

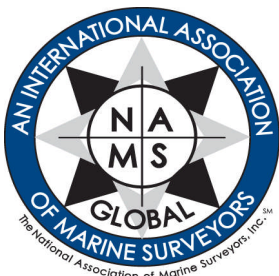
Wood/Diesel Motor Yacht *ERSA*

Report of Condition and Valuation Survey



Conducted by:
Christopher E. Collier, NAMSGlobal-CMS

Prepared for:
Estate of Eugene R. Smith III, Destin, Florida
February 10, 2011



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Setting Standards for Safer Boating®

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February 10, 2011

TO WHOM IT MAY CONCERN:

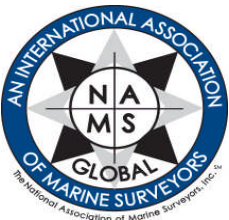
Re: File No. 10CVD07
Wood/Diesel Motor Yacht ERSA
Condition & Valuation Survey

This is to certify that at the request of vessel owners Condition and Valuation Survey of the captioned **Wood/Diesel Motor Yacht ERSA**, was made by the undersigned Certified Marine Surveyor December 16 through 31, 2010, with said vessel both hauled out on marine railway and afloat at Landry Boat Works, Inc., Bayou La Batre, Alabama, per attached pictures.

Purpose of inspection was to ascertain condition of vessel and equipment and pertinent particulars in connection therewith in way of construction details, capacities, dimensions, etcetera; to inspect all installations and list equipment sighted; to make such recommendations as found necessary in accordance with marine underwriting, U. S. Coast Guard, NFPA and ABYC standards; to make appraisal thereof as to present day market and replacement values, and to report findings.

ATTENDING:

Sloan Eugene Smith - Master/Owners Representative (850) 259-2900
Landry Boat Works yard personnel
Christopher E. Collier, NAMSGlobal-CMS - Attending Surveyor
Christopher E. Collier, Jr. - Apprentice Surveyor



VESSEL PARTICULARS:

Official Number - 229511
Gross Tonnage - 70
Net Tonnage - 48
Year Built - 1929
Call Sign - Unknown
Hailing Port - Destin, Florida
Builder - New York Yacht, Launch & Engine
Morris Heights, NY

Owners - Estate of Eugene R. Smith III
John R. Dowd, Jr. - Estate Representative
612 Harbor Boulevard
Destin, FL 32541

Registered Dimensions:

Length - 73.0'
Breadth - 15.6'
Depth - 6.9'
Overall Length -

CLASSIFICATION/CERTIFICATES:

U.S. Coast Guard Certificate of Documentation
Vessel Service - Recreational
Documentation Issuance Date - March 17, 2010
Documentation Expiration Date - March 31, 2011

Vessel is not classed and holds no classification certificate.

STABILITY DATA:

None available.

GENERAL DESCRIPTION:

The subject vessel is an all wood construction, twin screw, diesel powered motor yacht having a displacement hull with straight stem, round model bottom and round stern. The vessel is utilized as a private yacht.

CONSTRUCTION:

Carvel double planked Fir with bronze screw fasteners

Note - Original fasteners were copper rivets

Struts - Bronze and Stainless Steel

Bottom - 2" Fir

Sides - 1-1/2" Fir

Stern - 2" Fir

Decks - Teak 1" to 2"

Keel - 5-1/2" x 10-3/4" Oak

Stem - Oak

Superstructure - Honduras Mahogany

Structurals:

Bottom Frames - 7" x 2" Sawn Oak on 12" centers transverse

Side Frames - 2" x 2" Sawn Oak on 12" centers transverse

Deck Beams - 2" x 3-1/2" Sawn Pine doubled on 12" centers transverse

Keelsons/Stringers - 2-3/4" x 6-3/4" Oak

Rub Rail - 1-1/4" bronze half round over 1-3/4" x 3" wood

Docking Shoe - 7-1/4" width x 1/2" sides & 3/4" bottom U-shaped
steel docking shoe extends full length of keel.

Docking Shoe is lag screw fastened.

Roll Fin Stabilizers by Wilcox SeaBrace - 36" x 29" x 3/8" steel
plate construction planes

FUEL TANKS:

5 - total fuel tanks, three (3) welded aluminum construction starboard side engine room and two (2) welded steel construction forward in lazarette, 725 gallons reported total capacity, which are separate of the hull. Fuel tanks are fitted with suitable lines, valves and vents.

Fuel System Accessories:

Racor 900FG & 500FG fuel filter/separators

POTABLE WATER TANKS:

2 - copper construction potable water tanks, 800 gallons reported total capacity, which are separate of the hull and located port and starboard aft of engine room.

Potable Water System Accessories:

1 - 120 VAC potable water pump

1 - Whirlpool 19 gallon 120 VAC water heater

1 - Well-Trol captive air tank

MARINE SANITATION SYSTEM:

- 3 - 12-volt DC approved marine toilets (heads)
- 1 - Poly construction holding tank, 35 gallons reported capacity
- 1 - Poly construction holding tank, 60-70 gallons reported capacity
- 2 - suitable Y-valves

HULL COMPARTMENTATION & ARRANGEMENTS:

The subject vessel is fitted with seven (7) transverse bulkheads/partitions into the following compartments from bow to stern: First is the bow anchor rode locker; next aft is the crew water closet. Next aft are the crew quarters. Aft of the crew quarters is the galley. Aft of the galley is the engine room. Aft of the engine room is the forward guest stateroom. Port & starboard aft of the forward guest stateroom are the master and guest water closets. Aft of the guest water closet is the starboard guest stateroom. Next aft is the master stateroom. Aft most is the lazarette.

HULL ACCOMMODATION SPACE CONSTRUCTION, ARRANGEMENT & OUTFITTING:

Hull accommodation areas of the vessel below deck forward feature painted walls and overhead and varnished mahogany exposed beams, cabinets doors, bunk rails, trim and etcetera; Lucite counters, incandescent lighting, cast bronze portlights and coated and/or carpeted floors.

Beginning forward most in the hull is the anchor chain locker. Next aft is the crew water closet featuring ceramic tiled walls. Water closet is fitted with a 12-volt DC head, porcelain lavatory in a mahogany vanity and shower stall.

Next aft is the crew quarters equipped with port and starboard raised single bunks with storage lockers beneath. A 13" television is mounted at the forward end of the starboard bunk.

Aft of the crew quarters is the galley. Port side forward galley is the ascending steps to the forward trunk cabin lounge. The galley is equipped with a Thermador toaster oven, Frigidaire 120 VAC microwave, 120 VAC trash compactor, Frigidaire 120 VAC dishwasher and two (2) Magic Chef 120 VAC refrigerators. A single basin stainless steel sink is set into a Lucite counter with storage lockers beneath.

Next aft is the engine room. Aft of the engine room is the forward guest stateroom equipped with port and starboard full size beds forward with drawer storage beneath and large dresser between. Cedar lined hanging lockers are arranged port and starboard aft with tops providing shelf space where 13" televisions are located. Above said stateroom, the ceiling is raised above main deck into a midship deckhouse trunk immediately beneath and aft of the raised pilothouse. Said space over the forward guest stateroom houses a ceiling fan.

HULL ACCOMMODATIONS CONSTRUCTION, ARRANGEMENT & OUTFITTING: (cont)

Immediately aft of the forward guest stateroom to port of centerline is an ascending spiral stairway to the aft deckhouse salon. Port side outboard of said stairway is a water closet serving the master stateroom. Said water closet is equipped with 12-volt DC toilet, finished mahogany construction Jacuzzi tub with hand shower and a porcelain lavatory set into a mahogany construction vanity. Pump unit serving Jacuzzi tub is located in adjacent closet beneath the aforementioned stairway.

Starboard side aft of the forward guest stateroom is the water closet serving both guest staterooms. Said water closet is ceramic tile finished and equipped with a 12-volt DC toilet, open shower stall and a porcelain lavatory set into a marble topped, finished mahogany vanity. Immediately aft of the guest water closet starboard side is the aft guest stateroom fitted with transverse arranged upper and lower bunks, the upper being smaller than the lower. Forward of the aft guest stateroom opposite the ascending stairway is a cedar lined hanging locker serving the aft guest stateroom as well as a 240 VAC over/under type clothes washer & dryer combination.

Next aft is the master stateroom which, aside from painted wall sections and overhead is highly finished in Honduras Mahogany. Floors are carpeted. The master stateroom features a king size bed set on centerline aft with surrounding bed level built-in storage lockers and drawers forming port and starboard nightstands. Port side forward in the master stateroom are large cedar lined hanging lockers. Above the port arranged locker, a shelf area houses an entertainment center containing an all-in-one stereo, satellite television receiver and a 13" television.

DECKHOUSE CONSTRUCTION, ARRANGEMENT & OUTFITTING:

The deckhouse of the vessel is Honduras Mahogany hardwood construction over wood framing. Extending forward of the midship arranged raised pilothouse is a trunk cabin housing a lounge and galley with bar. Aft of the raised pilothouse is a large full width of hull enclosed salon which extends aft to the aft open stern deck. Deckhouse and pilothouse interior features finished Honduras Mahogany throughout with the exception of overhead in the aft salon which is painted white between exposed beams for accent and lighting benefit. Counters and bar tops are marble or granite. Accent hardware is polished brass. Deckhouse and pilothouse windows and doors are also mahogany with either tempered safety glass or polycarbonate glazing. Floors are carpeted. Lighting is incandescent.

Beginning forward most inside the deckhouse forward trunk, first is the descending spiral stairway to crew accommodation spaces and the engine room. Extending to starboard above said stairway, a marble inlaid counter houses drawer storage within. Aft of said stairway is fitted a mahogany table with four (4) matching upholstered chairs.

DECKHOUSE CONSTRUCTION, ARRANGEMENT & OUTFITTING: (continued)

Aft most in the forward trunk is a galley with curved marble inlaid top mahogany curved bar extending from the port side to starboard arranged forward of the galley. Bar is provided with brass footrest and four (4) matching upholstered mahogany bar stools. Galley is equipped with a Jenn-Air 4-burner 240 VAC ceramic countertop range with integral vent fan, General Electric Profile 120 VAC combination microwave/convection oven, Frigidaire 120 VAC under counter refrigerator and a 120 VAC toaster oven. A single basin sink is set into a marble counter with storage lockers beneath and enclosed glass fronted wine glass cabinet above aft. A 13" TV/VCR combination is additionally mounted port side aft above the galley counter. To starboard of the galley/bar area is an exit door onto the starboard midship wing deck.

Aft of the deckhouse forward trunk, the raised midship pilothouse is arranged above the below deck forward guest stateroom. Access to the raised pilothouse is by way of port and starboard doors exiting onto wing decks via wood steps. Access to deckhouse top is also at this location by way of fold down steps mounted on pilothouse exterior. As with all areas within the deckhouse structure, the raised pilothouse is entirely finished with Honduras Mahogany. Beginning forward in the raised pilothouse is a full width helm console housing full controls and instrumentation. Pilothouse is provided with a canvas over wood helm chair. Certain electronics are bracket hung from the overhead. Starboard side immediately aft of the helm console is a custom 12-volt DC electrical panel board which also houses the stabilizer controls. Aft within the pilothouse is the captains stateroom equipped with a single (1) transverse arranged raised bunk with storage lockers beneath. Port side at the captains bunk is fitted a porcelain lavatory set into a mahogany vanity. Starboard side at the captains bunk is a nightstand which houses the pilothouse air handler.

Aft of the raised pilothouse, the deckhouse extends full width of hull aft to the open stern deck. This originally covered but open enclosed aft deckhouse is arranged with a full bar centerline forward and a large furnished open salon aft. Beginning forward most in the aft deckhouse, port and starboard are doors exiting onto wing decks at midships. Inboard of the port wing door is the descending spiral stairway to below deck accommodation areas. Said stairway retains its original sliding trunk hatch closure within the aft deckhouse. This raised hatch closure forms the port side of the full bar area which extends from approximately centerline forward in the aft deckhouse to the starboard wing deck door. The bar features a curved marble inlaid mahogany bar fitted with brass footrest and three (3) bar stools. Bar is equipped with a U-Line 120 VAC ice maker and a 120 VAC micro-refrigerator. Inside the bar area, beneath the curved bar top is provided storage shelves. Aft of the bar, port and starboard at sides are enclosed counters housing air conditioning air handlers.

DECKHOUSE CONSTRUCTION, ARRANGEMENT & OUTFITTING: (continued)

Continuing aft within the aft deckhouse, a large mahogany video storage and wine locker extends from the port side to starboard dividing the bar area from the salon. The aft deckhouse salon is furnished with leather upholstered sofa and loveseat as well as a glass topped mahogany coffee table. Port and starboard salon are additional enclosed counters housing air conditioner air handlers. In the aft port corner is provided a 19" television. To starboard of centerline aft salon are exit double doors onto the stern deck.

Vessel hull and superstructure accommodation spaces are cooled by means of a Technicold 5-ton chilled water type central air conditioning/heating system through seven (7) air handlers.

NAVIGATION, ELECTRONIC & ENTERTAINMENT EQUIPMENT:

- 1 - set of Perko navigation lights - adequate for class & service
- 1 - 32" wood steering wheel
- 2 - sets of Marmac twin propulsion engine & transmission controls
- 1 - Pilothouse instrument panel containing Stewart Warner twin propulsion engine tachometers, oil pressure, water temperature and amperes gauges; also transmission drive oil pressure gauges.
- 1 - Kelvin & Wifred O. White 6" magnetic compass
- 1 - Aquameter digital tachometer/synchronizer, model Ensign 75
- 1 - Afi twin trumpet electric horn
- 1 - 9" searchlight
- 1 - GoLight 12-volt DC remote controlled searchlight
- 1 - hand held searchlight
- 1 - windshield wiper
- 1 - Uniden VHF transceiver, model President Ltd 715
- 1 - Raytheon radar, 48 mile range
- 1 - Garmin 220 GPS chartplotter
- 1 - Autohelm depth sounder
- 1 - Furuno color video sounder
- 1 - Raytheon autopilot
- 1 - 4" ships clock, thermometer & barometer combination
- 1 - Sanyo 19" TV
- 1 - Orion 13" TV
- 1 - Symphonic 9" TV/VCR
- 1 - Magnavox 13" TV/DVD
- 2 - MGA 13" TV's
- 1 - Kenwood AV receiver, model KR-V5560
- 1 - Mitsubishi stereo cassette player
- 1 - Radio Shack PA amplifier, model MPA-101
- 1 - "D" AM/FM stereo CD player
- 1 - Radionics security system
- 1 - DirectTV multi-satellite TV antenna
- 1 - SeaTel tracking satellite telephone antenna
- 1 - Oregon scientific weather center

SAFETY EQUIPMENT:

- 12 - Type II Life Vests
- 1 - 8" Ships Bell
- 1 - Distress Flare Kit
- 2 - 30" Ring Buoys
- 1 - Bilge High Water Alarm

FIRE SUPPRESSION EQUIPMENT: (Serviced during survey)

- 1 - 5 lb ABC dry chemical extinguisher in crew head
- 1 - 2.5 lb ABC dry chemical extinguisher in forward lounge cabin at top of below deck stairway
- 1 - 10 lb ABC dry chemical extinguisher in aft cabin salon
- 1 - 2.5 lb ABC dry chemical extinguisher in staterooms passageway at foot of access stairway
- 1 - 2.5 lb ABC dry chemical extinguisher in crew quarters
- 1 - 10 lb ABC dry chemical extinguisher outside engine room door
- 1 - 15 lb BC CO2 extinguisher outside engine room door
- 1 - FireBoy model MA2-1275 FE241 clean agent, fixed automatic extinguishing system serving engine room.

GROUND TACKLE:

Vessel is fitted with a Navy E-20 anchor sighted in chocks port side forward on deck. Rode consisting of approximately 30' of 3/8" galvanized chain and 150' of 1-1/4" twisted nylon rope is stowed in bow locker. Anchor is hauled by a Maxwell Nilsson 12-volt DC windlass. Spare Hooker 40 galvanized steel anchor was sighted stowed atop pilothouse. Separate estimated 150' rode of 1-1/4" twisted nylon rope sighted port side on vessel foredeck.

JONBOATS/TENDERS:

- 2 - 14' High Tide Boats, Inc. side console open skiffs, Florida Registration Numbers FL-679-GT & FL-680-GT, HIN's - HTZ04217L889 port & HTZ04218L889 starboard, each fitted with a Johnson 25 HP, two cycle gasoline outboard motor.

DAVITS:

- 4 - 2-1/2" aluminum pipe construction davits are located two (2) each port & starboard aft atop deckhouse and serve the two (2) High Tide Boats, Inc. jonboats/tenders. Davits are fitted through swivel collars with stanchion bases fastened at main deck level. Each davit is fitted with a Superwinch model T1500, 1500 lb capacity, 12-volt DC winch and reeved with 3/16" galvanized steel cable.

ACCESS HATCHES & DOORS:

Pilothouse Doors: Mahogany & tempered safety glass, hinged closure,
Weathertight
Size: 20-1/2" x 68"; Coaming Height: 29"

Aft Deckhouse Doors: Mahogany & tempered safety glass double doors,
hinged closure, weathertight
Opening Size: 60" x 72"; Coaming Height: 24"

Wing Deck Doors: Mahogany & tempered safety glass,
hinged closure, weathertight
Size: 31" x 72"; Coaming Height: Flush Deck

Bow Deck Hatch: Mahogany & polycarbonate lipped watertight hatch
Size: 37" x 31"; Coaming Height: 6"

Lazarette Hatch: 19" round bronze weathertight hatch
Coaming Height: Flush Deck

Anchor Locker Hatch: 19" round bronze weathertight hatch
Coaming Height: Flush Deck

Stack Vents: Stainless steel louver vents
Size: 18" x 12"

Portlights: Cast bronze, 1-dog, watertight
Size: 8" round

DECK FITTINGS:

A 2" galvanized steel pipe construction davit is located on centerline at the bow.

A 2-1/2" brass deck pipe is fitted on centerline bow deck just forward of the anchor windlass.

Port & starboard 3-1/2" brass hawsepipes are fitted through deck at the bow.

Port & starboard 2-3/4" brass chocks are fitted into raised toerail at the bow.

Port & starboard anchor chocks are fitted on foredeck.

Port & starboard 16" length brass cleats are fitted atop caprail on bow deck just forward of the forward trunk cabin.

Port & starboard 12" length brass cleats are fitted atop caprail approximately midships.

3-1/2" x 3-1/2" cast bronze bitts with 3/4" pins are fitted port & starboard on the stern deck.

2" x 5" brass chocks are fitted atop caprail, one (1) port and two (2) starboard at the stern corners.

4" brass cowl vents are fitted one (1) each port & starboard on stern deck.

A double-fall block and tackle equipped 2" pipe construction gangway handling davit is located starboard midships just aft of the passage gate.

Wood construction jonboat cradles are fitted port and starboard aft atop deckhouse.

MAST:

Vessel is fitted with a 6" x 5" tapered painted wood construction mast with 3-1/2" x 3" tapered painted wood spreaders. Stay wires are 5/16" stainless steel cable, each equipped with tension turnbuckle.

CANVAS/AWNINGS/CUSHIONS:

2 - Canvas jonboat covers
4 - Canvas davit winch covers

BULWARK/RAILINGS:

The main deck is fitted with a 6" height at stem toerail which tapers aft on foredeck to an approximate 8" width x 1" height caprail. Said caprail extends aft port & starboard to the aft deckhouse and then continues aft of the deckhouse encircling the stern deck. A teak over 1-1/4" bronze pipe stanchion, 33" height railing is stepped atop caprail and extends from the forward end of the forward cabin trunk aft to the forward side of the aft deckhouse and continues around vessels stern deck aft of the aft deckhouse. Passage gates are fitted through railing port and starboard at midships and starboard side on the stern deck.

PROPULSION:

Vessel is powered by twin General Motors Detroit Diesel series 6-71, in-line 6 cylinder, 2 cycle naturally aspirated diesel engines, each rated at 165 HP @ 1800 RPM. Hours on pilothouse tachometers 1353.1 port & 1297.5 starboard. The engines are 12-volt DC starting, fresh water heat exchanger cooled, pilothouse controlled and fitted with dry exhausts. Each engine drives a single 5-bladed 29" diameter x 22 fixed pitch bronze propeller via 2-1/4" Aquamet stainless alloy shafting (Note - starboard side aft shaft is brass) and a Allison model M or MH marine transmission with an estimated ratio of 2 to 1.

STEERING:

Vessel is equipped with a Hynautic manual hydraulic steering system with power assist, reservoir and cylinder. Vessel is fitted with a single 43" x 27" x 1/2" cast bronze rudder with 2-1/2" stock.

ROLL FIN STABILIZERS:

Wilcox Sea-Brace stabilizers, reportedly installed 1999
36" x 29" x 3/8" steel plate construction planes

AUXILIARIES:

Vessel is fitted with one (1) Newage Stamford 14 KW 240 VAC, 1-phase, 60 Hertz generator driven by an Isuzu model 4LE1 in-line 4 cylinder, 4 cycle diesel engine rated @ 34.5 HP @ 1750 RPM. The engine is fresh water heat exchanger cooled, fitted with wet exhaust and is 12-volt DC starting.

Vessel is fitted with one (1) EnergyPac 23 KW 240 VAC, 1-phase, 60 Hertz generator driven by an Isuzu model 4LE2 in-line 4 cylinder, 4 cycle diesel engine rated @ 34.5 HP @ 1750 RPM. The engine is fresh water heat exchanger cooled, fitted with wet exhaust and is 12-volt DC starting.

PUMPS:

- 10 - Rule 1500 or 2000 GPH 12-volt DC bilge pumps on automatic and/or manual switches
- 1 - Shurflo 12-volt DC seawater washdown pump in lazarette
- 1 - West Marine 3.5 GPM 12-volt DC crew head supply pump
- 3 - Rule 12-volt DC shower sump pumps
- 1 - 1-1/2" 115/230 VAC air conditioning system chilled water pump

ELECTRICAL:

Vessel is wired with 10 & 12 AWG thermoplastic PVC marine service labeled Boat Cable with yacht and vapor proof marine type fixtures. The electrical system is 12-volt DC and 120/240 VAC. Overload protection is provide by circuit breakers or fuses. A custom built 40-circuit DC ships service circuit breaker panel is located starboard side pilothouse. Port & starboard (A&B) AC distribution panels along with generator control panel and master disconnects are located forward in the engine room. Vapor proof battery switches are located aft in engine room. Two (2) size 8D 12-volt DC & two (2) Group 24, 12-volt DC batteries (4 - 12-volt DC banks) are located in engine room stowed in suitable poly boxes with covers.

Electrical Accessories:

- 1 - Custom built dual generator/shore power panel in engine room
- 1 - Statpower TruCharge 40, 40 amp 12-volt DC marine battery charger
- 2 - Professional Mariner galvanic isolators, model ZincSaver 60
- 4 - Marinco or Hubbell 50 ampere 125/250 VAC shorepower connectors
- 2 - estimated 25' 50 ampere shorepower cords
- 2 - telephone shore connectors
- 2 - television shore connectors

VENTILATION:

Engine room combustion air vents

Accommodation spaces provided with heating & air conditioning

3 - 4" Fantech model FR150, 120 VAC blowers

AIR CONDITIONING:

Vessel is equipped with a chilled water type central air conditioning system utilizing two (2) Technicold model CW30SC, 30,000 BTU capacity compressor/motor units, S/N's 4210 & 4211 and seven (7) reported air handler units. Water circulation is accomplished by an estimated 1.5 HP, 1-1/2" AC motor driven pump.

COMPRESSED AIR SYSTEM:

1 - Craftsman 3.5 HP 115 VAC air compressor with 25-gallon receiver is stored in the lazarette.

MISCELLANEOUS ADDITIUNAL EQUIPMENT:

- set of Wilcox SeaBrace stabilizers
- Full length keel steel docking shoe
- 1 - Teak construction gangway (Reportedly stored at Homeport)
- 2 - Teak construction deck lockers (Reportedly stored at Homeport)
- 1 - Teak construction deck locker on stern deck
- 4 - poly boat fenders
- 1 - 240 VAC over/under type clothes washer & dryer
- 1 - Nutone built-in central cleaning system

GENERAL CONDITION/REMARKS:

The vessel is a 1929 classic custom built motor yacht by New York Yacht, Launch & Engine in Morris Heights, New York. Vessel has excellent lines and was found to be in above average overall physical condition given its age and service. Hull planking seams were generally tight with no evidence of working noted. Doors and windows opened and closed during survey both hauled and afloat were smooth without binding in any way which is an indicator of a tight hull without sag. Said condition is due in part to its heavy full length of keel 1/2" & 3/4" steel construction docking shoe. All surfaces both interior and exterior from keel to masthead have apparently been addressed in some manner, either by refinishing and coating or in some instances, more modern systems applied. The finished product reflects the smooth look of fiberglass or metal rather than wood.

GENERAL CONDITION/REMARKS: (continued)

Inspection of accessible internals found no major deterioration, only past minor "furring", in way of bilge areas. This condition is caused by heat and/or insufficient ventilation and apparently has already been addressed by way of a bilge ventilation system sighted during survey. Overall, internal framing, planking, decking and superstructure surfaces reflect the look of a much younger vessel belying its age. Certain upgrades and new equipment installations were noted as recent. Although maintenance in way of areas such as bilges and crew accommodation spaces appeared lacking, it is apparent that the subject vessel has enjoyed much better than average maintenance and restoration efforts.

Owners representative Sloan Smith advised that his late father, Eugene R. Smith III spent \$2,000,000.00 on an extensive refit in 1984 and 1985 with the former covered open after deck enclosed into the current deckhouse. The vessels extensive teak and mahogany throughout was renewed and/or reworked by master wood worker Stephen Z. Bischoff at Hilton Head Island, South Carolina.

During this haul out availability, hull below water line was cleaned, sanded, caulked where required, suitably coated with antifouling paint and necessary sacrificial zinc anodes affixed. Through hull fittings and valves were inspected and cycled (opened & closed) with any found problematic drawn, evaluated and corrected or renewed. Additionally, hull sides, stern and topside areas were likewise sanded as necessary, prepared and painted.

As respects machinery, owners representative reports that the propulsion engines were both overhauled approximately four (4) years ago with the starboard requiring a new cylinder block. The two (2) Isuzu generator sets were also installed new at that time. The chilled water air conditioning system was installed approximately in 2003. More recently, items such as new davit winches, battery charger and galvanic isolators were installed. No machinery was test operated after vessel was refloated as owners representative was not aboard and the vessel was locked. All equipment however appeared fully operational.

Certain information listed in way of capacities, dimensions, etcetera is as taken from pertinent literature or past records. It is the considered opinion of the undersigned that given regular maintenance, the subject vessel can be expected to provide years of continued service.

RECOMMENDATIONS:

1. Have existing portable fire extinguishers as well as the fixed carbon dioxide system serviced and current inspection tags attached. **Note - Item accomplished over course of survey.**
2. Disassemble, clean and prove free of corrosion, all components of the vessel's bonding system; reassemble and prove by way of continuity test.
3. Renew corroded wiring connections in way of the crew water closet shower sump pump.
4. Renew clamp connections at the port side submersible bilge pump beneath the crew quarters.
5. Renew cracked deckhouse and/or pilothouse windows.

CERTIFICATION:

Predicated on accomplishment of the aforementioned recommendations, it is the opinion of the undersigned attending surveyor that the subject **Wood/Diesel Motor Yacht ERSA** is suitably equipped, outfitted, manned and in suitable condition for continued service as a private motor yacht.

PROCEDURES & ANALYSIS:

Marine equipment generally is built for a specific and dynamic market and can be used globally, subject to mobilization limitations, both physical and economical. In estimating the value of a vessel or item of marine equipment, its age, condition and equipment outfitting are contributing factors.

This office utilizes three approaches in determining the value of a vessel or item of marine equipment. Said approaches are briefly explained below.

Using the **income approach** method, the present value of a vessel is determined by its expected future benefits by way of a discounted cash flow analysis. This method is only used when sufficient historical data such as income flows, expenses, and etcetera are provided. In most cases, the information provided to the surveyor/appraiser is biased and/or unreliable at best, therefore said method is seldom if ever used.

Using the **cost approach** method, one begins with the current replacement cost of the vessel and then deducts for the loss in value caused by physical deterioration, functional and economic obsolescence. The logic behind this method is the principle of substitution, meaning, a prudent buyer will not pay more for a vessel than the cost of acquiring a substitute vessel of equivalent utility. After determining the vessel's current day replacement cost and deducting an estimated residual value, said residual value is then depreciated over the expected economic life of a similar vessel. The remaining economic life is adjusted either up or down based on the condition of the vessel as noted by the surveyor at time of survey.

PROCEDURES & ANALYSIS: (continued)

Using the ***sales comparison approach***, data on sales and offerings of like-in-kind, and/or sister vessels is collected, analyzed, adjusted, and applied to the subject. Some of the information gleaned on comparable vessels is derived by historical and ongoing contacts with owners, builders, operators, buyers, sellers and brokers as well as information maintained in our database.

Since the ***sales comparison approach*** is considered the most reliable approach of the three provided, said ***sales comparison approach*** was used to determine the present day market value of the subject vessel. An extremely limited number of classic wooden motor yachts similar in age to the ***ERSA*** were identified primarily in the Mediterranean ranging from \$950,000.00 to \$1,400,000.00. I consider the ***ERSA*** to be at the upper level of this range.

REFERENCE SOURCES:

This office maintains a computer database along with paper files regarding vessels and other marine equipment valued by our office and that of the undersigned's previous affiliated surveying company, Capt. J. Paul Wright & Associates, Inc., Bayou La Batre, Alabama which maintained data and files dating back to 1955.

My employment and apprenticeship with Capt. J. Paul Wright & Associates, Inc. began in 1975. I became the corporation's vice president, part owner and principal surveyor after the retirement of Captain Wright from field work in 1983 upon my obtaining membership into The National Association of Marine Surveyors, Inc. After the passing of Captain Wright, I assumed full ownership of Capt. J. Paul Wright & Associates, Inc. in 1994 whereupon I subsequently started C. E. Collier & Associates, Inc. As such, C. E. Collier & Associates, Inc. owns and maintains all historical material, data, files, etcetera of the former Capt. J. Paul Wright & Associates, Inc.

Listings by brokerage firms such as Hall Associates-www.halltug.com, Lee Felterman & Assoc. LLC-www.leefeltermann.com, Damco Marine-www.damcomarine.com, Marcon International, Inc.-www.marcon.com, Ocean Marine Brokerage Services-www.oceanmarine.com, www.shiptraders.com, commercial.apolloduck.com, coastalmarineltd.com, maritimesales.com, yachtworld.com, BUC Research-www.BUC.com, ABOS Marine Blue Book-www.pricedigests.com, NADA and others are often factored. Additionally, sources such as buyers, sellers, financial institutions, other marine surveyors and boat operating company owners and/or managers are considered and/or factored.

VALUATION:

It is the considered opinion of the undersigned that the present day market value of the subject **Wood/Diesel Motor Yacht ERSA**, Official Number 229511, together with all equipment sighted on board and pertaining thereto is \$1,375,000.00 with a new cost replacement value of \$3,500,000.00.

CONCLUSION:

I certify to the best of my knowledge, that the statements of fact contained in this report and/or attachments are true and correct. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

In the event this survey is being considered by a prospective buyer, C. E. Collier & Associates, Inc. makes no recommendation as to the marketability of said vessel. Further, said survey should not be misconstrued as any guarantee or warranty of seaworthiness.

This report is based on inspection of vessel both hauled and afloat and of those parts, spaces and equipment that could be sighted without the removal of ceiling, paneling, lockers, etcetera or any other part ordinarily and/or permanently affixed and is rendered without bias or prejudice for the account of the Estate of Eugene R. Smith III, Destin, Florida.

In accepting same it is agreed that the extent of obligation of this firm, with respect thereto, is limited to furnishing competent surveyors, and in making report surveyor is acting on behalf of the person or firm requesting same and no liability, in excess of charges for services performed shall attach to this firm, or member thereof, as respects accuracy, errors and/or omissions thereto.

Respectfully submitted,
C. E. COLLIER & ASSOCIATES, INC.
By: *Christopher E. Collier, NAMSGlobal-CMS*
Certificate Number 101-418-4