Harbor Marine Surveyors

--------------------------------------------------------------------------------------------------------------------

 General Terms and Conditions

THE FOLLOWING TERMS, CONDITIONS AND LIMITATIONS ARE PROVIDED FOR YOUR INFORMATION AND BENEFIT AND FORM THE BASIS OF A LIMITED LIABILITY CONTRACT.

A MARINE SURVEY IS AN OPINION ONLY. IT DOES NOT PROVIDE A WARRANTY OR GUARANTEE OF ANY KIND.

 WHEREAS, Harbor Marine Surveyors (“HMS”) is engaged in the business of performing marine surveys and represents that he is duly qualified to do so; and WHEREAS, Survey Purchaser is desirous of having a marine survey performed upon the named vessel in the work order; NOW THEREFORE, in consideration of the mutual promises given and received herein, HMS agrees to perform, and Survey Purchaser agrees to purchase, a marine survey under the following terms and conditions;

* The intent of a marine survey is to record and report ONLY what is visually found at the time and place of the inspection. The surveyor will exercise “reasonable care” and “due diligence” while conducting a “visual” and “hands on” marine survey of the accessible areas of the vessel. Lockers full of gear will be left untouched or requested that they be emptied by the owner’s/vessel’s representative.
* The vessel should be prepared for survey with compartments unlocked, stores and excess equipment removed and maximum access to all areas of the vessel provided.
* In the event the surveyor is subject to the removal of equipment to access and conduct survey, or if the surveyor is subject to delay at no fault of the surveyor, an hourly rate of $90.00/hr. will be imposed.
* Survey purchaser, if not the owner of the said vessel, represents and warrants that he has obtained specific permission from the owner of said vessel for the conduct of a marine survey at the location indicated and that the owner understands that minor damage sometimes does and can occur to a vessel during a marine survey when reasonable stresses are placed upon vessel and components in order to test their condition, and that the owner shall hold HMS and its agents, contractors, or employees harmless for any such damage which may occur.
* It is agreed and understood that the Survey Purchaser, by the execution of the Survey Work Order, obligates himself/herself for the payment of the marine surveying services performed, in the amount of the fee agreed upon herein, and that in the event Survey Purchaser fails or refuses to make said payment, he, she, shall be liable to HMS for all costs and expenses, including reasonable attorney's fees, incurred by HMS, or in the collection of said debt. Furthermore, In the event that it becomes necessary to bring legal action to enforce the payment provisions of this agreement, the client shall be responsible

 Harbor Marine Surveyors

--------------------------------------------------------------------------------------------------------------------

 for paying the reasonable collection costs of such action including attorney fees and other

 related costs.

* It is agreed and understood that in the event of an unjustified or fraudulent (including accidental) credit card chargeback or returned check, a $150.00 processing and clerical fee will be imposed.
* The surveyor WILL NOT operate the engines, machinery, equipment, switches, or appurtenances without owner/captain/representative present at time of survey. There is no guarantee given or implied regarding current compliance, future usefulness or life of these units. No internal inspections are made.
* It is the client’s/broker’s/seller’s responsibility to arrange for the haul out as well as a captain for the sea trial portion of the survey once a scheduled survey date is agreed upon, unless otherwise arranged.
* The exterior of the machinery, tanks, belts, hoses, and piping is visually inspected where normally accessible. No disassembly, analysis, sampling, compression, or pressure testing of mechanical systems is undertaken, unless otherwise arranged. No reference or information may be construed to indicate an evaluation, warranty, or opinion of the internal condition of the engines, pumps, generator, or the propulsion system's operating capacity.
* It is recommended and understood that ALL ENGINES be surveyed by a qualified Engine Surveyor to determine the condition of the engines, gears and pumps, heat exchangers, coolers, etc.
* The spars, standing and running rigging are generally inspected from the deck only, unless special arrangements are made, and sails will be inspected as found furled or bagged unless other arrangements are made prior to the survey.
* The vessel is surveyed without removals of any parts, including fittings, tacked carpet, screwed or nailed boards or trim, anchors and rode, fixed partitions, instruments, clothing, spare parts and miscellaneous materials in the bilges and lockers, or other fixed or semi-fixed items unless otherwise arranged and appropriate fees paid. Due to paneling, ceilings, tanks, installed equipment, foam insulation, and hull liner, only a portion of the inner hull surface will be accessible for inspection. This precludes inspection of the hidden portion of the hull interior surface, as well as any wiring or piping that may have been routed through the voids.
* The survey will be conducted in accordance with generally accepted marine standards and criteria utilized in the marine surveying industry. Persons or entities entitled to rely upon this report are advised that this surveyor is not an engineer, nor does he possess any specialized knowledge beyond the degree of skill commonly possessed by others in the same employment and those in which he is certified for.
* The surveyor will make neither weight calculations nor measurements. All dimensions and weights are from published specifications. SPECIFICIALLY NOT INCLUDED IN

 Harbor Marine Surveyors

------------------------------------------------------------------------------------------------------------

* THIS SURVEY: Electrical load calculations, machinery survey, rigging survey, corrosion survey and the condition of any trailers, unless otherwise arranged.
* It is RECOMMENDED that all fuel tanks be pressure tested prior to consummating a purchase. • Minor cosmetic defects not materially affecting value may not be addressed.
* The survey report represents the condition of the vessel as inspected by the undersigned surveyor on the date of survey. This survey report makes no representation and does not purport to describe any condition that may have changed since the date of the survey, and the recommendations herein are limited to those that in the opinion of this surveyor are reasonably necessary and appropriate based upon the conditions and circumstances, as they existed at the time of the survey.
* The market value quoted is the best estimate of the price a willing buyer would pay a willing seller, both parties having reasonable access to the relevant facts, neither party under any compulsion to buy or sell, and under market conditions at the time and place of the survey.
* In the event that this surveyor is called upon, after rendering a Marine Survey Report, to explain, modify or supplement the report, or its contents, or should the surveyor be called upon to render expert advice, testimony or to provide survey expertise in any dispute in litigation (or not), the surveyor will be compensated at a rate of $115.00/hour.

A PDF copy of survey report will be issued for the sole use of the requesting party [work order signatory], for an agreed fee based on the express use of the report and the legal liability of this surveyor. Others are not to reprint or use the published report, or rely on its contents without payment to this surveyor; for an agreed fee, based upon an appropriate re-evaluation of the same factors in the published report of survey. This signed and sealed report represents the complete findings of the survey and supersedes any and all conversations, statements and representations whether verbal or in writing.

 • PRIVACY POLICY – THE WORK PRODUCT SURVEY REPORT IS UNDER COPYRIGHT & IS HELD IN THE STRICTEST CONFIDENCE.

 Duplicate printed copies of this report are $75.00.

• NO APPOINTMENT TO SURVEY THE VESSEL WILL BE MADE UNTIL THE SIGNED WORK ORDER HAS BEEN RECEIVED. FEES ARE TO BE PAID BY CASH, CHECK, CREDIT CARD AT THE TIME AND DATE OF INSPECTION. A SURVEY REPORT WILL NOT BE PROVIDED IF THE FEE IS NOT PAID. DEPENDING ON THE EXTENT OF TRAVEL INVOLVED, A DEPOSIT IN THE AMOUNT SHOWN ON THE WORK ORDER IS REQUIRED WITH THE RETURNING OF THE WORK ORDER. SURVEY REPORTS ARE E-MAILED WITHIN FOUR (4) WORKING DAYS OF THE DATE OF INSPECTION. A

 Harbor Marine Surveyors

--------------------------------------------------------------------------------------------------------------------

MINIMUM FEE OF $250 IS CHARGED IF THE SURVEY IS TERMINATED/CANCELED WITHIN TWO (2) DAYS, INCLUDING THE DAY OF, THE SURVEY DATE. SURVEYS TERMINATED DURING OR ON THE DAY OF THE SURVEY ARE CHARGED AT $90/HR. FROM PORTAL TO PORTAL. • RE-INSPECTION FOR ANY PURPOSE SHALL BE CHARGED OUT AT TIME AND EXPENSES AT $90/HR.

**THE SURVEY REPORT IS NOT A FORM OF INSURANCE, GUARANTEE, OR WARRANTY AND IS ISSUED ON THE FOLLOWING TERMS AND CONDITIONS:**

 These Reports or Certificates and performance of services by Harbor Marine Surveyors ("HMS") shall in no way be deemed to be a representation, statement, or warranty of seaworthiness of any vessel, container, cargo, structure, item of material, or equipment. HMS shall not be liable for, and the party to whom the survey report is issued agrees to indemnify and hold HMS harmless from and against any and all claims, demands, actions for damages, including legal fees, to persons and/or property which may be brought against HMS incidental to, arising out of, or in connection with the services to be performed hereunder, except for those claims caused solely by the negligence of HMS. HMS shall be discharged from all liability for negligent performance or non-performance of any services in connection with issuance of this Certificate, unless the same is discovered prior to and is claimed in writing made to HMS within 180 days and litigation is commenced within one year after performance of survey services. In accepting same, it is understood and agreed that the extent of obligation of this firm, with respect thereto is in furnishing a competent surveyor, and no liability in excess of the charges for services rendered shall attach to this firm, nor to any surveyor or other employee(s), agent(s), or representative(s) thereof, as respects errors, omissions, advice and/or other information whether written, stated, implied or otherwise expressed on behalf of this firm. HMS, nor any of its agents warrant the accuracy of any information, advice, or services rendered and shall not be held liable for any loss, damage, or expenses whatsoever sustained by any person in tort or contact due to any act of omission or error of any nature whether negligent or not and however caused by or on behalf of this firm. HMS provides opinions and recommendations totally independent of third party influences and signing of this work order shall constitute an agreement on behalf of the person requesting such service(s) to pay the subject fee assigned. All of the findings reflect conditions observed at the time of the survey inspection. The surveyor reserves the right to amend or extend this report upon receipt of additional relevant information. The survey report is rendered without prejudice. In no event shall HMS be liable for any consequential damages, including, but not without limitation to, delay, detention, loss of use, or customary port charges to the party whom the survey report is issued to or any other person, corporation, or business entity for whose benefit the report may be issued

. LEGAL LIABILITY - As a result of information contained in the survey, this surveyor shall have no liability for consequential damages, personal damages, personal property loss damages, or punitive damages, all of which shall be deemed to have been knowingly and voluntarily waived upon contracting for the subject survey report. The Maritime Arbitration Society shall settle all disputes, and the sole venue shall be Gainesville, Georgia. In no event shall the legal liability of this surveyor exceed the fee paid by “the signatory party to this work order”, for the Marine Survey and Report; regardless of type of the claims or suits, and regardless of the number of claims, or under any theory other than gross negligence. Any and all time, under any legal auspices, is billed at $350.00 per hour. Also, you agree to hold harmless this surveyor against all third party claims and agree to pay all legal collection costs.

 SCOPE OF SURVEY

**Circumstances of Survey**

 Vessel will be inspected either while afloat or hauled out depending on the particulars of the work order. The hull exterior wetted surface and underwater machinery and hardware will be inspected in accordance with the work order.

 A formal sea trial will conducted if requested and noted in the work order. Machinery and

 Harbor Marine Surveyors

--------------------------------------------------------------------------------------------------------------------

equipment will or will not be inspected while operating except where specifically noted in the

survey report. Machinery, tanks, belts, hoses, and piping will be visually inspected where normally accessible. No disassembly, sampling, analysis, compression testing, or pressure testing will be performed unless otherwise arranged. No reference or information should be construed to indicate evaluation of the internal condition of the engine or the propulsion system’s operating capacity

. All moisture related values stated in the report were derived using the Electrophysics GRP-33 moisture detector. Moisture detectors are used to detect the presence of moisture within a non-conductive & porous materials but cannot determine the amount of saturation. Conclusions based on moisture readings are not definitive, and confirmation may require destructive testing. Elevated moisture readings will be followed up with percussion soundings with a phenolic hammer for further confirmation. Moisture readings are for reference purposes which normally require further testing to determine the actual size and extent of the noted area(s).

 Locked compartments or otherwise inaccessible areas are not inspected. The vessel is surveyed without removals of any parts, including fittings, tacked carpets or liner materials, screwed or nailed boards or panels, anchors and chain, fixed partitions, instruments, clothing, spare parts and miscellaneous materials in the bilges and lockers, or other fixed or semi-fixed items.

Tankage will be inspected from visible surfaces only. No evaluations can be made or opinions rendered as to overall condition of inaccessible areas. Electrical system will be visually inspected where accessible. No in-depth testing or examination of the electrical system schematic will be conducted.

 No determination of stability characteristics or inherent structural integrity will be made and no opinion is expressed thereto. This survey report represents the condition of the vessel on the dates specified on the survey report, and is the unbiased opinion of the undersigned, but is not to be considered an inventory or a warranty, either specified or implied.

**Intended Users**

The survey is prepared for the exclusive use of the client whose name and address appear on the survey report, and the report is not transferable to any other person or entity. The intended users of the report and appraisal are for the client and those lenders and underwriters considering financing or insuring this vessel for the client only.

 **Standards**

The mandatory standards promulgated by the United States Coast Guard (USCG), under the authority of Title 46 United States Code (USC); Title 33 and Title 46 Code of Federal Regulations (CFR), the voluntary standards and recommended practices developed by the American Boat and Yacht Council (ABYC), and the standards of the National Fire Protection Association (NFPA), have been used as guidelines in the conduct of this survey, but complete compliance with all such standards is not guaranteed.

 Harbor Marine Surveyors

--------------------------------------------------------------------------------------------------------------------

**RECOMMENDATIONS AND APPRAISAL**

 All safety equipment aboard the vessel, fire extinguishers, flares, and PFD’s are checked and deficiencies noted. New NFPA (National Fire Protection Association) or ABYC (American Boating and Yacht Council) standards, as quoted, may have gone into effect since the subject vessel was built. Noted under SAFETY DEFICIENCIES is where these standards apply to the safety of the vessel and its occupants, and should be addressed before the vessel is next underway. Findings may also be in violation of USCG Regulations. While NFPA and ABYC standards are not always retroactive, except for where there is a distinct hazard of life or property, this firm suggests their compliance for safety reasons. All CFR (Code of Federal Regulations) and 72 COLREGS (Navigation Rules) quoted within the report are mandatory for correction.

 **VALUATIONS**

• Valuation figures are statements of opinion. No guarantees can be made. Figures should not be considered absolute.

• The Fair Market Value represents the value of the vessel at the time of the survey as it was inspected. Consideration will be given for upgrades, additions, etc. as well as devoid of systems, lack of care/maintenance, damages, etc.

 • Fair Market Value & Replacement Cost figures do not include the value of the trailer, tender, or tender motor. These items will be listed separately.

• The Market Comparable, Cost, and Business methods of valuations are the three accepted methods of appraisal practices, all methods will be taken into consideration and one or more will be used in determining the current market value of the vessel.

 • This valuation is based on the vessel's apparent condition on the date of survey and assumes that the vessel's engines and other installed equipment not proven during the survey inspection are in fact operational. Discoveries made as a consequence of recommended additional testing/inspection procedures may significantly lower this valuation. Also, there is no warranty given, or implied, for the future use or life of the engines or machinery described herein. Valuations are developed using some or all of the following resources: commercially published used boat price guides (BUC, NADA, Soldboats), etc., commonly accepted marine depreciation schedules, and consultations with knowledgeable boat brokers.

 **Conclusion**

The report is submitted in good faith. The statements and information contained in it are not to be construed that other unforeseen or undetected defects or damages do not exist. The findings and recommendations found in the report are considered the surveyors opinions, without

 Harbor Marine Surveyors

--------------------------------------------------------------------------------------------------------------------

prejudice. Surveyor cannot be held responsible for mistakes in judgement, omissions, or

undetected defects. All of the findings reflect conditions observed at the time of the survey inspection. The surveyor reserves the right to amend or extend this report upon receipt of additional relevant information.

 The vessel, as described within the report, and subject to compliance with the recommendations, will be found to be in satisfactory or unsatisfactory condition and considered to either be fit or not fit for its intended route and service

 **Definition of Terms**

Please associate the following terms with the given definition as they appear throughout the Report of Survey;

 APPEARS / APPARENTLY:

 • Indicates that a very close inspection of the particular system, component or structure was not possible due to constraints imposed upon the surveyor (e.g. no power available, inability to remove panels, or requirements not to conduct destructive tests).

 FUNCTIONAL / SOUND / ADEQUATE:

• Sufficient for a specific requirement.

POWERS UP / ON:

 Power was applied only. In-depth testing of the functions was not performed.

FIT FOR SERVICE / SERVICEABLE:

• Able to be used in accordance with its intended use/purpose. See Functional / Sound / Adequate.

 NOT FIT FOR SERVICE / NOT SERVIECABLE:

 • Inoperable, failing, or unsafe.

WASTED CONDITION:

• Unusable as is. Requires repair or replacement