



NORCOAST MARINE SURVEYORS, INC.

JIM STEFFEN, AMS-SAMS

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SURVEY #1103561

DATE OF REPORT: 10/5/10

VESSEL: M/V "KAREMAR"

This is to certify that the undersigned Surveyor, at the request of Mr. Bill Paden, did attend aboard the recreational vessel "KAREMAR", Official No. 531167, on 5 September, 2010, while it was dry on the municipal tide grid in Sitka, Alaska, for the purpose of determining its condition, its current fair market valuation, and its general suitability for intended service regarding insurance and finance. The date of this report is the effective date of valuation.

GENERAL DESCRIPTION

The KAREMAR is recreational coastal cruiser that is a refit of a molded Fiberglass Reinforced Plastic (FRP) commercial salmon troller of contemporary design, constructed by Westport Shipyard in 1971. It has a raked stem with moderate flare, a round bilge with shallow deadrise, a full keel, transom stern, and a slight sheer. It has raised fore and side decks that carry a raised pilothouse and deckhouse. Decks then drop 8" to a mid deck with trunk cabin, and then an additional 4" to the aft deck.

NORCOAST MARINE SURVEYORS, INC.**REPORT # 1103561****VESSEL: M/V "KAREMAR"****VESSEL LAYOUT**

The vessel is arranged below deck as follows: foremost abaft the stem is a stowage locker, aft is a stateroom with single berths to Port and Starboard, stowage beneath, aft to Port steps leading up to the pilothouse. Here, foremost is a raised pilothouse with the helm centered on a full-width console, outboard are hinged watertight doors to the side decks, the aforementioned stair, and aft is an athwartships pilot berth, with a cutout in the sole beneath it to accommodate a ladder down to the main cabin, aft.

In the main cabin to Port is a small chest freezer with a work surface atop, aft is an enclosed head with a small sink and marine toilet, inboard is the galley stove and exhaust trunk. To Starboard is a domestic refrigerator / freezer, aft a galley counter with single basin sink and stowage beneath, aft is an opening and step down to the aft cabin, outboard a hinged watertight door to the side deck.

The aft cabin has full headroom with a dinette to Port, convertible to a double berth and having stowage in seat lockers. Inboard and forward is the mast step, to Starboard is a settee with integral stowage. Aft is a lazarette compartment, with access by way of a watertight hatch in the aft deck to the steering apparatus and tankage. Aftermost is the stern.

SURVEYOR'S NOTES

The overall physical appearance of the vessel is very good, though the design of the front of the superstructure is lacking esthetic appeal. Exterior surfaces are well coated FRP over plywood with some slight unfairness in the surface. Doors and windows are high quality Diamond Sea Glaze product. The interior is of very good appearance, nicely finished in colored plastic laminates with Cherry trim and a carpeted sole.

The hull was sounded as required; with the exception of recommendations elsewhere in this report, the laminate where visible was observed to be free of significant defects or damage such as osmotic blistering, abrasion, impact or core damage, or delamination, and the running gear was found to be in good order.

The engine and propulsion system were not operated for evaluation. There are moderate hours on a 1997 repower. Based on appearance and available documentation, and for the purpose of valuation only, these systems have been assumed to be in satisfactory condition for normal use. For a more comprehensive evaluation, a mechanical survey is recommended.

Upon compliance with starred (**) Recommendations, and assuming prudent use by the operator under reasonable sea and weather conditions for a vessel of this size, this vessel should then perform satisfactorily within its physical limitations for the intended use of recreational service on the coastal and inland waters of Southeast Alaska.

For further observations, see the RECOMMENDATIONS.

This is a Limited Report of Survey. It sets forth the apparent condition of the vessel, including hull, machinery, equipment, fittings, and gear, to the best of the Surveyor's ability without removal of bulkheads, panelings, ceilings, or other portions of its structure, without the opening of its machinery or its auxiliaries for internal examination or their operation for performance study, and without the scaling of masts or rigging. It represents the Surveyor's honest and unbiased opinion, based on his opinions, experience, and work within the marine industry. The Surveyor accepts no responsibility for omissions based on information that has not been brought to his attention, nor for errors based on information not normally discoverable while acting with due diligence, nor for any conditions that may arise from said errors or omissions. In submitting this survey, it is understood by all parties concerned that this survey is not to be considered a guarantee of its accuracy, nor does it create any liability on the part of the Surveyor arising from the reliance on the information contained herein.

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CONFIDENTIAL SURVEY REPORT

SURVEY # 1103561 **DATE OF REPORT** 10/5/2010
DATE OF SURVEY 9/5/2010
OWNER Mr. William V. Paden
REQUESTED BY Owner
ADDRESS 610 Etolin St.
 Sitka, AK 99835
LOCATION Dry on the municipal tide grid, Sitka, Alaska
ATTENDING Owner and Surveyor

VESSEL R/V KAREMAR
TYPE Oil Screw / Displacement / Recreation
BUILDER Westport Shipyard, Westport, WA **YEAR** 1971
SPEC. Transom stern FRP salmon troller, converted to
 raised pilothouse coastal cruiser
 Hull # 11
 ADF&G #55556
OFFICIAL NO. 531,167 **L.O.A.** 36.0
REG.L. 32.7 **BEAM** 11.1 **DRAFT** 5.5
DEPTH 5.2 **GROSS** 16 **NET** 12
SERVICE Commercial fishing
PRIMARY AREA OF OPERATION Coastal Waters of S. E. Alaska

HULL STRUCTURE

MATERIAL Fiberglass Reinforced Plastic (FRP)
THICKNESS 1/2" at deck
FRAMING Transverse bulkheads
DECK TRUSSES/ BEAMS 1 1/4 X 3 1/4" transverse, 12" on center
DECKS 3/4" plywood with FRP overlay
BULKHEADS Four plywood, NWT
FASTENED Molded
GUARDS Doubled 2 X 4" Oak lower; 1 1/2 X 2 1/2" upper; 2 X 3" Ironbark FRP sponson mid
CEILING Carpet liner in foc's'le
STRINGERS Two 2 X 12" full length molded FRP
CLAMPS Molded hull-deck joint
SHELF N.A.
OTHER 3,500# lead ballast over length of keel
BULWARKS / FREEING PORTS FRP hull extensions w/ 31/6" raised aluminum extensions, 4" V frames, 1/4 X 4" formed caps; 27" high at stem, 20" amidships, 31" aft. Three 1 1/2 X 5 1/2" scuppers each side
HOUSE 3/4" marine plywood on wood frame, FRP sheathed on exterior, Diamond Sea Glaze windows & doors, painted and varnished on interior.

MAIN ENGINE(S)

MAKE JOHN DEERE
MODEL 6068T
 Serial # TO6068T463212
CYLINDERS 6 **HP** 215 **AGE** 1997
START 12 V **RPM** 1800 **G.P.H.** 3.0
ASPIRATED Turbocharged
VENTILATION Two 4 X 12" cowls
CONTROLS MORSE 2-station throttle, 2-station shift
COOLING Heat Exchange **EXHAUST** Dry Stack
EXHAUST CLEAR OF WOODWORK? Very Good
ENGINE HRS Metered at 6,865.3
OVERHAUL Reduction gear, 1997
BLOWERS None
RED. GEAR TWIN DISC MG 506
RATIO 2.42:1 **CLUTCH** Hydraulic
ALARMS Oil Pressure, engine temp
ATTACHED UNITS One 130 amp PRESTOLITE alternator, one 90 amp MOTOROLA alternator, washdown and hydraulic pumps

NAVIGATION EQUIPMENT

COMPASS DANFORTH 3" hemispherical

RADIO 1 KENWOOD TKM 407 VHF

RADIO 2 UNIDEN Pro 538W CB

RADIO 3 STANDARD Horizon Quest VHF

RADIO 4

OTHER

FCC RADIO LICENSE

LORAN

RADAR FURUNO Model 1721 Mark II 24 mile

GPS / PLOTTER GARMIN GPS antenna for ACS desktop computer, with ACER 14" flat screen monitor, running NOBELTEC navigation software

FATHOMETER FURUNO FCV 665 color video
FURUNO LS4100 LCD-monochrome fish finder

AUTOPILOT SITEX SP70 with two remotes

WATCH ALARM

NAVIGATION LIGHTS Approved

SPOTLIGHT ~~Hand-held~~ *Remote controlled on mast*

OTHER PROVUEW 13" flat screen monitor at stern in waterproof box
SEA TEMP
Barometer, chronometer

TANKS - FUEL AND WATER

FUEL Dsl #2 **CAPACITY** 600 Gal. **MAT'L** Aluminum

LOCATION 4 X 100 Gal. outboard engine
2 X 100 Gal. outboard at stern

LINES HD Neoprene hose **VALVES** Top draw

VENT LINES outboard, neoprene

WATER CAPACITY 140 Gal. **MAT'L** Plastic

LOCATION 2 X 20 Gal. outboard beneath forward berths
2 X 50 Gal. outboard, amidships

HOT WATER TANK 6 Gal. SEAWARD engine heated

LOCATION Starboard forecabin

OTHER

LOCATION

HOLDING TANK

TANK MOUNTS Adequate

AUXILIARY ENGINE

MAKE NONE

MODEL

CYLINDERS HP AGE

START RPM G.P.H.

ASPIRATED VENT.

CONTROLS

COOLING EXHAUST

EXHAUST CLEAR OF WOODWORK?

ENGINE HRS OVERHAUL

ALARMS FIRE ARREST

USE

BATTERIES

NO.	SIZE	TYPE	LOCATION
4	GR 31	6V deep cycle	Port engine room (House)
2	8-D	12V marine	Aft engine room (Start)

TRAYS Boxed

PROTECTED Boxed

DISCONNECT Four Vaportight switches

ELECTRICS

WIRE TYPE Stranded copper **VOLTAGE** 12 VDC

FUSED New BLUE SEA integrated 12-circuit breaker switch panel and one 6-circuit fuse block in pilothouse, with metering

FIXTURE TYPE Protected

AC CIRCUITS New BLUE SEA integrated 6-circuit breaker panel with main breaker, metering, wired through inverter

BONDING Adequate

HULL CONNECTIONS

VALVES One MARELON synthetic 1 1/2" seacock, one 1 1/2" PVC for engine cooling

PIPING Neoprene and reinforced plastic hose in good condition

STEERING AND SHAFTS

STEERING TYPE CAPILANO hydraulic
STATIONS Wheelhouse
RUDDER 1/4" cast bronze with 1 1/2" stock and 3/4 X 4" bronze rudder shoe
TAILSHAFT 2" Stainless Steel
INTERMEDIATE SHAFT None
INTERMEDIATE BEARINGS None
STERN BEARING Cutless-type, good condition
PROPELLER 26 LH 20 4-blade bronze, good cond.
COUPLINGS One, rigid-type w/ DRIVESAVER
OTHER
ZINC PROTECTION 12# Rudder, prop, 6# rudder shoe, renewed

FIRE FIGHTING EQUIPMENT

FIXED SYSTEM TYPE FIREBOY G250 Halon, engine rm

APPROVED For space served; no tag

SPACES SERVED Engine compartment

SENSORS Integral	RELEASE Automatic
PORTABLE 1 2.5#	TYPE Dry Chem 1-A, 10-B:C
LOC Pilothouse	TEST No tag
PORTABLE 2 10.0#	TYPE Dry Chem 4-A, 60-B:C
LOC Aft cabin	TEST Blank tag
PORTABLE 3 2.5#	TYPE Dry Chem 1-A;10-B:C
LOC Galley	TEST Tagged 2000
PORTABLE 4	TYPE
LOC	TEST
PORTABLE 5	TYPE
LOC	TEST
PORTABLE 6	TYPE
LOC	TEST
FIRE ALARMS STOVEGUARD at galley range	

REFRIGERATION

GALLEY LG full-size domestic refrigerator / freezer

OTHER GE 5 cu. ft. chest freezer in galley

DECK MACHINERY & RIGGING

ANCHOR DAVIS 100# (40# DANFORTH spare)
RODE 1 Fathom 1/2" chain, 100' 3/8" chain, 200' 5/8" Samson braided line
WINDLASS Open aluminum drum
MASTS 3 1/2" i.d. step-tapered aluminum, with two 1 1/2" pipe A-Frame legs to caintop, antenna tree
HOIST / WINCH
BOOMS One 2 1/2" i.d. aluminum main boom, manual topping, boom crutch
HOIST / WINCH
RIGGING Two 3 1/2" alum. stabilizer poles w/ 2" pipe fwd stifflegs, folding outriggers, and two medium plywood stabilizers

OTHER 12" HYDROSLAVE pot hauler on boom end
 Two SCOTTY DepthPower 12V downriggers

PUMPS

MAKE RULE	TYPE Centrif	DRIVE 12 V
SIZE 150 GPH	USE Engine bilge	
MAKE SHURFLO	TYPE Diaph	DRIVE 12 V
SIZE 1/2"	USE Fresh water	
MAKE JABSCO	TYPE Implr	DRIVE Belt
SIZE 1 1/4"	USE Washdown, emerg. bilge	
MAKE	TYPE	DRIVE
SIZE	USE	
MAKE	TYPE	DRIVE
SIZE	USE	
MAKE	TYPE	DRIVE
SIZE	USE	
MAKE	TYPE	DRIVE
SIZE	USE	
BILGE ALARMS	Engine room	

STOVES AND VENTILATION

HEATERS None

GALLEY DICKINSON Adriatic oil range
STOVE

CABIN VENTILATION Door and windows

HEAT SHIELD Very Good

FUEL Main fuel tanks via autopulse pump

SAFETY EQUIPMENT

SKIFFS SUPERCARAVELLE XR66 GTX inflatable

E.P.I.R.B.

RAFTS

TEST

HORN Portable air

BELL One 6"

JACKETS Six Adult Type I

RAILINGS 1 1/4" aluminum pipe bow to amidships

SUITS

LIFERINGS One 24" w/ tether

OTHER All required placards

FLARES Current onshore kit, expired

SAFETY DEVICES EASILY ACCESSIBLE? Yes

EQUIPMENT NOT OTHERWISE NOTED

HEART Freedom 2500 watt marine inverter / battery charger with remote readout

One 200 watt 12V quartz aft deck light

Two sea anchors, rode for spare anchor

One manual, direct discharge marine toilet

KENWOOD CD player with SIRIUS XM receiver

APPARENT LEVEL OF CARE AND MAINTENANCE, AND VALUATION CONSIDERATIONS:

Very Good following major refit within past 5 years. Comfortable accommodations, suitable for coastal cruising. Appearance of new pilothouse a minor detractor to value.

UNDERSIGNED UTILIZES MARKET APPROACH, SALES ANALYSIS METHOD, AND ONE OR MORE OF THE FOLLOWING: COST APPROACH, WITH INA / MARTIN DEPRECIATION SCALES, APPRAISAL GUIDES SUCH AS BUC, AROS, NADA AND POWERBOAT GUIDE, MARKET SEARCHES, COMPARABLE SALES, INTERNET LISTINGS, AND INTERNAL DATABASES. ALL VALUES ARE CALCULATED FOR THE CONDITION AND LOCATION OF THE VESSEL AT THE TIME OF SURVEY, WITH ALL LISTED ACCESSORIES. REPLACEMENT VALUES ARE BASED ON CLOSEST EQUIVALENT VESSEL OF SAME OR COMPARABLE NEW MANUFACTURE. UNDERSIGNED SUBSCRIBES TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)

CURRENT ESTIMATED FAIR MARKET VALUE OF VESSEL AS EQUIPPED

\$120,000.00

CURRENT ESTIMATED REPLACEMENT COST NEW OF VESSEL AS PRESENTLY EQUIPPED

\$415,000.00

This survey sets forth the apparent condition of the vessel, including hull, machinery, equipment, fittings and gear to the best of the Surveyor's ability without removal of bulkheads, panelings, ceilings or other portions of the structure and without the opening of machinery or auxiliaries for internal examinations or their operation for performance study. It represents the Surveyor's honest and unbiased opinion, but in submitting this survey it is understood by all parties concerned that this survey is not to be considered a guarantee of its accuracy, nor does it create any liability on the part of the Surveyor arising out of the reliance on information contained in this report.

SUBMITTED WITHOUT PREJUDICE

[Signature]
JAMES W. STEFFEN, A.M.S.

NORCOAST MARINE SURVEYORS, INC.**REPORT # 1103561****VESSEL: M/V "KAREMAR"****NOTES ON VALUATION**

The valuations made in this report are exclusive of expendable items, removable personal equipment, possessions, spare parts, stores, bunkers or other consumables. The effective date of the valuation corresponds to the issue date of this report.

There are three accepted approaches used in appraisal analysis:

- **COST APPROACH:** Based on the proposition that the informed purchaser would pay no more for an asset than the cost of producing a substitute new asset with the same utility as the subject asset. When the subject asset is not new, the current cost to replace it must be adjusted for all forms of depreciation as of the effective date of the appraisal.
- **INCOME APPROACH:** Considers the value of the asset in relation to the present worth of future benefits derived from its ownership, and is typically measured through the capitalization of a specific level of income. This is the least common approach used in the valuation of vessels since it is difficult to isolate income attributable to the asset alone.
- **COMPARABLE SALES APPROACH:** Also known as Market Approach. Involves the collection of market data pertaining to the subject asset being appraised. The primary intent of the market approach is to determine the desirability of the asset and recent sales or offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the asset being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject asset.

The undersigned has used a Market Approach, Sales analysis method for the appraisal of value. Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a) Buyer and seller are typically motivated;
- b) Both parties are well informed or well advised, and acting in what they consider are their best interests;
- c) A reasonable time is allowed for exposure in the open market;
- d) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and,
- e) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

-American Society of Appraisers, The Uniform Standards of Professional Appraisal Practice, 2003 edition-

This market approach for the subject vessel makes use of appraisal guides such as BUC, ABOS, NADA and POWERBOAT GUIDE as appropriate for exact make and model or closest equivalent production vessels, as well as SOLDBOATS actual sales database, broker listings, and internal sales databases, all with appropriate adjustments for vessel age and condition, accessories, and location. Replacement values are based on closest comparable vessel of contemporary (new) manufacture.

CERTIFICATION OF REPORT

- The undersigned is an Accredited Marine Surveyor according to the requirements of the Society of Accredited Marine Surveyors (SAMS). He is an associate member of the American Society of Appraisers, conforming to the Uniform Standards of Professional Appraisal Practice (USPAP).
- The undersigned marine surveyor has personally inspected the subject vessel.
- The undersigned has no financial interest, or contemplated future interest, in the vessel appraised, nor does the surveyor have a personal interest or bias with respect to the parties involved. Fees charged for the appraisal are based on a standard fixed fee and are not contingent on the reporting of a predetermined value.
- The values set forth in this report are presented as the surveyor's considered opinion, and are based on the data, professional analysis, opinions, and conclusions set forth in this report.

This survey is prepared for the exclusive use of the client whose name and address appear on Pages 1 and 2, and this report is not transferable without the client's permission. The intended users of this report and appraisal are the client and those lenders and underwriters considering financing or insuring this vessel for this client only. This report by itself does not contain all the components necessary for a prepurchase decision, and other potential buyers are specifically excluded as third party users of this report.

NORCOAST MARINE SURVEYORS, INC.**REPORT # 1103561****VESSEL: M/V "KAREMAR"****RECOMMENDATIONS****LEGAL REQUIREMENTS:** These findings may constitute a violation of USCG or State regulations. They should be addressed before the vessel is next underway.

- **1. Renew expired flares in the signaling kit prior to vessel operations. (USCG Rule 37 Annex IV)
- 2. Fixed and portable fire extinguishers are to be given the annual inspection and tagged by a qualified service provider. Gaseous extinguishers must be weighed in order to be tagged. (USCG Rule 37 Annex IV, ABYC A-4.Ap.5.4.2, Ap.6.3, and NFPA 302:10:9-1.1)
- 3. All vessels with installed toilet facilities must have an operable, Coast Guard certified Marine Sanitation Device (33 CFR 159)

SAFETY REQUIREMENTS: These findings may constitute an endangerment to personnel and/or affect the vessel's safe and proper operating condition, according to current voluntary standards. They should be addressed before the vessel is next underway, or within the stated timeline.

- **4. For passenger safety, recommend installation of a combination smoke and Carbon Monoxide (CO) detector with audible alarm in each main accommodation space. (ABYC A-24.7.1 and NFPA 302, 12.3)

IMMEDIATE ATTENTION: These items should be corrected prior to continued vessel operation.

NONE

DIRECTED ATTENTION: These items should be corrected in the near future to help the vessel maintain its current value and safe and proper operating condition.

- **5. Mouse the shackles in the anchor rode.

RECOMMENDATIONS: These findings are descriptions of items noted that are of non-structural or cosmetic nature, or which fall under a longer timeline for repair. Corrections to these items will normally enhance the value of the vessel and/or preclude future deterioration of condition or value.

- 6. Replace minor soft wood found in the center hull guard at the transom.

WHEN THE STARRED (**) RECOMMENDATIONS ON THIS PAGE ARE CORRECTED, AND WHEN OPERATED BY A KNOWLEDGEABLE, CAPABLE AND PRUDENT SEAFARER, THIS VESSEL, AS CURRENTLY EQUIPPED, CAN BE CONSIDERED AN ACCEPTABLE PHYSICAL RISK FOR THE PURPOSES OF USE, SALE, INSURANCE, AND FINANCE, AND WELL SUITED FOR THE STATED INTENDED USE. RECOMMENDATIONS NOT SO NOTED DO NOT AT PRESENT SIGNIFICANTLY DETRACT FROM THE SUITABILITY OR SAFETY OF THE VESSEL, AND ARE TO BE SATISFIED WITHIN A REASONABLE PERIOD OF TIME, OR AS OTHERWISE NOTED.
