

HARBOUR MARINE SERVICES, INC.
217 Silver Maple Drive
Chesapeake, Virginia 23322
(757) 482-9119

September 12, 2005

John & Jeanne Niccolls
35551 Sassafras Drive
Round Hill, VA 20141

Dear John & Jeanne,

In accordance with your request for a Marine Survey of the 1986 Lord Nelson 37' Victory Tug (Hull Identification Number (OEY370660986) for the purpose of evaluating the vessels present condition and estimating her fair market value and replacement cost, I submit the following report.

The subject vessel was inspected by the undersigned on September 12, 2005 while afloat and while hauled in the slings in Chesapeake, VA. The vessel was found to be constructed according to current marine manufacturers' standards and appears to be suitable for continued use and marine insurance coverage.

The vessel was inspected using non destructive means to determine the vessel's current structural, system, and cosmetic condition in compliance with current US Coast Guard, American Boat & Yacht Council, National Fire Protection Agency and other industry standards.

The findings and recommendations are presented as follows:

OVERALL VESSEL CONDITION: ABOVE AVERAGE

FAIR MARKET VALUE: \$178,000.00

APPROXIMATE NEW REPLACEMENT COST: \$225,000.00

Respectfully submitted,

Edward E. Harbour
Accredited Marine Surveyor

Member Society of Accredited Marine Surveyors (SAMS)
Member American Boat & Yacht Council (ABYC)

HARBOUR MARINE SERVICES, INC.
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This report is submitted in good faith and constitutes a description of the condition of the vessel as found at the time of inspection. Unless otherwise mentioned, a visual inspection only has been performed without removal of panels, furniture or fixed equipment. It is to be understood that Harbour Marine Services, Inc. assumes no responsibility for any defects and shall not be held liable for errors and omissions nor for hidden defects. This report is for the exclusive use of the person or business named above. The rights to the use of this report may not be sold or transferred to a third party without written permission from Harbour Marine Services, Inc. HMS, Inc reserves the rights to this report and its contents. This report does not warrant or guarantee the condition of the above mentioned vessel, its parts, machinery or equipment.

You and your assigns hereby exempt and release Harbour Marine Services, Inc. from any and all liability claims, demands, actions, or causes of action whatsoever arising out of this report. The use of this report implies that you have read the report, that you understand it and that you accept the above mentioned conditions.

OFFERED: _____
Edward E. Harbour
President Harbour Marine Services, Inc.

DATE: _____

INTRODUCTION

The described vessel, "KNOCK OFF" A 1986 Lord Nelson 37' Victory Tug, was inspected on behalf of John & Jeanne Niccolls of 35551 Sassafra Drive, Round Hill, VA. 20141. A satisfactory sea trial was conducted with the current owner, John & Jeanne Niccolls, the listing agent, buyer's agent, an engine surveyor and myself aboard. The assignment is to conduct an inspection in an attempt to determine inasmuch as possible through non destructive means the vessel's current structural, system, and cosmetic condition in compliance with current U.S. Coast Guard, American Boat & Yacht Council (ABYC), National Fire Protection Agency (NFPA), and other industry standards. Non destructive tests were used per normal industry practice.

INSPECTION LIMITS

Areas of the vessel inspected included:

- A visual inspection of the external hull above and below the waterline and deck laminate surfaces.
- Within the interior, removable cabin sole plates, drawers, and access panels were removed and the areas behind inspected.
- Lockers were emptied and entered as necessary for inspection.
- The engine, mechanical, fuel, plumbing and electrical systems were visually inspected on external surfaces only and were operationally tested inasmuch as possible except as noted.

Areas not fully inspected or assessed were:

- A design, stability, performance or structural analysis including invasive testing, core sampling, lab analysis, removal of fixed panels, cabinetry, ceiling strips, or trim was not done nor were operational tests done.
- Engine compression, tank, hose and exhaust system pressure, metallurgical, electrical line continuity, oil analysis or battery load testing were not done by this surveyor.

-Systems not operationally tested included:

Dockside pressure water system.

It is understood that the buyer is familiar with the design and construction of this vessel and determined it's suitability for the intended usage and is familiar with it's cosmetic condition. The dimensions, capacities and data given in this report are those which were obtained from available reference materials, or reported information, not survey measurements.

The distribution of this report is listed on the signature page/last page of the text. The original is identifiable by initials over each page number, the signature of the attending surveyor on the last page and the embossed corporate stamp. Readers are advised that only the original and certified true copies should be used. The accuracy of all others is unknown.

DEFINITION OF TERMS

The following terms are used throughout the Survey Report:

APPEARS: The word “APPEARS” is used where close or complete inspection was not possible. Unless otherwise indicated, inspection of the surface was performed by sounding and visual observations, using non-destructive methods.

FIT FOR INTENDED SERVICE: Service for which it was designed and manufactured.

ADEQUATE: Sufficient for a specific requirement.

POWERS UP: Power only was applied. This does not refer to the operation of any system or component unless specifically indicated.

LIKE NEW CONDITION: New or like new.

VERY GOOD CONDITION: Nearly new with only minor cosmetic or structural discrepancies noted.

FAIR CONDITION: Denotes system or component is functional “AS-IS” with minor repairs needed.

POOR CONDITION: Denotes system or component needing repair or replacement and considered unsuitable for further use.

FIBERGLASS: Fiberglass Reinforced Polyester (FRP) May or may not be cored with Balsa, Plywood, Airex, Divinycel etc.

DELAMINATION: A separation of fiberglass laminates and/or core separations.

HAULED: Removed from the water.

GENERAL INFORMATION

DATE OF INSPECTION: September 12, 2005

TYPE OF SURVEY: Condition & Value

NAME: John & Jeanne Niccolls
ADDRESS: 35551 Sassafras Drive
Round Hill, VA. 20141

LOCATION OF VESSEL DURING SURVEY: Chesapeake, Virginia

YEAR/MAKE/MODEL OF VESSEL: 1986 Lord Nelson 37' Victory Tug

HULL IDENTIFICATION NUMBER: OEY370660986

USCG FEDERAL DOCUMENTATION NUMBER: 909473 Affixed to the hull in the engine room and in the pilot house.

NAME OF VESSEL: "KNOCK OFF"

HAILING PORT: Whitestone, VA

BUILDER: Lord Nelson DESIGNER: James Backus

HULL MATERIAL: Fiberglass reinforced plastic

HULL TYPE: Full displacement hull

LENGTH OVER ALL (LOA): 36 ft. 11 in.

BEAM: 13 ft. 02 in.

DRAFT: 03 ft. 06 in.

APPROXIMATE DISPLACEMENT 20,585 lbs.

FUEL: Diesel

INTENDED CRUISING AREA: Chesapeake Bay & Tributaries. US Atlantic Ocean

DINGY: Apex. HIN#: ITC20917F696 State Reg No: VA 5784 AN

OUTBOARD MOTOR: Nissan 5HP Model NS8B. S/N: 82621

VESSEL

HULL EXTERIOR

Type Hull: Molded fiberglass hand laid into female mold
Material: Fiberglass
*Finish: Gelcoat smooth with green hull sides and transom. Some minor scratches on the starboard bow around the anchor and starboard side amidships.
Wetted surface: Antifouling paint applied over the gelcoat. Acceptable condition.
Type of Bottom: Full keel
Deadrise angle: Undetermined

Condition: The hull was sighted fore, aft and athwartships and appeared to be generally fair overall. There were no indications of post manufacture shape change or distortion. The wetted surface was sounded with a phenolic hammer and found to be free of any voids, soft spots, delaminations or deformations. The vessel floated on an even keel.

The external most topside surface appeared to be original manufacturer's gelcoat with antifouling paint applied over the gelcoat below the waterline. The inner most laminate layer appeared to be woven roving. The internal structural members consisted of wood/plywood core FRP stringers and floor timbers and plywood bulkheads.

No visible fractures and/or pattern crazing was noted within the accessible laminate surfaces.

The hull exterior above the water line needs to be washed and waxed.

Propeller Four blade left hand Michigan Dyna Quad 24" diameter. Pitch reported as 20". The propeller was turned and found to run true. No deterioration or corrosion noted. No dings or gouges.

Shaft The shaft is 2" stainless steel stock. No deterioration or corrosion noted.

Rudder The rudder is stainless steel stock securely mounted on a skeg. The ruder appears to be properly aligned with no deterioration or corrosion noted. All internal components secure. Stainless steel rudder post.

HULL INTERIOR

General Comments: The vessel's hull interior is well constructed and uses ballast of internal fuel and water tanks. The interior structure is a frame work of longitudinal stringers encapsulated with FRP. Wooden hatches cover longitudinal and athwartship members, which are bonded to the hull. Additionally, the bulkheads are bonded to the hull via applications of fiberglass tabbing.

Internal members: Accessible internal structural members including athwartships and longitudinal stringers appeared to be plywood core encapsulated FRP.

Bulkheads: Appear to be veneered plywood covered with teak. All appear to be well secured

Limber Holes: All allow adequate drainage from all areas of the hull interior.

Portlights: Appear in good condition.

It appears the interior is well constructed to current manufacturers specifications with an efficient design of bottom framing in connecting of girders, bulkheads and frames to provide adequate rigidity. The interior hull appears to be arranged to allow accessibility to all compartments and are adequate for their designed purpose. A proper sized egress hatch is fitted over the forward berthing compartment.

The interior was found in a neat and tidy condition.

SUPERSTRUCTURE

General Comments: Appears to be in good condition.

Type of construction: FRP. Wood cored.

Pilot house: Surrounded with fiberglass. Steering console forward. Five windows forward with the port and starboard side sliding downward to open. Teak trim around the windows. Fiberglass hard top over the salon with a stack mounted on the centerline. A painted mast is mounted forward of the stack on the pilot house hard top with running lights affixed to the mast. The pilot house hard top has an opening hatch with access from the pilot house. The radar scanner, horns and a spot light are mounted on the pilot house hard top. An inflatable dingy is mounted aft on davits.

Fittings and hardware: Stainless steel and bronze.

Antennas and mounts: Fiberglass antennas. Stainless steel mounts. All in good condition and well secured.

HULL TO DECK JOINT

All appears to be well secured with no obvious water leaks to the interior noted.

DECKS & TOPSIDES

Material: FRP.

Finish: White gelcoat.

Portlights: Stainless steel and bronze. All appear in good condition.

Decks: The main deck is fiberglass covered with teak. The cabin house forward is fiberglass covered with teak. The decks were percussed with a phenolic hammer and found to be free of any obvious voids, soft spots or delaminations. Aluminum hatches are fitted into the deck for access to the bilge and storage areas. An anchor windlass is mounted on the bow with a washdown adjacent.

Moisture content: Not observed.

Deck Surface: Teak covering fiberglass.

Moisture Content: Not observed.

Lifelines: Bulwarks with teak cap running the length of the vessel.

Cleats: All well secured.

Deck Lights: Adequate.

Scuppers: Adequate.

INTERIOR

Sleeping accommodations: Four. Double berth in forward cabin on the port side with a hanging locker adjacent. A settee fits nicely on the starboard side of the berth. An enclosed head is on the port side with toilet and basin. A basin and shower stall are across. Moving aft and up is the pilot house with a steering station to starboard, navigation station on the centerline and bench seating aft in the pilot house. Port and starboard doors. Down and aft is the salon with galley to the port side forward in the cabin. A hinged locker is forward in the cabin for access to the engine room. There is a port side L-lounge with storage below that converts to a double berth. A table is before the lounge with tie downs on the port. Two chairs and small table across. A companionway door is aft on the starboard side of the salon.

Heads: One electric head.

Bulkheads: Plywood covered with teak. No separation or flex was noted.

Headliner: Wood battens.

Hull Liner: Wood battens and wood paneling and cabinetry.

Cabin Sole: Teak & holly.

The interior was found in a neat and tidy condition.

ELECTRICAL SYSTEMS

12 VOLT SYSTEM (DC)

Ships system: 12-volt

Batteries:

Quantity: Two 8D 12-volt wet batteries. One 12-volt group 31 anchor windlass battery.
One group 24 generator starting battery.

Location: One mounted under the forward berth and three mounted in the engine room. All in covered battery boxes.

Condition: All appear in good condition and well secured.

Wiring: Marine grade tinned copper duplex and triplex cables with vinyl insulation. All properly supported, color coded and numbered. Cambric molded rubber and thermoplastic.

Distribution Panel: The 12-volt distribution is mounted in a closed locker on the port side of the pilot house.

Circuit protection: Magnetic marine breakers. Trip free single pole wired to single master breaker. All clearly labeled and well organized. A Link 2000 is mounted at the steering station.

Battery Charger: Heart Freedom 30 inverter/battery charger. Fit for intended service. .

Master Breakers: (1) Four position selector switch located in the engine room. One two position under the froward berth.

120 VOLT SYSTEM (AC)

Shore system: 120-volts AC

Shore receptacle inlet: Dual 30A 125 volt receptacles. TV & phone. Two 30A 125 volt shore cables aboard. Several pig tails of various combinations.

Distribution panel: The 120-volt distribution panel is mounted on the port side of the pilot house in a closed locker.

Circuit Protection: Magnetic trip free breakers clearly labeled. Volt and amp meters. Generator/shore power transfer switch.

Wiring: Primary wire 600 volt boat cable. All well secured and organized.

-

BONDING SYSTEM

All vessels equipped with a permanently installed electrical system shall be equipped with a bonding system. ABYC recommendations E-1.4. A bonding system shall consist of:

- Common bonding conductor
- Common bonding conductor connection to the negative side of the electrical system
- Individual bonding conductor connections to the non-current-carrying metallic parts of the electrical equipment.
- The common bonding conductor shall be uninsulated copper or bronze strip, copper tubing, bare tinned-copper wire or wire insulated copper wire of the proper gauge. Copper braid shall not be used.
- The bonding conductors must be color coded according to ABYC E-3 "Wiring Identification on Boats"

Note: Lightning is a major concern for any boat on the water. Thus, to protect the vessel and crew from damage, injury and possible death, a bonding system is required to divert this potentially very high amperage current, directly to the grounding water (earth). The object of interconnecting the metal parts of a boat with conductor is to prevent damage from side-flashes, especially in the case of rather extensive metal objects that are nearby.

Engine: Bonded

Generator: Bonded.

Fuel Tanks: Bonded.

Fuel fills: Bonded.

Metal seacocks: Bonded

Sea strainers: Bonded.

Rudder posts: Bonded.

Drain plugs: Bonded.

ELECTRONICS

VHF Radio:

Manufacturer: ICOM

Model: IC M502

Location: Pilot house.

Condition: Transmitting and receiving.

Antenna: Fiberglass mounted on the pilot house hard top. Good condition.

Radar:

Manufacturer: Raytheon.

Model: R20 24 mile range with a closed scanner.

Location: Display on the pilot house console. Scanner mounted on the pilot house hard top.

Condition: Fit for intended service.

*Autopilot: One (1) Unit.

Manufacturer: Robertson

Model: AP300

Location: Pilot house.

Condition: The unit operated normally. The owner stated the unit did not operate well in the navigation mode.

Depth finder: Three units

Manufacturer: Interphase

Model: Forward sounder

Location: Pilot house.

Condition: Fit for intended service.

Manufacturer: Raytheon

Model: ST60

Location: Pilot house

Condition: Fit for intended service.

Depth finder:

Manufacturer: Autohelm

Model: Tridata

Location: Steering station

Condition: The unit knot meter did not operate.

— GPS

Manufacture: Lowrance

Model: Global Map 1609

Location: Pilot house

Condition: Fit for intended service.

LORAN:

Manufacturer: Micrologic

Model: Mariner

Location: Steering station

Condition: Fit for intended service.

*Indicates needing attention.

ELECTRICAL EQUIPMENT

Stereo:

Manufacturer: Kenwood
Model: AM/FM//CD
Location: Salon
Condition: Fit for intended service

Refrigeration:

Manufacturer: Addler Barbour
Model: Cold machine
Location: Galley.
Condition: Fit for intended service.

Air conditioner: Two units.

Manufacturer: Cruisair
Model: two 16,000 BTU capacity
Location of compressors: One under the forward berth one under the cockpit.
Condition: Both powered up and produced a flow of cool air. Not tested in the heat mode.
Some minor rust on the aft compressor.

Water heater:

Manufacturer: Atwood
Model: 120-volt approximately 10 gallon with exchanger to engine.
Location: Engine room.
Condition: Fit for intended service.
Note: The heater is fitted with an exchanger to the engine.

Windlass:

Manufacturer: Maxwell
Model; 12-volt Capstan drawing line and chain
Location: Mounted on the bow
Condition: Powers up.

Microwave:

Manufacturer: Goldstar
Model: 120-volt
Location: Galley
Condition: Powers up.

Toaster Oven:

Manufacturer: Undetermined
Model: 120-volt
Location: galley
Condition: Powers up

Oil change system:

Manufacturer: Reverso
Location: Engine room
Condition: Powers up.

ELECTRICAL EQUIPMENT CONTINUED

Stove:

Manufacturer: Princess

Model: three burner with oven

Location: Galley

Condition: The safety switch did not operate properly. All burners heated up when the switch was manually held down.

PROPULSION SYSTEM

General Comments: It appears the marine engines are designed for saltwater operation (ABYC P-4.5); and the equipment and arrangement of component parts, as installed, are accessible, without the use of tools, for the normal maintenance of the engines (e.g. oil fills, dip sticks, cooling water fills (ABYC P-4.5))

The ducts for cooling air intake and discharge must be constructed of fire resistant materials (ABYC P-4.6); and the engine oil pans or sumps resistant to corrosion (ABYC P-4.6) and there should be a means provided to determine the correct oil level in the engine as it is installed (ABYC P-4.6); and the engine crank cases must be properly vented to prevent excessive pressurization.

Number of engines: One

Fuel type: Diesel

Engine Manufacturer: Cummins

Model: 4B3T.9M Diesel

Serial Number: 44160373

Year of Manufacturer: 1986 reported

Engine hours: 1167.13 displayed on hour meter. The hour was replaced with 1098 hours on the original meter. Actual hours 2265

Horsepower rating: 150 hp

Engine mounts: Secure adjustable mounts. Some external rust

*Engine Exhaust: Wet. Some hose clamps rusted.

Fresh water cooling: Yes Heat exchanger appears in good condition.

Raw water cooling: Yes. Seacocks appear in good condition. Sea strainer installed in line.

Note: An engine mechanic performed an engine and generator evaluation. See his report.

*Indicates needing attention.

GENERATOR

Manufacturer: Westerbeke Fresh water cooled
Model: 8.0 BTD
Fuel Type: Diesel.
Location: Engine room.
Kilowatt rating: 8.0 KW
Serial Number: 48476-C-607
Hours run: 725.5 displayed on the hour meter.
Exhaust: Water lift. Satisfactory.
Condition: Oil and water levels normal. The unit ran well under full load.
Shore/Generator transfer switch on the distribution panel.

PLUMBING SYSTEM

The potable water system appears to be designed and installed so that water is totally separated from any contact with water used for other purposes (ABYC H-23.4). The components in the system are provided only for the function of this system, e.g. pressure pumps for potable water that are connected are not used as bilge or sump pumps (ABYC H-23.4). The material used in the system is of such composition and immersions as to be chemically and structurally suitable for application (ABYC H-23.5)

Number of storage tanks: Two 90 gallon reported.
Total tank capacity: 180 gallons reported
Tank material: Stainless steel
Location: Under the galley sole.
Pump: 12-volt
Accumulator tank: Yes.
Shore water connection: Yes. Not tested.

Hot water tank: 120-volt
Capacity: 10 gallons.
Location: Engine room
Safety valve: Yes. Satisfactory.
Condition: Producing hot water. No rust or corrosion on the jacket.

Dockside water connection: Not tested.

SANITATION

The prescribed regulations governing the design, construction, operation and maintenance of marine sanitation devices and procedures for certifying that sanitation devices meet the regulations and standards of the Environmental Protection Agency promulgated under section 312 of the Federal Water Pollution Act of the United States, including the territorial seas are applicable to the subject vessel.

Type I marine sanitation device (MSD), means a device that produces an effluent having a fecal coliform bacteria count not greater than 1,000 per 100 milliliters and no visible floating solids.

Type II (MSD) means a device that produces effluent having a fecal coliform bacteria count not greater than 200 per 100 milliliters and suspended solids not greater than 150 milligrams per liter.

Type III (MSD) means a device that is designed to prevent the overboard discharge of untreated sewage or any waste derived from sewage.

Therefore this vessel's system falls under the requirements of section 159.16, 159.12, or section 259.12a of the United States Coast Guard.

Installed marine sanitation device (MSD): Yes. Holding tank and electric macerator

Head Type: Electric

Holding tank: Yes

Discharge: Deck discharge. Overboard.

Number of heads: One Condition: Good. Operating

BILGE PUMPS

Number of pump: Two 12-volt. One gusher.

Location: Engine room bilge.

Condition: Fit for service.

Shower sump pump.

GROUND TACKLE

Anchor windlass:

Manufacturer: Maxwell

Model: Capstan

Location: Bow

Condition: Powers up.

Primary Anchor: Yes.

Secondary: Danforth 30 pound mounted on the bow.

Type: CQR

Additional Fortress FX 23

Size: 35 pound

Chain: Approximately 20'

Rode: Approximately 200 5/8"

STEERING SYSTEM

General Comments: The steering system appears adequate for a vessel of this size and conforms to ABYC Steering System Standards.

Number of Stations: One

Locations: Pilot house.

Type: Mechanical push pull

Lines and fittings: All appear fir for intended service.

Rudder shaft: Stainless steel.

FUEL SYSTEM

General Comments: The fuel system of this vessel must attain the highest practical degree of freedom from fuel or vapor leakage within the hull and all parts of the system. ABYC standards H-24 and H-33 along with the National Fire Protection Association (NFPA 302) fire protection standards were used in the evaluation of this vessels fuel systems.

Engine Fuel: Diesel

Number of tanks: Two 125 gallon tanks

Material: Appear to be stainless steel.

Labels: Not sighted.

Capacity: Total 250 gallons reported.

Location: In the bilge under the salon sole.

Fuel Lines: USCG approved copper and type A flex hose.

Fuel filters: Racor water separators and standard canisters.

Fuel Fills: Walkways. Bonded labeled diesel. Overflow adequate.

Fuel vents: Mounted in the transom

Fuel selector valves: Mounted on top of the starboard tank.

SAFETY EQUIPMENT

General Comments: This vessel's safety equipment must meet the requirements set forth by Titles 33 and 46 of the Code of Federal regulations (CFR's). In addition this vessel must conform to the Federal Equipment Carriage Requirements for Recreational Boats. The owner/Operator of a recreational boat may also be bound to comply with other regulations specific to the State in which the boat is operated.

Personal Flotation Devices: Numerous Type II

Throwable Device: Horseshoe

*Flare Kit: Expired.

Fire Extinguishers: Two Type ABC mounted through out the vessel. Accessible and fresh.

Fixed Fire Extinguisher: None

Sound Devices: Air horn. Bell.

Navigation Lights: Properly placed and illuminating.

Oil Discharge Placard: Yes.

Plastic and Garbage Disposal Placard: Yes.

Registration of Vessel: Documented vessel. Papers not sighted.

Power exhaust blowers: Yes.

Compass: Ritchie and Azimuth

*Indicates needing attention.

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FINDINGS AND RECOMMENDATIONS

Deficiencies noted under “**ESSENTIAL RECOMMENDATIONS**” SHOULD BE ADDRESSED BEFORE THE VESSEL IS NEXT UNDERWAY. THESE FINDINGS REPRESENT AN ENDANGERMENT TO PERSONNEL AND OR THE VESSEL’S SAFE AND PROPER OPERATION. USCG AND FEDERAL REGULATION REQUIREMENTS ARE ALSO INCLUDED IN THIS CATEGORY.

DEFICIENCIES NOTED UNDER THE “**OTHER RECOMMENDATIONS**” SHOULD BE CORRECTED IN THE NEAR FUTURE TO MAINTAIN STANDARDS AND PRESERVE THE VESSELS VALUE.

ESSENTIAL RECOMMENDATIONS:

1. Purchase three current day/night flares and place on board.

OTHER RECOMMENDATIONS:

1. Repair minor scratches noted on the starboard hull forward and amidships. Wash and wax hull sides and transom.
2. Repair the neutral safety switch on the engine gear control.
3. Replace the rusted hose clamps on the exhaust hose.
4. Repair the safety switch on the Princess stove. Prove proper operation.

HULL IDENTIFICATION TRACING
OEY370660986

The hull identification number is required by the USCG to be displayed on all recreational boats built after October 31, 1972. The number consists of a combination of 12 letters and numbers identifying the manufacturer, the model number, hull number, date of construction and model year.

Hull numbers used between October 31, 1972 and August 1, 1984 are as follows:

1, 2, 3	=Manufacturer's code
4, 5	=Model Number
6, 7, 8	=Hull Number
9, 10, 11, 12	=Date of Manufacturer; (9 10 Month, 11 12 Year)

OR

9	=M
10, 11	=Model Year
12	=Month of Manufacturer; A=August B=September

EXAMPLE: TRJ50014M83B

TRJ	=Trojan Yacht
50	=Model 50
14	=Hull number 14
M83B	=Model Year, Construction began 1983, Code B=September

Hull numbers used after August 1, 1984 are as follows:

1, 2, 3	=Manufacturer's code
4, 5, 6, 7, 8,	=Manufacturer's Hull Number
9, 10	=Date of Certification or Manufacture (9 is letter for month; A=January, 10 is Last Digit of Year
11, 12	=Model Year

EXAMPLE: TRJ40012L586

TRJ	=Trojan Yachts
40012	=Hull Serial Number
L5	=December 1985
86	=1986 Model Year

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SUMMARY AND VALUATION

STATEMENT OF OVERALL VESSEL RATING OF CONDITION

It is the surveyor's experience that develops an opinion as to the vessel's **OVERALL VESSEL RATING OF CONDITION** after a completed survey has been performed and organized in a logical manner.

The grading of a vessel's condition as developed by BUC RESEARCH, and accepted in the marine industry, determines the adjustment to the range of base values in the BUC USED BOAT PRICE GUIDE. As consideration to determine the Market Value, similar vessels sold within a given time period are evaluated.

The following is the accepted marine grading system of condition by BUC:

“EXCELLENT (BRISTOL) CONDITION” A vessel maintained in mint or Bristol fashion. usually better than factory new. Many extras. A rarity

“ABOVE AVERAGE CONDITION” Has had above average care and is equipped with extra mechanical, electrical and electronic gear.

“AVERAGE CONDITION” Ready for sale requiring no additional work and normally equipped for size.

“FAIR CONDITION” Requires usual maintenance to prepare for sale.

“POOR CONDITION” Substantial yard work required and devoid of extras.

As a result of my inspection and by virtue of my experience the vessel is:

OVERALL VESSEL RATING: ABOVE AVERAGE CONDITION

STATEMENT OF VALUATION

THE FAIR MARKET VALUE IS THE MOST PROBABLE PRICE IN TERMS OF MONEY WHICH A VESSEL SHOULD BRING IN A COMPETITIVE AND OPEN MARKET UNDER ALL CONDITIONS REQUISITE TO A FAIR SALE, THE BUYER AND SELLER, EACH ACTING PRUDENTLY, KNOWLEDGEABLY AND ASSUMING THE PRICE IS NOT AFFECTED BY UNDUE STIMULUS.

Harbour Marine Services, Inc.
Chesapeake, VA
(757) 482-9119

SUMMARY OF VALUATION

The 1986 Lord Nelson 37' Victory Tug a nicely appointed vessel of a size that should make a comfortable world wide craft. The overall appearance is that of a well-kept, well equipped Yacht that should perform well for her owner.

In summation, the vessel having been subject to the inspection of this surveyor appears sound and suitable for continued use and marine insurance coverage once the safety deficiencies are corrected.

Therefore, after consideration of the reliability of the data, the extent of the necessary adjustments and condition of the vessel, it is my opinion that the “**FAIR MARKET VALUE**” of this vessel is:

\$178,000.00
ONE HUNDRED SEVENTY EIGHT THOUSAND AND 00/00
DOLLARS

The “**ESTIMATED NEW REPLACEMENT COST**” Indicates the retail cost of a new vessel of the same make/model with similar equipment offered by the same manufacturer. The “**ESTIMATED NEW REPLACEMENT COSTS**” is:

\$225,000.00
TWO HUNDRED TWENTY FIVE THOUSAND AND 00/00
DOLLARS

This report is submitted without prejudice and for the benefit of whom it may concern.

Edward E. Harbour
Accredited Marine Surveyor
Surveyor in attendance.

Distribution:
Original to: John & Jeanne Niccolls
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