



**Appraisal Project Check List – Date \_\_\_\_\_**

**Contact** \_\_\_\_\_ **Telephone** \_\_\_\_\_

**Client** \_\_\_\_\_ **Fax** \_\_\_\_\_

**Address** \_\_\_\_\_

**City, State, Zip** \_\_\_\_\_

**E-Mail** \_\_\_\_\_

**Intended Use** \_\_\_\_\_

**Intended Users** \_\_\_\_\_

**Type of Appraisal**    **Self Contained**        **Summary**        **Restricted**

**Type of Value**        **FMV-Installed / FMV-Removed / OLV / FLV / Fair-Value**

**Subject Property** \_\_\_\_\_  
\_\_\_\_\_

**Property Description** \_\_\_\_\_  
\_\_\_\_\_

**Location** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Rights or Interests**    **Fee Simple**        **Fractional**

**Effective Date** \_\_\_\_\_        **Inspection Date** \_\_\_\_\_

**Contact** \_\_\_\_\_

**Telephone / Fax** \_\_\_\_\_

**E-Mail** \_\_\_\_\_        **Appraisal Due Date** \_\_\_\_\_

**Appraisal Fee** \$ \_\_\_\_\_        **Expenses**        \$ \_\_\_\_\_

# Company History Questionnaire

## Company History:

- Started
- Public or Private

## Building(s):

- Number of Buildings
- Manufacturing Square Feet
- Office Square Feet
- Built in
- Number of Floors

## Employees:

- Number
- Shifts Per Day
- Days Per Week
- Union or Non-Union

## Products:

- Primary Product
- Approximate Market Share of that Product
- Secondary Products
- Approximate Market Share of those Products
- Production Capacity
- Ranking in the Industry
- Any New Products Being Developed

## Customers:

- Major Customers – USA/ Global
  
- Volume of Business

## Competitors:

- Major US Competitors
- Global Competitors

Company History Continued:

Greatest Strengths:

Greatest Challenges:

Market Niche:

Equipment:

- State of the Art
- Useful Life
- Maintenance Program – How is it Monitored
- Any New Lines

Market Conditions of the Industry:

Explain Process:

Month XX, XXXX

Mr. Bill Banker  
Big Bank  
Any Street  
Any State, 12345

Phone: 000-000-0000

E-Mail: [bbanker@bigbank.com](mailto:bbanker@bigbank.com)

**RE: Appraisal Services – ABC Company - Specific Machinery & Equipment**

Dear Banker:

The purpose of this Letter is to communicate our fee estimate, recommended appraisal development and format to report the appraised values of a specific list of machinery and equipment referred in the lease schedules provided by **Big Bank**.

**SUBJECT OF ASSIGNMENT**

Develop and report the; “Orderly Liquidation Value” (OLV) of specific machinery and equipment; **Big Bank** defined in the following lease schedule, all reported in the custody of **ABC Company**.

<u>Lease Schedule</u>	<u>Equipment Description</u>	<u>Location</u>
#0000000-000	Great Machine System With Support Equipment S/n 0000000000	Any Street Any State

**INTENDED USE**

This appraisal report is required by **Big Bank** in connection possible lease restructuring, remarketing opportunities and or litigation relating to the Borrowers or the Parent Company.

Conforming to the Uniform Standards of Professional Appraisal Practice (USPAP), our reports will be held confidential and privileged. Our work files will with the exception of the normal course of research and development, see **SCOPE OF WORK**, be held confidential and privileged. Use of this report is not intended for any other purpose or use unless so stated and expressed in further written consent.

## SCOPE OF WORK, REPORT FORMAT AND CONTENTS

### SCOPE OF WORK

We intend to consider the relevance of two of the three approaches to value; Cost and Sales Comparison. The income approach is appropriate, but not considered necessary.

The two traditional valuation methodologies we will consider are described as follows:

#### **The Cost Approach**

The Cost Approach estimates value based on the cost of reproducing or replacing the assets less depreciation from physical deterioration and functional, technical and economic obsolescence, if any. Reproduction or replacement costs are determined by contacting manufacturers and/or suppliers of the item and client cost information (invoices, budgets and/or accounting records).

Further Definition of Terms That Effect the Value;

**Physical Deterioration** – is the loss in value resulting from wear and tear of an asset in operation and exposure to various elements. Deterioration considers all of the factors, which cause an impairment of condition, including age, wear and tear, disintegration, use in service, maintenance and repairs (or lack thereof) and the actions of the earth's elements.

**Technical Obsolescence** – is the loss in value within the property as a result of the development of new technology as it relates to the difference between the design and materials of construction of present day machines compared with machine or equipment under appraisal. Size and overall floor space requirements are also factors of technical obsolescence.

**Functional Obsolescence** – is the loss in value within the property as a result of the development of new technology as it relates to the difference in production rates and other capability characteristics between a new machine and the equipment under appraisal. Direct labor requirements are also a consideration in functional obsolescence.

**Economic Obsolescence** – is the loss in value resulting from factors external to the property. These factors can include reduced product demand; increased competition; supplier or customer plan relocation; change in raw material supplies; increased costs or raw materials; labor, or utilities; inflation; interest rates; currency fluctuations; import duties and taxes; legislation; and environmental considerations.

#### **The Sales Comparison Approach**

The Sales Comparison Approach (also known as the Market Approach) compares similar machinery and equipment that has sold, or is currently offered for sale in the secondary market. In addition to and within these comparable items there may also exist pertinent factors of comparison including condition, quality, materials, age, modifications, location and date of sale. These factors will all be considered in arriving at our opinion of estimated values.

**Scope Of Work** - Specifically our activities will include the following:

1. Inspection – the appraiser John Josko is available to visit **Any State the week of Month XX, XXXX**. The equipment subject to the **Big Bank Leases** will be inspected, **tagged** and photographed. Condition, hours (where available) and any other relative considerations noted. All available data including manuals, original order acknowledgements etc., will be collected. In event documentation in the form of original order confirmations, manuals, or otherwise adequate technical descriptions are not available such documentation may need to be purchased from the original equipment manufacturer.
2. Research – original equipment manufacturers, used equipment dealers and auctioneers will be consulted. General industry trends will be considered; relationships between new and used prices, decreased demand the direct result of consolidation and changes in equipment technology and demand (process and technology) will all be considered. All relevant issues regarding de-installation, remarketing channels, timing of resale, physical condition, operating, accessibility, market and industry trends including technology, any custom or user-specific equipment that would be difficult to remarket due to its customization, etc., all will be investigated.
3. Development – previous and current inspection reports together with the opinions expressed by original equipment manufacturers, rebuilders, new and used equipment dealers, auctioneers and representatives of **ABC Company**, will be considered. In conforming with the Uniform Standards of Professional Appraisal Practice, (USPAP), in the event that extraordinary assumptions are used, they will be agreed upon by both **Big Bank** and the appraiser prior to their use.

**COMPETENCY**

Under USPAP, Industrial Asset Appraisals & Consulting, Inc. must disclose if there is a lack of knowledge and/or experience that would not allow us to complete this appraisal assignment in a competent manner or to develop credible results.

Industrial Asset Appraisals & Consulting, Inc. and the appraiser performing this appraisal have performed valuations of assets similar to the *Subject Asset* for various purposes in the past. In addition the appraiser that is performing this appraisal has the appropriate knowledge and experience to be able to develop credible results for the purpose and use outlined in the appraisal request.

**REPORT FORMAT**

Three distinct report formats are permitted under the Uniform Standards of Appraisal Practice (USPAP) – self-contained, summary and restricted use. The self-contained format is fully descriptive, providing the reader all information employed in the development of a value conclusion. The essential difference between the self-contained and summary formats is the level of detail of presentation. A summary report provides all relevant information to the reader, with greater use of tabular and other non-narrative data presentation. A restricted use format connotes a minimal presentation of information. It is intended solely for the named client and must be accompanied by a prominent use restriction warning readers that it cannot be understood fully without additional information located in the appraiser’s files.

Our opinions of value will be reported in a summary format.

## REPORT CONTENTS

Our summary report will include an itemized listing of all major items together with values, tag numbers and photographs as available. Narrative including statements of ; condition and evaluation considerations, opinions of exit markets and best use (application), any custom or user-specific equipment that would be difficult to remarket due to its customization and further will address all criteria and considerations as spelled out in the **Big Bank Draft** letter of engagement.

## Big Bank DEFINITION

### Orderly Liquidation Value

The value realized from an open market sale between a seller under time duress and a willing buyer who is an end user of the equipment. The buyer time duress as specified in Table 1 (4 to 6 Months). Both the buyer and the seller have knowledge of the use and purpose for which this equipment is adapted and for which it is capable of being used. This value also assumes the equipment will be sold “as is condition, where is location”, and the buyer assumes the costs to dismantle and remove. Additionally, this value is not discounted for assembling, cleaning, security, advertising, brokerage, or other disposal costs, if any.

*Value Definition as defined by Big Bank*

## DELIVERY OF REPORTS

Verbal report within 8 working days of completion of inspection, followed by the completed report no later than five working days (hard copy to follow). Please note this schedule assumes OEM inquiries will be responded to within a reasonable amount of time.

## FEES AND CHARGEABLE EXPENSES

### Appraisal Services:

Site visit, data Collection, photos, tagging, opinions & report	\$0,000.00
Estimated Fed Express Services	00.00
Estimated Travel Expenses	<u>\$0,000.00</u>
Total Estimate	\$0,000.00

## ADDITIONAL RELATED SERVICES

The appraiser, by reason of this appraisal, is not required to provide further service, consultation, testimony as an expert witness in any legal hearing or before any court of law with reference to the property in question unless scope of these services and related charges have been previously agreed to. Consultative services including preparations for and testimony are available and are chargeable at our standard rates.

\$0,000.00 per day plus out of pocket travel expense for each day spent in preparing for or giving any such testimony, attending hearings or producing documents or records. Client shall also pay all costs and expenses incurred by consultant in connection with responding to any such legal process, any work related to such services will be billed at \$000.00 per hour. Consultant shall not be liable for any disclosure required by legal process.

**PAYMENT**

In consideration of the appraisal to be performed hereunder, **Big Bank** agrees to pay Industrial Asset Appraisals & Consulting, Inc. in accordance with the rate schedule detailed herein, unless otherwise agreed to in writing by the parties hereto. Payment in full is due upon delivery of three copies of the finished report.

**ACCEPTANCE**

Please sign and return this document as our authorization to proceed with this project.  
We appreciate the opportunity to be of service and work with you on this project.

Sincerely,  
John A. Josko  
Certified Appraiser

Acknowledged and Agreed to:

\_\_\_\_\_  
Industrial Asset Appraisals & Consulting, Inc.

\_\_\_\_\_  
BY:  
BB PO # \_\_\_\_\_