wiring, over-current protection and DC – AC inverter. The vessel is equipped with 12-volt DC operated dewatering devices.

Observations and Non-Standard Conditions -

1. The vessel was found presentable with the machinery space accessible.
2. The vessel described herein is a manufactured model therefore the undersigned has made no opinion herein as to the design, scantlings, workmanship, and or materials except as to modifications and or repairs.
3. As found onboard – available ship's papers were examined. The vessel is state of Washington registered with the bow number properly affixed to the vessel's structure as per 33 CFR 173.
4. Hull top-sides, foredeck, and interior appear to be in serviceable condition and structurally sound (given the survey limitations as mentioned herein) with no signs of grounding or other damage and or structural failure except as follows.
 - Topsides and weather decks were found generally free of significant – damaging scuff – dock strikes marks – except at the aft port quarter where there is evidence of repaired damage. Additionally some localized cracks (gel coat) were visible on the aft deck near the cabin entrance (see photo). Percussion sounding of the area revealed no soft spots. Recommend the area be closely monitored. If cracking becomes worse, a fiberglass professional should conduct a thorough inspect and make recommendations on how to proceed with possible repairs.
 - The exterior of the house and flybridge was visually examined. The fiberglass structure was found to be sound with the exception of some minor - localized cracking in the exterior flybridge structure (gel coat) most likely from the access ladder located on the fwd flybridge.
 - The forward and aft skylight hatch gaskets are pulled from the corners as seen from topside. Recommend gaskets be replaced for both skylight hatches.
5. The undersigned did not perform a mechanical survey. The following observations were made:

- It was reported to the undersigned that the vessel's machinery is in serviceable and operational condition with no major faults or damage noted.
 - The vessel machinery space is provided with natural and forced ventilation in serviceable condition.
 - Underwater through-hull fittings and bronze sea cocks were inspected for proper operation, leakage, and alloy wastage. The sea cocks were in serviceable condition. No visible alloy breakdown was observed.
 - The propeller shaft stuffing boxes were visually inspected and found to be serviceable with no visible cracks and or alloy breakdown. The rudder stuffing box was not accessible.
 - The vessel's diesel machinery and generator set (GenSet) exhaust systems were visually inspected. The exhaust piping was found to be good condition, well secured - clamped, and in serviceable condition. No evidence of leaking coolant and or exhaust gas was observed.
 - The fuel tankage, related piping, filters and hoses were founded in serviceable condition with flexible and rigid fuel lines. No visible fuel leakage was discovered.
 - The vessel's wet exhaust system was visually inspected. The exhaust piping and related equipment was found to be in serviceable condition.
 - Engine bed and mounts were visually inspected and appeared to be in satisfactory condition.
 - The undersigned visually observed indications of leakage on both engines waterside as evidenced by salt residue around several gasket areas. It is recommended during the next operation of vessels engines to conduct visual inspections in order to verify integrity of water side gaskets. Replace gaskets as required by visual inspection results.
6. Vessel's de-watering device was found to be in serviceable condition as per 33 CFR 175.110. It should be noted that the forward bilge area has no de-watering device installed. Nor are the any limber holes connecting this bilge to the next bilge space (aft).
7. The undersigned recommends the vessel be fitted with an operational high bilge water alarm as advised by ABYC for all vessels greater than twenty-six (26) feet in length.

8. The exhaust pipe from the onboard Espar forced air diesel heater is properly shielded and free of combustibles.
9. Wastage from the marine toilets are captured by an onboard holding tank and therefore was deemed to be an USCG approved MSD Type-III installation.
10. Visual distress flares were found aboard and currently serviceable as per 33 CFR. However, there were numerous expired flares mixed in with those still serviceable. Due to the high failure rate of expired flares and the possibility of using one in the event of an actual emergency, the undersigned surveyor recommends expired distress flares be removed from the vessel.
11. Vessel is equipped with serviceable and readily accessible USCG approved personal flotation devices. Older Kapok floatation devices should be thoroughly inspected and replaced as found necessary.
12. Vessel is equipped with the federally required number of portable USCG approved dry-chemical BC Size I and fixed Halon 1301 automatic release fire extinguishers – all found not to be currently inspected – **see Recommendation made herein**. All extinguishing equipped should be inspected yearly and replaced – refilled as required. The fixed fire extinguisher found in the machinery space should be weighted every six (6) months to detect loss of extinguishing agent.
13. The vessel's electrical system (both 12-volt DC and 120-volt AC) was inspected and found in serviceable condition with marine-grade, copper stranded wiring with proper distribution panel(s), BIS (12-volt DC) and over-current protection. Lead acid batteries were found to be contained, secured and protected.
 - The 120-volt AC outlets in the galley, marine toilet compartments, and machinery space should be fitted with ground fault protection (GFCI) – **see Recommendation made herein**.
 - The vessel was connected to 120-volt AC shore power at the time of survey and proper polarity was observed at the AC outlets.
 - The 120-volt AC shore power cord was visually inspected for burnt and or corroded connectors – wiring and was found to be in serviceable condition.

14. The vessel's anchor and attached rode were visually examined. The chain rode for the Bruce-style anchor was found in serviceable condition in the chain locker. All chain and shackles found to be materially wasted due to rust should be replaced as found necessary. The bitter end was sighted. All ground tackle should be maintained in serviceable condition with attached anchor rode clear and ready for deployment in case of emergency.
15. Navigation equipment includes compasses, GPS, RADAR, VHF marine radiotelephones, fathometer, autopilot, and horn (33 CFR 88.05, 33 CFR 81). The vessel's installed horn was not operational. The installed "hailer" system is currently being used to satisfy US Coast Guard Regulations for a sound producing device.
16. Vessel is equipped with 72 COLREGS navigation and anchor lights for vessel's twelve-fifty (12-50) meters in length. Lights were observed for proper function.
17. The Vessel is equipped with MARPOL and Oil Pollution placards as required in 33 CFR. Washington State law requires all vessels to properly display a carbon monoxide warning decal - RCW 88.022.250 which was not observed in the vessel's main cabin.
18. The vessel's tender is a ten (10) foot Zodiac Zoom RIB and a Yamaha 9.9 hp outboard motor (serial number **1002017**) with a Rule 12VDC winch attached to the Bayliner boom arm. The tender does not and is not required to display any state registration (less than sixteen feet in length and less than 10 hp engine per Washington state regulations).
19. The undersigned will trust the vessel's owner to regularly inspect all electrical wiring – system, fuel system(s), and all other vessel systems - components and or structure(s) for continued reliability, serviceability, safety, seaworthiness, and compliance with all applicable USCG regulations and those standards – recommendations made by either ABYC or NFPA 302. The execution and findings of this marine survey does not relieve the vessel's ownership and or operator from the failure to regularly inspect, upgrade, and to maintain the subject vessel in accordance with all applicable rules and regulations and or make claims against the undersigned for any temporal or future deficiencies or related damage - liability not discovered during the survey process.

The following Recommendations were made during survey -

- 1. FOUND:** As found in main cabin, machinery space and other interior compartments - non-currently inspected and tagged USCG approved portable and fixed fire extinguishers.

RECOMMEND: Have all USCG required onboard fire protection equipment inspected and tagged by a qualified service agency and provide proof of service in accordance with NFPA 302 standards. Replace non-serviceable units as needed

2. FOUND: No Ground Fault Interrupter Circuit (GFCI) at the galley and both marine toilet compartments for the 120-volt AC outlets as per ABYC Recommendations to prevent accidental short circuiting and electrical shock to passengers and crew. One is installed in the machinery space. **RECOMMEND:** Supply and install approved marine-grade GFCI protection at all 120-volt AC outlets in the marine toilet compartments, galley, and machinery space(s) as per ABYC.

Summation and Valuation –

The report herewith report the overall condition of the above described vessel at the time of survey to the best of the undersigned's ability by examining and testing the vessel's accessible areas, systems, and accessories by percussion testing, probing, and visual inspection: without taking borings, removing all hull fastenings, testing for water leakage inside the hull or at through-hull fittings, or operating machinery. It is the opinion of the undersigned that her hull, machinery, and on-board equipment would be in satisfactory condition for cruising the protected inland waters of the Pacific Northwest (weather and sea conditions permitting) after the above recommendations and non-standard conditions are complied with and when good seamanship and ordinary practice of seamen is observed in the navigation, operation, and maintenance of the vessel described herein.

Estimated Fair Market Value: The undersigned wishes to disclose other sources of market information used in this valuation process to include, but not limited to, extensive internet and print research (Boatsville.com, Boat Trader Online, Yachtworld.com), consulting with maritime trade professionals including marine surveyor(s), insurance agent(s), and yacht broker(s). **Therefore, considering the good and serviceable condition of the subject vessel, attached equipment, and discovered deficiencies, the Estimated Fair Market Value for this vessel is USD \$83,000.00 to \$87,000.00(not including Washington State sales tax or license fees).**

Estimated Replacement Value: US \$400,000.00 (vessel not in current production)

Comments –

1. The current market for vessels of this type is valued based on comparable sales of sister vessels of its type, best and highest use regarding each vessel's overall condition, serviceability, and functionality – and the subject vessel being properly maintained and upgraded – plus the general desirability for serviceable, upgraded, and economical recreational craft – the marketability for this specific vessel during the foreseeable future was deemed to be good by the undersigned.
2. It's the opinion of the undersigned that the original construction of the *JOURNEY* was of good quality from a known and respected boat builder.
3. The vessel is currently salt water moored at Port Orchard, Washington - USA.

The following areas - items had minimal or no-access:

- Beneath and outboard of all tankage (hull structure).
- Behind all ceilings, bulkheads, and headliner in overheads (deck beams and other structural members).
- Areas hidden behind secured paneling or flooring or cabinetry.
- Beneath cabin sole.
- Beneath engine, machinery, and other fixed components within the machinery space and bilge area (keel, deck beams, and frames).
- All spaces and compartments inaccessible due to stowage of equipment/personal belongings and non-removable structures.
- All electrical wiring - components and or fuel lines, tankage, piping and related components.
- All helm control cables or linkage.
- All hull fastenings.
- All structural framing or hull members.

The survey and report herein is given without prejudice to the questions of rights, interests, and or liabilities on the part of any and all persons concerned.

Charles W. Solarek

Page 8 of 12

CWS-08-2010 CWS MARITIME SERVICES SURVEY REPORT
11401 3RD AVE SE APT-H08
EVERETT, WA 98208

The Estimated Fair Market Value of the above described vessel was established by several factors which include and not limited to: current retail prices as reported (ref: Boatsville.com, Boat Trader Online), for the same or similar year, make, model, and type of vessel specified above which has been adjusted by applicable regional and local market factors, the vessel's equipment, onboard systems, and overall condition determined by the survey process and report thereof herein.

The mandatory standards as promulgated by the United States Coast Guard (USCG), under the authority of the United States Code (USC); Titles 33 and 46, Code of Federal Regulations (CFR), and the voluntary Standards and Recommended Practices developed by the American Boat and Yacht Council (ABYC) and the National Fire Protection Association (NFPA) have been used as guidelines in the conduct of the survey and report herein.

SUBJECT VESSEL DESCRIPTION, MACHINERY, SAFETY, AND EQUIPMENT

The following details - descriptions are represented in good faith but are not guaranteed or warranted to be accurate, complete, or demonstrative of individual or collective condition and or performance.

Description:

- **Builder:** BAYLINER MARINE COPR
- **Make and Model:** 4050 Bodega
- **Year:** 1979
- **Where:** Arlington, WA-USA
- **Washington State Bow Number:** WN XXXX XX
- **HIN:** XXXXXXXXX
- **Vessel Type:** Recreational – power driven vessel
- **Gross – Net Tonnage:** Unknown
- **USCG Endorsements:** Not Applicable
- **Hull Material(s):** Molded plastic reinforced fiberglass (chopped mat, cloth, and heavy woven) – polyester resin (gel coat finish) construction with marine-grade wood bulkhead and glass-over wood stiffeners - see Observations made herein.
- **Weather Deck-Superstructure:** Molded FRP (fiberglass), teak and marine-grade plywood bulkheads and FRP floors - see Observations made herein.
- **Keel:** Not sighted
- **Framing:** Deck – dimensional wood structural members on integral sheer shelf – securely fastened.
- **Fasteners:** Stainless steel
- **LOA, Beam, Draft:** 40' (LOA) X 14" X 3' 8" (reported).
- **Displacement:** 23000 pounds (reported)

- **Dewatering Device(s):** Yes - 12-volt DC operated with hand and automatic high water float switching.
- **Through-Hull Fittings and Sea cocks:** Yes – marine grade thru-hull fittings and bronze alloy sea cocks in machinery and forward - after bilge spaces. See Observations/Recommendations made herein.

Machinery:

- **Main Engine:** Twin (2) Volvo Penta AQD40 six (6) cylinder diesel engines; fresh water cooled with estimated 165 BHP each. Fuel system consists of metal fuel tank, filters, metal piping, and hoses in machinery area. Wet exhaust system – see Observations made herein.
- **Take Home Machinery:** None
- **Serial Number(s):** – not visible; tags deteriorated
- **Engine Hours:** 1893 (as reported)
- **Gear Reduction:** Attached – marine reduction with reversing – approx. 2.0:1
- **Propeller(s):** Unsighted
- **Propeller Shaft(s):** 1.25" stainless steel.
- **Propeller Shaft Sealing:** Cast bronze alloy with conventional flax packing with adjustable bonnet.
- **Propeller Strut(s) – Cutless Bearing(s):** Unsighted
- **Rudder:** Unsighted
- **Trim Tabs:** Yes
- **Bilge - Machinery Space Ventilation:** Forced and natural draft.
- **Comment:** Full instrumentation at lower helm station – limited at upper helm station.

Electrical:

- **Type:** Primary engine and house systems 12-volt DC with distribution panel with over-current protection and BIS. Engine-driven 12-volt DC alternator - starter. Shore powered 30-amp 120-volt AC system with distribution panel with over-current protection. Marine grade wire and electrical equipment found onboard.
- **Batteries:** Multiple installation – flooded lead acid – see Recommendation made herein.
- **Battery Charger(s):** unknown make - marine grade.
- **GFCI Protection:** None – see Recommendation made herein.
- **Genset:** Onan 7.5 Kw
- **AC Inverter:** Yes – 2500 Heart Interface Inverter
- **Cathode Underwater Protection of Metal Hardware:** Sacrificial zinc anodes (assumed)
- **Galvanic Protection Value (mv):** Unknown
- **Comments:** None.

Tankage:

- **Fuel:** Twin (2) aluminum fuel tanks (400 gallons total) with deck fill fittings – see Observation made herein.
- **Fresh Water:** Yes – single (1) poly estimated 275 gallon capacity with deck fill fitting.
- **Marine Toilet:** Yes – two (2) with one (1) poly-plastic tank of estimated 50 gallon capacity.
- **Comments:** Tankage visually inspected and found to be leak free.

Deck Equipment:

- **Ground Tackle:** One (1) Bruce-style anchor with 250' chain rode (reported). Bitter end sighted and made fast.
- **Deck Anchor Winch:** Yes – Ideal 12-volt DC
- **Fenders:** Yes
- **Mooring Lines:** Yes
- **Comments:** All deck hardware in serviceable condition – see Observations.

Navigation Equipment:

- **Steering:** Mechanically operated from dual helm stations.
- **Engine Control(s):** Mechanically operated with push-pull controls at both helm stations.
- **Steering Compass:** Yes - Two (2); one (1) magnetic spherical at upper the upper helm station and Azimuth Electronic at the lower helm station. No deviation tables observed.
- **Auto-Pilot:** Yes – CompuCourse 220 with remote.
- **Depth Finder:** Yes – Apelco at the upper helm and Ray Marine Depth Sounder at the lower helm.
- **GPS-LORAN:** Yes – Garmin GPS 4212 with G3 chip at lower helm station.
- **Marine Radiotelephone:** Yes – Coastal VHF78 and Uniden Solare VHF marine radiotelephones.
- **RADAR:** Yes – WINEGARD with enclosed array
- **Knot Meter:** None
- **Charts (nautical and pilot charts):** Not sighted
- **COLREGS - US Inland Rules:** Not sighted
- **Horn:** Yes – 12-volt type; - see Observations.
- **Navigation-Anchor Lights:** Yes – 72 COLREGS
- **Comments:** Modern navigation equipment.

Safety Equipment:

- **Fire Extinguisher(s):** Yes – all USCG approved; one (1) portable dry chemical Type BC Size I, two (2) portable dry chemical Type BC, and one (1) Type 2A – auto-discharge in machinery space – see Recommendation made herein.
- **Personal Floatation Devices:** Yes – USCG approved Adult and Child sized Types II and III life-jackets and Type IV all found aboard, in serviceable condition – see Observations.
- **Visual Distress Device(s):** Yes found onboard – not serviceable as per 33 CFR – see Recommendation made herein.
- **EPRIB:** No
- **Bilge Fuel Vapor-Heat Detector:** None
- **Smoke - Carbon Monoxide Detector:** Yes – see Observation made herein
- **High Water Alarm:** No – see Observations.
- **Tender:** Yes – ten (10) foot Zodiac RIB and Yamaha 9.9hp outboard motor (serial number **1002017**) – see Observation made herein
- **First Aid Kit – AED:** Not sighted.
- **Comments:** None

Shipboard Amenities:

- **Accommodations:** Three sleeping compartments; “V” berth forward with one double bunk, guest stateroom amidships with double bed and Captain’s Quarters with queen bed. Marine toilet of USCG approved MSD Type-III design with holding tank.
- **Cabin Lighting:** Multiple fixtures, 12-volt DC and 120-volt AC.
- **Galley:** Fitted with stainless steel sink. Optimus Princess 120VAC 3-burner with oven; full size refrigerator with freezer. U-line ice maker. Trash compactor. Perm-a-PUB wet bar beverage dispenser. “Mini” fridge located in the salon.
- **Fresh Water System:** Pressurized with multiple fixtures for galley and marine toilet compartment supplied from onboard tank with hot water tank.
- **HVAC:** Espar forced air diesel heating system. Red Dot heaters
- **Comments:** Vessel’s interior neat and clean. Well maintained.