

Value Definitions

1 EAANA recognizes that the appraiser may choose or be obliged to use definitions other than EAANA's.

Precedent to all value definitions in the appropriate section of the Appraisal Report.

“The appraiser has considered the circumstances of this assignment and the client has agreed and therefore the appraiser considers the following definition(s) appropriate to this assignment.”

EAANA provides a separate “Guidelines for Using Definitions” document on the use of modifiers. This document provides suggestions to “core” definitions in order for appraisers to customize a definition to be appropriate to the circumstances of a particular assignment.

Liquidation Value Definitions

Orderly Liquidation Value (OLV) is defined as: A professional opinion of the most probable value expressed in cash or equivalent, as of the effective date of the Appraisal Report, that the subject assets could typically realize in a privately negotiated sale. This assumes that the sale would be properly advertised and professionally managed. The seller would be compelled to sell over a period of time as defined below. The buyer would be responsible for the removal of the subject assets at their own risk and expense. The ability of the subject assets to draw sufficient prospective buyers to ensure competitive offers has been considered. Any change in location, condition, deletions or additions to the subject assets, could change these estimated values.

(Source EAANA)

Forced Liquidation Value (FLV) is defined as: A professional opinion of the most probable value expressed in cash or cash equivalent, as of the Effective Date of the Appraisal Report, that the subject assets would typically realize at a public auction sale. This assumes that the auction would be properly advertised and professionally managed. The seller would be compelled to sell the subject assets by public auction. The buyer would be responsible for the removal of the subject assets at their own risk and expense. The ability of the subject assets to draw sufficient prospective buyers to ensure competitive offers is considered. Any change in location, condition, deletions or additions to the subject assets, could change the estimated values.

(Source EAANA)

Fair Market Values

Fair Market Value - Removed (FMV-R) is defined as: A professional opinion of the most probable value expressed in cash or equivalent, as of the effective date of the Appraisal Report, that the subject assets could typically realize in a privately negotiated sale. Neither Seller or Buyer would be compelled to sell or buy, both parties are knowledgeable and fully aware of all relevant facts. The buyer would be responsible for the removal of the subject assets at their own risk and expense.

(Source EAANA)

The two definitions Fair market Value – Installed and Fair Market Value - In Place are provided to accommodate the variance in circumstances where assets are mostly mobile and where assets are mostly stationary.

Fair Market Value – Installed (FMV-I) is defined as: A professional opinion of the most probable value expressed in cash or equivalent, as of the effective date of the Appraisal Report, that the subject assets could typically realize in a privately negotiated sale. Neither Seller or Buyer would be compelled to sell or buy, both parties are knowledgeable and fully aware of all relevant facts. It is assumed that the assets are being sold to remain in place and in operation, taking advantage of all leasehold and site improvements designed to facilitate their operation. This definition does not take into consideration the past, present or forecasted income generating performance of the assets.

(Source EAANA)

Fair Market Value – In Place (FMV-IP) is defined as: A professional opinion of the most probable value expressed in cash or equivalent, as of the effective date of the Appraisal Report, that the subject assets could typically realize in a privately negotiated sale. Neither Seller or Buyer would be compelled to sell or buy, both parties are knowledgeable and fully aware of all relevant facts. It is assumed that the assets are being sold to remain in place. This definition does not take into consideration the past, present or forecasted income generating performance of the assets.

(Source EAANA)

Salvage and Recovery Values

Salvage Value is defined as: A professional opinion of the most probable value expressed in cash or equivalent, as of the effective date of the Appraisal Report. The subject assets have been retired from service and are sold for their components. The buyer is responsible for the removal of the subject assets at their own risk and expense.

Scrap Value is defined as: A professional opinion of the most probable value expressed in cash or equivalent, as of the effective date of the Appraisal Report, the subject assets are sold for its material content, not for its productive use. The buyer is responsible for the removal of the subject assets at their own risk and expense.