Standard Survey

Client: Removed for Privacy

Date of Report: August 29th, 2012

Our file #: 12-27654web

This inspection was performed upon the request of the client listed above on August 14, 15 and 16, 2012 while the vessel was hauled and briefly afloat at Gran Peninsula Shipyard, Ensenada, Mexico and the client attended.

VESSEL DESCRIPTION

Builder: Titovo Brodo Gradiliste / Yugoslavia	Model/type: Passenger
Year: 1959 – 1961	Length: 211.3’ / 218’ (measured)
Depth: 20.0’	Beam: 31.9’
Gross tonnage: 977	Engines: One Sulzer
Doc. #: Removed for privacy	HIN: None
Name: Removed for privacy	Hailing Port: Removed for privacy
	Displacement: 900 GRT / 720 NRT

HULL & STRUCTURE

Keel & bottom: Corten steel plates riveted to steel frames, red anti-fouling paint, steel keel, plates are reportedly 3/8" thick, 42 zinc anodes

Topsides & transom: Corten steel plates riveted to steel frames, canoe stern, light blue paint finish, plates are reportedly 3/8" thick

Decks & superstructure: Aluminum superstructure from main deck up, teak planked decks (externally) on most passenger areas, non-skid particle paint surface elsewhere, pending indoor-outdoor carpet about spa (aft on upper deck)

Deck hardware: Upper deck safety rail - solid lower section with raised handrail aft, pilothouse top safety rail, main deck bulwarks, foredeck scuppers with hatches, 2 sets foredeck bits, three sets of foredeck hawesholes, wing doors, two sets of side boarding gates, four sets of aft deck scuppers with hatches, three sets of stern bits, two sets of stern hawseholes

Longitudinals/stringers: Steel reinforcements include: 2" steel longitudinals on 14" and 20" centers (forward)

Athwartships/bulkheads/frames: Steel frames, floors and bulkheads include: 4" steel frames on 26" centers (forward), 4" steel deck beams on 24" centers (forward), 5" frames on 24" centers in forward below deck storage space

Layout/interior components:

Upper deck

Pilothouse forward, walk around deck externally, pilothouse has helm forward, navigation desk to port and dinette to starboard, aft from pilothouse is engineer's cabin to port with bunk, desk and storage, captain's stateroom to starboard with bunk, desk and storage, first officer's cabin to starboard with two bunks, desk and storage, chief/cook cabin to port with two bunks, desk and storage, passageway internally with sink and shower to port aft and sink and head to starboard aft, port side door to side deck. Access doors (port and starboard) to upper engine room and amidships heads on both sides with heads and sinks, aft is owner's quarters (penthouse) Including saloon, queen bunk, head with shower and sink, and small galley. Aft of owner's quarters on observation deck is hot tub, two large deck storage lockers to starboard. Aft deck steps to main deck.

Above pilothouse is hard top with eight (8) Elliot life rafts

Main deck forward

Foredeck: Double capstan / windlass, Access to chain locker hatch, hydraulic crane, large deck hatch for loading stores, hatch with steps down to forward galley on level 2
Forward enclosed area includes forward saloon / lounge w/ head port and starboard, bar and steps leading to level 2 dining area. Next aft is crews' galley with access doors port & starboard and starboard steps leading down to level 2 pursers' office. Next aft is main saloon / lounge, access doors port and starboard aft, steps to level 2 guest quarters, bar

/ reception desk / entertainment center, heads to port and starboard forward in main saloon.

Main Deck Aft
Capstan, access ladder to stern platform, deck hatch to steering gear

Level 2

Forward – Chain locker, main galley, port access steps to level 3 port, main dining area w/center dance floor.
Next aft are guest quarters to port and starboard, they include:
4 cabins with queen bunks, storage and bath, 2 cabins with twin bunks, storage and bath, pursers' office and curio shop to starboard aft. 3 cabins with twin bunks, storage and bath, beauty salon to port aft, four cabins (two to port and two to starboard) with three twin bunks, storage and bath. One cabin (to starboard) with queen bunk, storage and bath starboard, one cabin to port with three twin bunks, storage and bath, one cabin to port and one to starboard with queen bunk, storage and bath starboard, one VIP cabin aft with king bunk, storage, desk, bar, and bath
Level 3

Laundry with three clothes washers and three dryers, female crew quarters to port with seven bunks and head aft

Next forward is engine room with entry from upper deck or main deck, ladders from upper engine room to main engine room. Engine room includes generator fuel oil day tank, main engine cylinder lube oil tank, propeller shaft bearing lube oil tank, second level aft are two 1400 gallon fuel oil tanks.

Forward of engine room is hold with overhead loading area through galley hatch. Freezer, refrigerator (large), ice machine, small storage locker with door starboard. Male crew quarters with fifteen bunks and storage lockers, crews head with three sinks and two showers. Exercise room w/ gym equipment to port. Crew lounge area. Forward storage area with walk-in refrigerator and separate freezer

Bilge: Holding minimal water and debris

Comments: The vessel was inspected while hauled. The vessel was launched following the completion of the survey, it was not fully afloat upon the departure of the undersigned surveyor. The vessel was not inspected while afloat. The hull bottom was visually inspected. The shipyard recently installed over one hundred doublers on the hull bottom. An ultrasonic inspection was performed of the hull bottom plates, it was not reviewed by the undersigned surveyor (the report was in Spanish). The doublers were reportedly installed in areas where the plates were thin. The shipyard reports that these areas were mostly in the areas of internal sinks and tanks. There are several dents in the hull bottom and concavity about several of the blocks. The hull bottom was painted while the vessel was hauled and 42 new zinc anodes were installed. Overall the hull bottom is in satisfactory condition. The hull sides were visually inspected. The vessel has had an aquatic deck installed on the stern. The aquatic deck was installed at the shipyard where the vessel is currently located. The hull sides have been painted during this haul out. There is corrosion on the interior hull plating on both sides aft in the forward lower level dry storage area (with the walk in refrigeration units). There is a splash zone about a

plugged through hull to port aft in this area. There are corroded frame ends aft in this area. There is rust weeping from several locations through the starboard forward bulkhead in this area. The deck and superstructure were visually inspected. The deck and superstructure are in satisfactory structural and satisfactory - marginal cosmetic condition. The paint is failing from the exterior of the pilothouse. There is corrosion of the amidships bulwarks on both sides, at the main deck level. The deck hardware including safety rails, mooring devices and hatches was visually inspected and most hatches were opened and closed. We did not open and close the port lights. The indoor / outdoor carpet has been removed from the aft portion of the upper deck, new carpet is pending installation. The aft ends of the pilothouse top safety rail are not secure. The type of glass used in deck windbreaks, doors and sliding doors (aft in the main saloon) is beyond the scope of this survey. Several of the port lights are cracked. The storm covers for the port lights in the main dining area are not installed. Many of the port lights' storm covers are supported with sticks, and have no permanent means to secure them in the open position. The deck drain grates are loose on both sides of the main deck amidships. Structural reinforcements including frames, longitudinals and bulkheads were visually inspected. Overall the structural reinforcements are in "as built" condition. Tank walls visible below the lazarette bilge have significant flaking and metal corrosion. Large pieces of iron oxide are falling into the tank. There has been prior water accumulation in the anchor chain locker, there is visible corrosion to the surface and to the chain. There is corrosion in the aft bilge, below the aft end of the propeller shaft. The bilge is holding moderate water, debris and sludge. The interior cabin spaces appear neat, clean and orderly. The interior of the vessel is in satisfactory cosmetic condition. The carpet throughout the vessel is wrinkled and not taught. There is moisture and mold in the locker in cabin #16 (all cabins are numbered). There is a crack in the mirror in the gym. There is broken glass aft in the male crew quarters, between two aft upper bunks. All of the lockers in the officer's cabins were locked and were not opened. Many of the stairwells and some of the ladders have no grab rails. The client has reconfigured and refinished the interior of the vessel during his ownership. While the age of the interior finishes is not known, none of the components have been used and they are in like new condition. This survey is not a mould inspection. The vessel was reportedly built and maintained to Bureau Veritas Society classification standards and was reportedly maintained in class until 1983.

Summary: Satisfactory

MACHINE SYSTEMS

Main engines: One Sulzer 6TD48, 1,800 h.p. @ 225 rpm, bore 480 mm, stroke 700 mm

Engine application: Diesel, 6-cylinders, inboard, direct drive, fresh water cooled, dry exhaust

Serial Numbers: None visible.

External/peripherals: Individual piston temperature gauges, two cooling water pressure alarms, lube oil pressure alarm, eleven pressure gauges, remote fresh & sea water cooling pumps, heat exchangers and oil coolers

Engine controls: Mechanical controls on engine, electric command and response system between pilothouse and engine room

Exhaust systems: Dry system, exhaust stack.

Propulsion gear/shaft logs: 8” diameter steel multi-section propeller shaft (26” circumference), packing gland, 4 internal pillow block bearings, 8’ diameter 4-blade RH bronze propeller

Steering system/rudder ports: Vulkan hydraulics system, unknown type seal, electric motor driving hydraulic pump in lazarette, autopilot pump is redundant, emergency tiller w/pulleys, wheel control with pilot house station, steel rudder

Ventilation: Forced air and natural

Generator: Port – 250 KW Caterpillar w/ 3406 engine, serial number 85220, model number 250 – 48336, starboard - 135 KW Caterpillar w/ D464 engine, serial number G916998 and genset part number GF8258 (GE).

Through hulls & components: Steel through hulls (discharges) two sea chests (one per side)

Location of through hulls as visible: Port – One aft, three aft of amidships, sea chest aft of amidships, two forward of amidships. Starboard: one forward of amidships, two amidships, four aft of amidships, sea chest aft of amidships (below chine), one aft

Seawater systems: Copper tubing, plastic (PVC) tubing, steel through hull valves

Bilge pumps: Electric pump aft in engine room with eleven valves between two manifolds

Comments: The engine was visually inspected only. The engine was not test operated. The engine was originally built to Bureau Veritas Society classification standards and the engine was reportedly maintained in class until 1983. External surfaces and peripheral components of the engine appear satisfactory – good. The engine controls were not tested. The engine is controlled in the engine room, with an electric command system between the pilothouse and engine room. The engine is a direct drive with no transmission and thus needs to be stopped and restarted in reverse direction to change the rotational direction of the propeller. The engine has an air start system and a large capacity for compressed air. The engine is cooled with electric sea water and fresh water pumps located forward of the engine. There is corrosion visible on three of the pumps. The heat exchangers for the engine and generators are located to starboard in the engine room. There is surface corrosion on the cooling tubes, and rust weeping from plumbing junctions and valves. The client reports that the engine manufacturer removed the heads and inspected the top of the pistons and the cylinders since he purchased the vessel; he reports that the components are in good condition and the engine is properly functional. The engineer reports that the engine is lubricated every 8 days and the engine is test operated every month or two. The tag on the engine states “Jugo Registrar BROJ L – 1702” and “Bureau Veritas BVN131.954-D-7” with an apparent date stamp of “28.5.59”. The engine and generators have dry exhaust systems, the systems are properly arranged and installed. We did not observe any of the engines functioning. The propulsion components including the propeller, propeller shaft, stern tube, shaft seal and pillow bearings were visually inspected. Overall the propulsion components are in satisfactory – good condition. There is an unknown coating on the aft end of the propeller shaft (internal). The purpose of this coating is unknown. The steering system was visually

inspected only. The steering system was not tested. Where visible the steering system appears satisfactory – good. The steering system includes a relatively new autopilot. The engine room ventilation system was not tested. The generators were visually inspected only. The port generator is relatively new. The port generator's dry exhaust has a broken support (at a weld) above the main engine's heads. Both generators have dry exhaust sections which are not covered with thermal insulation. The starboard generator's air filter has been removed and a screen is installed on the air intake. Externally the generators appear to be in satisfactory – good condition. The through hulls were visually inspected, we did not manipulate any valves. The through hulls appear to be in satisfactory condition. The seawater systems were visually inspected, no components were tested. Overall, the seawater systems are in satisfactory – good condition. There are many valves which are missing handles; these are not through hull valves. The engineer states that the port forward bilge pump is not functional. The manifold for the aft engine room bilge pump is missing several valve handles. The bilge pump system was not tested. There is a hole cut in the bulkhead between the walk-in refrigerator and the storage locker forward. The engineer is a "full time" employee.

Summary: Satisfactory

TANKAGE

Fuel: Two steel day tanks aft in upper engine room, 7 steel tanks, 42,890 US gallons

Fill & vent: Steel fill tubes, two fill fittings on main deck (one per side) forward of amidships, steel vent tubes, manifold in engine room

Feed & return: Copper tubes, flexible hoses at engines (generators), Racor filters

Water: Two steel tanks, 16,893 gallons & 11,260 gallons, fill fittings to starboard on main deck

Holding: Two tanks, unknown capacity

Comments: The fuel system including the tanks, fill, vent, feed and return lines was visually inspected as installed. Where visible the fuel system components are in satisfactory - good condition. The condition and age of the fuel (and water) and the integrity of the tanks (fuel, water and holding) and hoses is beyond the scope of this survey. There is corrosion visible inside the tank below the lazarette. The tankage in the vessel is extensive and there are crawl spaces between tanks aft of the engine room and forward, accessible via the male crew bunkroom. There are numerous tank access hatches throughout the vessel. There are numerous pipes and disconnected tubes throughout the vessel including overhead in the engine room, aft lower deck space, (overhead and plastic tubes lower) and in the starboard bilge below the crew quarters. There are tank cover fastener nuts loose in the bilge area below the male crew quarters. The heads were dirty, the heads were not flushed. The fixtures are not installed in many of the galley and bar sinks. Please consider filling all tanks for a simple, practical test of their integrity. We did not review the tank diagram or note the specific location of tanks including ballast tanks. The client designed and had two new water tanks fabricated and installed. We tested the water pressure in only a few locations.

Summary: Satisfactory - Good

ELECTRICAL SYSTEMS

AC system: Shore power inlet to starboard in storage locker, 460V / three phase transformers to 220 and 110 volt systems

DC system: Two 4D wet cell 12-volt batteries to port forward in engine room, battery switch by batteries, two 4D wet cell 12-volt batteries and battery switch below pilothouse console, 12-volt system

Wiring: Multi-strand wires

Circuit protection: Screw in fuses and circuit breakers, main distribution panel forward in engine room includes main AC circuit breakers, 25 source selector switches, 4 voltmeters, 7 ammeters, 2 HZ meters, and 2 KW meters. Sub panels in lazarette, sub panel below pilothouse helm -, subpanels aft in officers' quarters, in forward storage locker, in galley, forward in main saloon, at landing in cabin area, in female crew passage way, two in stores locker forward of male crews head

Comments: The electrical system including the shore power cord, shore power inlet, batteries, wiring, circuitry components and circuit protection equipment was visually inspected and components were randomly tested. We did not disconnect the shore power cord and inspect the cord or inlet. Overall the electrical system is in satisfactory condition. The condition of the batteries is beyond the scope of this inspection. Much of the electrical system has been replaced, however, the primary distribution panel and sub-panels in the engine room have many original components. There are new circuit breakers installed on the starboard side of the primary distribution panel. There are new circuit breakers in the subpanels located throughout the vessel. While the majority of the electrical system installation is complete, there are a multitude of light fixtures which are not complete, and several bulbs are hanging by their wires. Light bulbs are exposed in several locations throughout the vessel. The music system has been removed for replacement, the client stated it was damaged by electrical surges. There are several exposed conductors throughout the vessel, including many uncovered junction boxes. There are also several exposed dead end wires not in junction boxes throughout the vessel. Wire nuts are used on stranded wire connections. Two batteries located to port forward in the engine room are not covered and there is a portable battery charger connected to them. Two AC electrical outlets located in the engine room are not secured, and are hanging by their wires. The back of the main electrical distribution panel forward in the engine room is exposed, the covers are removed (work is underway). Wiring to starboard forward in the engine room at and forward of the electrical distribution panel is not well organized, routed and secured. Covers are removed from the two port forward engine room electrical transformers. The cover is missing from a fuse panel to port forward in the engine room. There is a small metal box containing a circuit breaker and fuse to starboard in the engine room, the box is not secure. An electrical distribution box under the pilothouse helm console is not covered. We did not test operate all electrical components including all pumps and lights. There are two water heaters located in the upper engine room, one is in use, neither are secure. There is an exposed distribution panel in the forward storage locker. There is an unused and unsecured battery by the emergency generator and the generator's battery is not covered. The main galley is not equipped with cooking devices.

All AC electrical outlets which were tested have reversed hot and neutral. We found several plastic light covers melted in the cabins. The covers had been removed for replacement. The water heaters in the female crew area exhibit significant external corrosion.

Summary: Satisfactory – Good

SAFETY AND LIFE SAVING

Portable fire extinguishers: Nine CO2 units (4/13 tag dates), nine dry chemical units (4/13 tag dates)

Fixed fire system: AC Electric water pump to port aft of engine with three fire stations, fixed engine room system (not inspected)

Flotation devices: 5 life rings, 24 type 2 adult

Horn/distress flares: Air horn, no flares seen

Navigational/anchor lights: Unknown

Anchor & ground tackle: 2 Navy style anchors (size unknown), chains

Other equipment: Alarm system, emergency engine room lighting, 8 Elliot life rafts (size not legible) certification date 1990, 2 life floats, ships bell, emergency galley lighting, emergency cabin area lighting, battery operated smoke alarms, bilge tunnel aft of engine room with escape hatch to lower deck level

Comments: Safety equipment for fire fighting protection appears satisfactory. Fire extinguishers are located throughout the vessel but most are not currently mounted and secured. We did not inspect the engine room fixed system. Personal flotation devices appear suitable for near coastal use. We did not see distress signal flares. We did not test the horn. We did not inspect or test the navigational and anchor lights. The ground tackle including the anchors and rode was visually inspected as installed and appears satisfactory. The Danforth Constellation compass has an air bubble. The life rafts' certification has elapsed. The life floats have sun damage. The fire stations have no hoses; there are two deck stations and one interior station. We did not test any of the emergency lights. There is a compressed gas tank on the foredeck, secured to the portable boarding ladder. There is no fire extinguisher in the crew galley. The age of the smoke alarms is beyond the scope of this survey. The entire length of the anchor rode was not inspected and should be inspected prior to use.

Summary: Satisfactory

ACCESSORIES

General equipment: Fixed stabilizers, two Rade Koncor 440/220 volt transforms, engine room lights, two DeLaval fuel centrifuges, two compressed air tanks, three electric water pumps starboard aft engine room, two main engine electrical water pumps, five ballast tanks with double bottoms (reported), electric stern capstan, penthouse includes sofa bed / galley (4 burner electric stove, sink, refrigerator, small galley appliances) and head with sink, shower, fixtures, head and bidet, Danforth constellation compass, Comnav 5001 auto pilot, Standard Horizon Eclipse VHF, Magellan Meridian GPS, weather base V, Furuno sat. compass, Professional Mariner model 40 – 60+ battery charger, helm bench seat, helm chair, dinette, navigation station, electric heaters, five TVs, Standard Horizon Intrepid+ VHF, Cestrel barometer, two safes, cedar lined lockers, mechanical opening ports, light mast, two Kenmore model 153.3.33 water heaters (upper deck), intercom system, paint locker, two integral anchor chain hawsepipes, double electric anchor windlass with chain & line drums, boarding ladder, hydraulic crane, foredeck cargo hatch, foredeck storage locker, 25 h.p. Mariner outboard engine, foredeck flood light, air compressor in forward hold. brig, emergency generator, forward storage locker ventilation fan, emergency generator fuel tank, main galley sole cargo hatch. mechanical lifts for engine room top deck ventilation hatches, extensive tools and parts inventory, two fresh and two sea water pumps forward in engine room, three air compressors, GE catalog # 9T23B3875, 112.5 Kva transformer, two Rheem 119.9 gallon water heaters, Eseco switch gear electrical switching component with AC ammeter, DC ammeter, AC volt meter, and Hz meter, two cooling tubes per side in engine room, two black water pumps, lube oil transfer pump and system, fresh and salt water pressure tanks, fresh and salt water pumps for the bathrooms, exterior spa, aquatic deck / stern platform, beverage air refrigerator, opening port lights with covers, forward saloon bar, forward saloon soda bar, Whirlpool FXV16XYRZ, two crew galley sinks, 4 burner electrical range, Whirlpool microwave oven, second electric oven, Wells deep fryer, galley exhaust hood, Goldstar microwave oven. Blue ribbon model PV16P refrigerator, crew dining area with coffee pot, main saloon bar and greeting stand, Frigidaire beverage refrigerator, Kenmore water heater model 153-31F131, dance floor, main dining room seats 68, beauty salon, curio shop, Purser office with safe, VIP cabin bar, VIP vanity, two Ace model 52-20RF8-F water heaters, three clothes washers, three clothes dryers, exercise room with gym equipment, Hotpoint freezer, walk-in freezer and refrigerator, ice machine, forward water pump with pressure accumulator tank, two Ace model 5-52-20RS8-F water heaters

SUMMARY

The vessel is a steel motor vessel reportedly built in Kraljeviei, Yugoslavia for President Tito as his private yacht. The vessel is currently equipped with the original directed drive diesel engine. The vessel was reportedly purchased by the British government and used as a training ship until 1980. It is reported that the main engine, shaft and bearings were overhauled at that time in Singapore. The vessel reportedly passed out of class (Bureau Veritas) in 1983 and was sold. Subsequently the vessel was seized by the US Marshalls and the client purchased the vessel in 1992. The vessel was delivered from Seattle to Ensenada, Mexico following purchase and the vessel has remained in Ensenada since then. The client has reconfigured the interior and, over twenty years, has accomplished most of a “refit”. The vessel is currently laid out as a passenger vessel. All cabins include in-suite heads. The layout is typical of small passenger vessels with separate crew quarters, galley and dining area. The layout includes two saloons with bars, passenger dining area, dance floor, incidental shop and beauty saloon. There are officers quarters aft of the pilothouse, a penthouse suite aft of the officers’ quarters and a purser’s office. The vessel is basically structurally sound. The engine is a direct drive, with no transmission, this will create operational challenges, specifically docking and undocking. The significant tankage allows for great range. The vessel is not currently suitable for use but upon completion of the electrical projects underway, recommendations and successful sea trials, the vessel should be suitable as a passenger carrying vessel.
The vessel has been in the state of restoration since the current owner purchased the vessel in 1992. The vessel has not left the harbor of Ensenada, Mexico since it arrived there in 1992. The client has a crew of four attend to the vessel, including an engineer and a carpenter. The client attends the vessel regularly and stays aboard the vessel during the visits.

Overall Summary: Satisfactory

VALUES

ACTUAL CASH VALUE	NEW REPLACEMENT VALUE	INVESTMENT
$1,200,000	$15,000,000	N/A

The actual cash value is the value that our research approximates the selling price of this vessel should be, at the time and place of our inspection. Consideration is given to vessel’s condition, geographic location, published listings and guides, comparable sales and listings, and market conditions. The new replacement value is the cost of this or a similar, **new vessel**, comparably equipped. The investment is the reported investment including purchase price and significant upgrades. No values include maintenance costs, storage or tax. In most instances the data found while researching the value is stored in our file for this survey. We primarily use market value analysis methodology for determination of value.

Standard Form Key: All systems are rated based upon their appearance, ratings

1. Properly mount all portable fire extinguishers.

2. Assure that the fixed fire extinguishing system is currently inspected, or inspect and tag it as necessary. It was not inspected.

3. Assure the vessel has all legally required carriage components and that they are functional. These components include: distress signal flares, sound signaling device, placards, etc...

4. Prior to anchoring the vessel lay out all anchor chain, inspect and service as necessary. Chain has been exposed to water and exhibits corrosion.

5. Service and prove all alarms systems properly functional.

6. Service and prove the emergency lighting properly functional.

7. Maintain the life rafts per the manufacturer's recommendations.

8. Maintain or replace the smoke alarms per the manufacturer's recommendations, the age of the alarms is unknown.

9. Discard the deteriorated life floats, replace them as necessary.

10. Service the Danforth Constellation compass, eliminate the air bubble.

11. Test and prove the sea water fire suppression system functional, provide hoses for the three fire stations.

12. Provide a portable fire extinguisher for the crews' galley and mount it conspicuously.

13. Remove the compressed gas tank stored on the foredeck, it is currently secured to the boarding. Its purpose is unknown.

14. Clean sludge, oil, debris and water from the bilge spaces. Service to eliminate any leaks.

15. Address the corrosion and metal flaking in the tank below the lazarette. Clean pieces of flaking metal from the tank. We did not access and inspect any other tank, consider inspecting and servicing tanks as a matter of normal, planned maintenance.

16. Provide and install suitable safety rails / grab rails on all stairwells and ladders. Several stairwells and ladders have no grab rails / hand rails.

17. Address corrosion on the bulwarks on the main deck level amidships, on both sides aft of the boarding gates. This corrosion is at deck level. Eliminate the cause of this corrosion.

18. Assure that the type of glass used in the deck windbreaks, windows (particularly in the main saloon) and sliding glass doors aft in the main saloon are suitable for this purpose or replace as necessary.

19. Tighten the carpet throughout the vessel to eliminate the wrinkles that create a personal injury risk.

20. Service as the result of corrosion in the aft bilge below the aft interior section of the propeller shaft.

21. Replace the cracked mirror aft in the gym.

22. Remove the small pieces of broken glass aft in the male crew cabin. Broken glass pieces were found between two berths.

23. Address the corrosion to the interior hull plating on both sides aft in the forward dry storage area. This area may have been repaired with doublers externally.

24. Address the abandoned and plugged through hull to port aft in the forward dry storage area which is currently coated with splash zone around the circumference. This area may have been covered with an external doubler.

25. Address the corrosion of frame ends aft in the dry storage area and weeping through the starboard forward bulkhead as necessary. Eliminate any leaks causing the rust stains, clean and paint to allow detection of any future leaks.

26. Return the vessel to suitable documentation. Client stated that vessel US documentation has expired.

27. Repair the broken weld support for the port generator exhaust tube, this is located to port above the main engine's heads.

28. Provide and install suitable thermal protection for the port and starboard generators' dry exhaust tubes.

29. Provide valve handles for the bilge pump manifold system to starboard aft in the engine room. Several valves are missing handles. Test and prove the system proper functional.

30. Repair and prove the port forward engine room bilge pump functional, the engineer reported it is inoperative. Provide a secondary bilge pump of suitable size connected to the bilge pump manifold.

31. Complete the installation of the various plumbing components including galley and bar sink fixtures.

32. There are numerous exposed electrical wires throughout the vessel, all wires should be properly connected, utilized and covered. Installation should comply with a suitable standard such as Bureau Veritas, ABYC or comparable. Exposed wires and electrical components include the following:

- Main bar water heater
- Overhead aft in main dining area
- Junction boxes throughout the vessel
- Electrical outlets throughout the vessel
- Upper engine room aft
- Back of the electrical distribution panel

- Starboard forward in the engine room
- Two port transformers
- Two panel supports in the engine room
- Above starboard side of main distribution panel
- Starboard forward engine room has a loose box with circuit breaker and fuses
- Distribution panel under pilothouse helm
- Distribution panel in forward storage locker. Recommendation remove wire nuts in the electrical connections and replace with butt connectors or terminal boards. Follow a standard similar to ABYC.
- The lighting throughout the vessel is pending completion and service replacement of fixtures is underway. Many bulbs are exposed, many bulbs are hanging by their wires, this is a condition which needs to be rectified throughout the vessel on all levels.
- Properly cover the battery support board in the engine room to prevent accidental short circuiting.
- Properly secure two loose AC electrical outlets which are hanging by their wires on the port and starboard sides of the engine room.
- Properly secure the water heaters that are located in the upper engine room, remove the water heater which is not in use.
- Remove the unused battery by the emergency generator
- Cover the battery terminals serving the emergency generator
- Re-wire the AC system so the AC outlets have proper polarity. All outlets tested have reversed hot and neutral.

SECONDARY

1. Test and prove the navigational lights functional. Service if necessary. This should be done prior to using the vessel.
2. Complete the replacement of the music system. Components are currently removed for replacement.
3. We strongly encourage inspection of all “original” electrical components by a qualified marine electrician, this includes screw-in fuses located at many locations including the main distribution panel and several sub panels.
4. Replace the cabin lights with covers which will not melt or provide proper size bulbs to prevent the repetition of melted cabin light covers.

5. Address the corrosion on the water heaters in the female crew area.

6. There are numerous discontinued pipes and tubes throughout the vessel including the engine room, bilge spaces and tank spaces. Eliminate any liabilities as a result of this condition.

7. Clean the dirty heads.

8. Install the nuts on the tank cover in the bilge below the male crew quarters.

9. Service as a result of corrosion on three engine cooling pumps forward of the engine. Eliminate any leaks to allow detection of any future leaks.

10. Service as the result of surface corrosion on the heat exchange components starboard in the engine room. There is rust weeping at plumbing junctions and valves. Eliminate any weeps, clean and paint to allow any detection of future weeps or leaks.

11. Return the starboard generator's air filter, the screen currently installed will not prevent small objects from being ingested.

12. Determine the significance of the coating on the aft internal section of the propeller shaft. Assure that this coating is suitable for its intended purpose or address any deficiency as necessary.

13. Return handles to any valves which are currently missing handles. Test and prove all valves functional throughout the vessel.

14. Determine if the hole cut between the walk-in refrigerator and the storage locker forward is by design, plug the hole as necessary.

15. Complete the installation of the carpet on the aft upper deck.

16. Address the cosmetics on the superstructure as desired. Paint is flaking from the pilothouse.

17. Properly secure the aft end of the safety rail on both sides on the top of the pilothouse.

18. Address the anchor rode locker for corrosion as the result of prior water accumulation, clean and paint as necessary.

19. Replace the cracked port lights if / as necessary.

20. Provide suitable storm covers for the port lights in the main dining area, prior to operation of the vessel.

21. Provide suitable supports for the storm covers throughout the vessel. Currently sticks are used to hold the storm covers up.

22. Address as a result of moisture and mold in the locker in cabin #16. Eliminate the leak causing this condition and address damage as necessary.

23. Reinstall the grates over the main deck drains on both sides amidships.

24. Provide suitable labels and a key for the coding of the pipes throughout the vessel including the significance of the various colored pipes (white, green, gray, yellow, etc.).

25. As the vessel was inspected while hauled, no sea trial was performed. The engine, generator and related components were not tested.

26. The following components were not tested: intercom, outboard engine, stern capstan, windlass, emergency generator, crane, alarm system, emergency lighting, door aft of crew mess was not opened, several lockers were not accessed, crew galley exhaust hood, smoke alarms, electronics, steering system.

This survey sets forth the condition of the vessel and components, as specifically stated only, at the time of inspection and represents the surveyor's honest and unbiased opinion. The submitting of this report should not be construed as a warranty or guaranty of the condition of the vessel, nor does it create any liability on the part of Christian & Company or the individual surveyor. No part of the vessel was disassembled or removed and no assumptions should be made as to the condition of concealed components. Specifics were obtained from sources available at the time of inspection and are believed correct, but are not guaranteed to be accurate.

Christian & Company, Marine Surveyors, Inc.

_____ August 29th 2012__

By: Mr. Kells Christian, Surveyor Date

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