

***SUMMARY APPRAISAL  
OF  
MACHINERY AND EQUIPMENT  
For***

**ABC Labeling**

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Date of Valuation: June 24, 20XX  
Report Date: July 10, 20XX

Performed By

Appraiser One, AIBA, CMEA, CSBA  
Accredited by the Institute of Business Appraisers  
Certified Machinery & Equipment Appraiser  
Certified Senior Business Analysts

**AMERICAN  
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*Certified Business Valuations and Machinery / Equipment Appraisals*

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# AMERICAN BUSINESS APPRAISERS™

*Certified Business Valuations and Machinery / Equipment Appraisals*

ABC Capital Bank  
1234 S. Brown Dr.  
Phoenix, AZ 85XXX  
Attn: Ben Johnson

July 10, 20XX

Dear Mr. Ben Johnson:

Per your request, we respectfully submit a summary appraisal report for certain machinery and equipment items located at ABC Labeling 1234 Wisconsin Street, Mesa Arizona.

This report has been prepared in compliance with the Uniform Standards of Professional Appraisal

**The reader is reminded all useful information has been changed. This is a sample report to give you an idea of our final work product (report). The figures have been distorted, as well as other financial information contained this sample report.**

It is the undersigned appraiser's independent unbiased professional opinion, that a summary of all information collected indicates that as of this date, the aggregated estimated fair market value (FMV) and orderly liquidation value (OLV) of all assets contained in this report is best expressed as:

**FMV \$1,822,000.00**

**OLV \$1,000,250.00**

This report and conclusions are attached hereto and must be attached to this transmittal letter as an integral part of it. Authorized reports will carry the appraiser's original signature in blue ink. Copies, which do not have the appraiser's signature in blue ink, are unauthorized and incomplete.

Respectfully submitted,

Appraiser One, AIBA, CMEA, CSBA  
Accredited by the Institute of Business Appraisers  
Certified Machinery & Equipment Appraisers  
Certified Senior Business Analysts



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## GENERAL INFORMATION

An appraisal is a type of investigation into the law of probabilities with respect to valuation. Through the appraiser's experience, training, and integrity we are able to estimate the activities of buyers and sellers in the marketplace into an indication of value. In reaching a conclusion, comparison of assets usually involves adjustments due to the individuality and uniqueness of each asset. Transactions are often influenced by sentiment, bias, specific needs, politics, familiarity, lack of understanding, and other conditions not considered by the impartial appraiser. The appraiser cannot lend credence to these possible factors for fear that she misrepresents the very reason for her profession.

An appraisal cannot be guaranteed, nor can it always be proven. The opinion of value can, however, be substantiated and the final opinion is the result of a thorough professional analysis of a vast quantity of data. An appraisal must not be considered absolute but should be used as a basis of negotiations between concerned parties, whatever their interests.

The valuation process, as followed in the preparations of this report, is an orderly procedure for arriving at an estimate of value. By following this procedure the appraiser begins with a preliminary study of the problem involved and defines the basis from which the appraisal is to be made. Procedures are then initiated for the accumulation, analysis, and observation of data. Data called for in the study is then gathered, classified and analyzed.

In assignments to estimate Fair Market Value in Continued Use, the ultimate goal of the valuation process is a supported conclusion that reflects the appraiser's study of all influences on the value of the assets being appraised. Therefore, the appraiser studies the assets from various applicable viewpoints.

Various approaches are interrelated, and each involves gathering and analysis of sales, activity, and value data in relation to the assets being appraised. From this analysis, the appraiser derives separate indications of value for the assets being appraised. One or more approaches may be used, depending on their applicability to the particular appraisal assignment.

To complete the valuation process, the appraiser integrates information drawn from the market research, analysis of the data and from the application of appraisal techniques to form a conclusion. This conclusion may be an estimate of value or a range in which the value may fall. An effective integration depends on an appraiser's skill, experience, and judgment.

With the preceding in mind, the reader's attention is directed to the appraisal report and various exhibits which point out the facts and reasoning leading to the final estimate of value.

## Summary of Salient Facts

Identity of Appraisal Subject:	ABC Labeling
Intended User(s):	Mr. Ben Johnson ABC Capital Bank; SBA (Small Business Administration)
Intended Use:	Banking and collateral purposes and cannot be used for any other purpose
Property Interest Appraised	Fee Simple
Sales History of Appraised Item(s):	The appraiser is not aware of the history of the subject equipment or prior sales thereof
Class of Property:	Printing
Current Use of Property:	Printing
Use of Property When Appraised:	Printing
Effective Date of Appraisal:	June 24, 20XX
Type of Value	Fair Market Value (FMV) Orderly Liquidation Value (OLV)
<b>Final Estimate of Value:</b>	<b>FMV \$1,822,000</b> <b>OLV \$1,000,250</b>

## DESCRIPTION OF THE ASSIGNMENT

### *Subject of the Appraisal*

American Business Appraisers has been retained by Ben Johnson of ABC Capital Bank, to provide an appraisal of certain machinery/equipment items located at ABC Labeling, 1234 Wisconsin Street, Mesa Arizona.

### *Effective Date of Valuation*

The effective (as of) date of this appraisal is June 24, 20XX. Only information available (known or knowable) as of the effective date is to be considered in the development of an opinion of value.

### *Scope of Work*

The appraiser has been asked to provide an appraisal effective June 24, 20XX of certain assets located at ABC Labeling, 1234 Wisconsin Street, Phoenix Arizona.

Fee simple interest has been reported as an estimation of the fair market value of the items in continued use and orderly liquidation values. It should be noted that if these items should sell under any other scenario, then different values would be realized.

This report is identified as a *Summary Appraisal Report* that is intended to comply with the reporting requirements as defined under Standards Rule 8-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that are used in the processes to develop the appraiser's opinion of value. Supporting documentation, that is not provided in the report, concerning data, reasoning, and analyses is retained in the appraiser's work file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report.

Due to the large number of assets oftentimes appraised in a machinery/equipment appraisal, the summary appraisal report is the most commonly used report form. Summary appraisal reports are accepted on a daily basis by the courts, taxing authorities, lenders, business owners, accountants, and other users of appraisal services.

Generally speaking, there are three broad approaches to valuation, which are considered during the appraisal process; (i) Income Approach, (ii) Market Approach, and (iii) Cost Approach.

The Income Approach to value is used only when solid data involving income and expenses for a particular item can be established. It is considered hypothetical in most situations involving machinery and equipment, and though while considered, has not been applied in this assignment.

Either the Cost Approach or the Market Data Approach (or both) have been utilized for developing an indication of value for each item or category.

The Cost Approach is defined as methods in which a value of an asset is derived by estimating cost new and deducting estimated depreciation. In an effort to provide a cost less depreciation analysis, this appraiser has used, when possible, the actual manufacturer (or dealers) of the subject equipment. At times, new replacement models are offered when the subject model is no longer being made. When this condition exists, the appraiser endeavors to correlate and adjust for various factors involved.

The appraiser, when implementing the Market Data Approach, has endeavored to find "sold comparables." That is to say, they are similar items that have actually transferred in the marketplace. These comparable sales may provide the best and most reliable information. However, if actual historical sales information is not available, the appraiser will oftentimes look to the current market of similar items currently for sale. This information can be useful in estimating value. In this report, a search has been made for "sold" items and items currently "for sale."

This appraiser has gathered data on ABC Labeling items from as many sources as practical, including but not limited to, the original equipment manufacturer (if possible), dealers and brokers of like equipment, published catalogs and guides of similar equipment, as well as the Internet. Upon gathering data regarding new and similar models with characteristics of ABC Labeling equipment, the appraiser has analyzed comparable data in an effort to estimate value.

After conversations with various industry professionals, including the aforementioned, the appraiser has endeavored to arrive at a final opinion of value for the Subject's equipment. This written report was then formulated to set forth the findings and conclusions of the appraiser. An extreme effort was made to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) in providing the final opinion of value and this written report.

This is a report estimating value based on reported conditions. If it is the client's desire to verify the physical condition and/or needed repairs of the machinery/equipment, which is the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of this appraiser's expertise and the scope of this assignment.

This appraisal assignment has called for certain capital (larger) items owned by the client to be appraised. It is understood that oftentimes there are other smaller, less expensive ancillary/support items that "support" these larger capital items. These items, too, obviously have value but do not in and of themselves merit the time and expense of an individual item appraisal. Therefore, it is agreed by the client's use of this report, that if these types of items are mentioned in this report, they will be addressed under a separate section as opposed to the larger capital items, and the appraiser may apply either the Cost Less Depreciation Method or Market Data Method, but will illustrate the results only as a single 'lot' figure for the less significant items, due to time and cost factors required in researching smaller items. These items typically include smaller hand tools, furniture, fixtures, shelving, electronic items, i.e., computers, calculators, copiers, telephone systems, etc., and other less expensive items which are considered to "support" the items, which are the focus of this report. Industry depreciation standards have been applied with little, if any, individual description. Lot pricing is employed with these types of items.

Further, a request to this appraiser as to the type of report needed was implemented. That is to

say, the appraised assets may be valued in place, in use, and as part of a going concern entity; in place, not in use; in place to be removed; not in place, etc. Many types of equipment items are labor intensive in their millwright, installation or removal.

This appraisal report sets forth the findings and conclusions, and is based upon an investigation of conditions affecting value, and is subject to the Statement of Limiting Conditions and Definitions. Without reading the Statement of Limiting Conditions and Definitions, this report cannot be fully understood.

The scope of this assignment as explained has been requested and/or agreed to by the client along with the conditions as stated in American Business Appraisers' Professional Service Agreement signed by the client.

### *Degree to Which the Property is Inspected or Identified*

An onsite visit was conducted to inspect the equipment on June 24, 20XX. A visual inspection was made to verify that the assets existed. The assets were observed and are assumed to be in good working order, unless stated otherwise, though a detailed mechanical inspection was not made. However, there were several pieces of equipment which are included in this appraisal report that were not on the floor of the business at the time of inspection. These pieces are clearly identified in the capital equipment section of this report along with the equipment which was observed. Identification and condition of these pieces of equipment were taken from sales invoices and verbal communication between Marc Edwards of ABC Labeling and the appraiser.

### *Extent of Research into Physical or Economic Factors That Could Affect Property*

The appraiser has had a number of conversations with manufacturers, suppliers and others regarding the Subject's assets. The appraiser has not had access to the profit and loss statements or tax returns of ABC Labeling. The purpose of this appraisal report is not to comment on the profit or loss of ABC Labeling. If there are concerns in those areas, the reader or user of this report should conduct further studies.

Economic factors can and do play an important role in estimating value. The user of this report is directed to the "Economic Conditions" section of this report.

### *Markets Available*

The market for the ABC Labeling assets, the subject of this report, is limited to the printing industry. Potential buyers for the Subject's equipment would no doubt already be in the printing industry or in anticipation of starting a printing business, as most of the equipment is specialty equipment for this industry.

### *Extent of Data Research*

The appraiser, in conversations with listed sources (see "Principal Sources of Information" section), described to the best of her ability the characteristics of ABC Labeling assets. It is understood certain assets may be purchased/sold with a variety of peripheral attachments, support items and other amenities, which could affect value. It is not always possible to know



of such factors that may or may not exist. Therefore, it is assumed the Subject's assets do in fact have basic qualities needed for operation and would have an expected amount of peripheral amenities associated with the Subject's asset being appraised.

### *Type and Extent of Analysis Applied in Arriving at Opinions or Conclusions*

Conversations were held with manufacturers, dealers, wholesalers, and resellers providing similar machinery and equipment items. After conversations with the aforementioned and industry professionals, the appraiser formulated an opinion as to values and market conditions.

### *Depth of Onsite Inspection*

As mentioned previously, this appraiser has made a visual inspection of the assets on June 24, 20XX. The assets were verified to be in place and working or capable of working (unless otherwise noted), although a detailed mechanical inspection was not made. Data was collected and photographs were taken when possible.

### *Highest and Best Use*

The highest and best use of the machinery and equipment items are best utilized in their income producing capabilities.

### *Intended User(s)*

The use and distribution of the appraisal report is restricted to (i) ABC Capital Bank, and (ii) The Small Business Administration (SBA). The use of this report and information contained in this report is restricted to the use set forth and if used for any other application is invalid.

### *Confidentiality and Privacy*

This appraiser will maintain the conformity and privacy of client information obtained in the course of this assignment in compliance with USPAP and Regulation Practices, Title V of Gramm, Leach, Bliley Financial Modernization Act.

We do not sell information about our client to others. We protect the security and confidential information about the client. We share information outside of our company only when necessary to administer products or services we provide when we have your written permission, or when required or permitted, by law.

### *Overall Condition of Equipment*

It is understood ABC Labeling assets are in operating condition except as noted and are used on a daily basis. Condition of the larger capital items are noted for each listed asset.

### *Intended Use*

It is understood this report is to be used for banking and collateral purposes and is not to be

used for any other purpose.

### *Property Interest Appraised*

It is understood that the property interest appraised is the Fee Simple Interest.

### *Statement of Limiting Conditions - Tangible Assets*

This machinery and equipment appraisal report is made subject to the following limiting conditions:

1. All facts and data set forth in this report are true and correct to the best of this appraiser's knowledge.
2. The fee for this report is not contingent upon the values reported. There have been no guarantees associated with this fee and no liability can be intimated or assumed in any manner.
3. As the client has purchased this report, it is assumed by this appraiser, that it is to be used by the client in determination of value at that point in time. Use of this report by others should be done so with the understanding that no risk or guarantees have been purchased by the owner of this report nor through the fee paid to this appraiser. This appraiser reserves the right to recall all copies of this report to correct any omission or error.
4. Physical condition in most instances has been determined by observation or indication by others. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever, which may affect value, nor for any expertise required to disclose such conditions.
5. No consideration has been given to liens or encumbrances, which may be against the property.
6. No investigation of legal fee or title to the property has been made and the claim to the property has been assumed to be valid.
7. Neither this appraiser nor any officer or employee of American Business Appraisers, LLC has any financial interest in the property appraised.
8. No additional values or appraisals have been made in regard to such intangibles as patents, rights to manufacture, trademarks, goodwill, any going concern, etc.
9. This report has been prepared in conformity with the Principles of Good Practice and the Code of Ethics of NEBB Institute.
10. Other limitations, if any, are clearly defined and individually set out at that point related to the subject.
11. Neither all nor any part of the contents of this report, or copy thereof, shall be

reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another appraiser or anyone else without the written consent of the appraiser.

12. For all appraisals subject to satisfactory completion, repairs, or alterations this report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.
13. Information, estimates and opinions furnished to this appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by this appraiser. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.
14. Matters of legal nature or tax consequences have not necessarily been considered in this report. The reader should consult a competent attorney or CPA for information and opinions in those areas.
15. In many instances, the appraiser is given information regarding machinery and equipment concerning repairs, accessories, condition, etc., which may or may not be verifiable by the appraiser for a variety of reasons. In such cases, the appraiser must rely on information provided her in searching for comparative data. The appraiser disclaims any responsibility if given erroneous information by any party.
16. Machinery and equipment appraisers are called on for valuation and verification for assets from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavored to use basic sound, accepted methodologies in any assignment (i.e., Cost Based Methods and Market Data Methods). Conversations with those dealing daily in a specific field were conducted, and all final values are founded on prudence and best effort on the part of the appraiser. "Conclusion of the final opinion of value" is arrived at from years of experience in the appraisal of machinery, equipment, and businesses. The form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report.
17. This appraiser has endeavored to use due diligence in all market comparisons. If possible, comparisons of similar items sold usually provide substance for a value determination. However, at times it is not always possible to find any direct sales comparisons that have actually sold. In these cases, this appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, manufacturers, wholesaler, and others) in arriving at the final value estimate.
18. This appraiser has based an opinion of value on certain assumptions that have been presented to her. If these basic assumptions should change for any reason, the final valuation could quite likely change. The appraiser reserves the right to make any adjustments considered necessary as additional or more reliable data becomes available.
19. Nomenclature and identification of tangible assets are assumed by this appraiser to be

accurate, but no guarantee is made in this regard.

20. An appraisal is an estimate of value. When the amount is considered a reasonable and proper value under the concept of a definition, then it is applied. For this reason, the value is, in many cases, a rounded number. As stated in Engineering Valuation and Depreciation, a textbook published by Iowa State University Press of Ames, Iowa, "*All values are of the nature of forecast of events and are subject to the uncertainties of all prophecies.*"
21. In most cases, capital assets are itemized, although certain areas require a group estimate, in which case the listings are shown in the quantity column as 'lot'. This is usually applied in nominal value areas that require general descriptions for applications elsewhere, or in areas where difficulty of access for total description would have required additional time not justified by the items being valued.
22. It is assumed that the assets valued in this assignment have standard features commensurate with normal operation. For instance, machine tools would include but not be limited to: belt guards, foot pedals, magnetic or standard starters, switch-gear, safety equipment, wiring, piping and controls, electrical, pneumatic or hydraulic systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the study.
23. Description of items made as part of this report is believed correct. Any errors or omissions were unintentional and should not affect the value assignment. Description is made with the attempt of allowing reasonable identification although it may not allow specific item identification in all cases unless company number tagging is utilized. Examples of this would be in such areas as cabinets, shelving, file cabinets, various hand tools, and un-serialized equipment or equipment without justification for serial number search due to associated value, location, and/or time consideration. In some cases, identification numbers cannot be located.
24. In some cases, the appraiser may indicate that certain assets were observed in operation. This qualification is applicable only to specific pieces of equipment and should not be construed that other assets were not operable or under operation at the time of inspection. This note could become extremely important in the future but is considered more of note "in passing" at the time of the on-site evaluation.
25. The Subject's assets may or may not conform to OSHA standards (Occupational Safety & Health Administration). The sole responsibility for conforming rests with the owner and may not necessarily affect the final estimate of value reported herein.
26. Any controversy arising out of or relating to this report shall be settled by arbitration in accordance with the rules, then in effect, of the American Arbitration Association in Phoenix, Arizona. In the unlikely event that differences concerning our services or fees should arise, that are not resolved by mutual agreement, the liability of American Business Appraisers to Client(s) under any and all circumstances in connection with those services is limited to the lesser of the amount of the fees actually paid or \$25,000.

Client(s) agree that in order to recover any amount from American Business Appraisers, Client(s) must prove that American Business Appraisers committed fraud or willful misconduct in its duties to Client(s). Under no circumstances shall the undersigned appraiser nor any contractor, agent, or employee of American Business Appraisers have any personal or other liability to Client(s). Payment of all fees billed by American Business Appraisers is a mandatory precedent to suit by Client(s).

27. Since the conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.
28. As stated, this is a report estimating value based on "reported" condition. If it is the client's desire to verify physical condition and/or needed repair of the items, which are the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of this appraiser's expertise and the scope of this assignment. If the condition of the asset is other than as reported to this appraiser, the estimated value could be unreliable. This appraiser reserves the right to change the value estimate if additional information comes forward as to condition or other factors, which could affect value.
29. This is a Summary Appraisal Report. Additional information may be necessary for specific pieces of machinery & equipment and must be provided to the appraiser (i.e.; maintenance records, equipment modification documentation, etc.).
30. This report is not to be used for insurance purposes unless specifically stated to do so.
31. It should be noted that the term "certified," or "certified appraisal" as used in this report refers to certification from various recognized appraisal and consulting societies, organizations or institutes.

#### *Extraordinary Assumptions and/or Hypothetical Conditions*

- It is assumed there are no hidden defects which are not discernable from a visual inspection and which could affect value.
- If any information from any source(s) comes forward indicating that a change in an estimated value for any particular item(s) is warranted, this appraiser reserves the right to correct the value estimated in this report.
- The user of this report is reminded; issues resulting from either of the above conditions could affect the assignment results.

## TERMINOLOGY

### *Definitions of Condition*

#### Very Good (VG)

This term describes an item in excellent condition capable of being used to its fully specified utilization for its designated purpose without being modified and not requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

#### Good Condition (GC)

This term describes those items which have been modified or repaired and are being used at or near their fully specified utilization but the effects of age and/or utilization indicate that some minor repairs may have to be made or that the item may have to be used to some slightly lesser degree than its fully specified utilization in the foreseeable future.

#### Fair Condition (FC)

This term describes those items which are being used at some point below their fully specified utilization because of the effects of age and/or application and which require general repairs and some replacement of minor elements in the foreseeable future to raise their level of utilization to or near their original specifications.

#### Poor Condition (PC)

This term is used to describe those items which can only be used at some point well below their fully specified utilization and it is not possible to realize full capability in their current condition without extensive repairs and/or replacement of major elements in the very near future.

#### Scrap Condition (X)

This term is used to describe those items which are no longer serviceable and which cannot be utilized to any practical degree regardless of the extent of the repairs or modifications to which they may be subjected. This condition applies to items which have been used for 100% of their useful life or which are 100% technologically or functionally obsolescent.

### *Machinery and Equipment Standard of Values Definitions*

On March 11, 1984, the ASA Machinery and Equipment Committee voted unanimously to adopt definitions to be used and taught to machinery and equipment appraisers. These definitions are promulgated in the text titled 'Appraising Machinery and Equipment' published by the ASA in 20XX.

*Fair Market Value* is the estimated amount, expressed in terms of money (cash or cash equivalent), that may be reasonably expected for a property, in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, as of a specific date.

Fair Market Value - Removal is the estimated amount, expressed in terms of money (cash or cash equivalent), that may reasonably be expected for a property, between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell and both fully aware of all relevant facts, as of a specific date, considering the cost of removal of the property to another location.

Fair Market Value in Continued Use is the estimated amount, expressed in terms of money (cash or cash equivalent), that may reasonably be expected for a property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date, and assuming that the earnings support the value reported. (This amount includes all normal direct and indirect costs to make the property fully operational and may not readily pertain to aircraft.)

Fair Market Value - Installed is the estimated amount, expressed in terms of money (cash or cash equivalent), that may reasonably be expected for an installed property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date. (This amount includes all normal direct and indirect costs, such as installation and other assemblage costs, to make the property fully operational but does not have to be supported by the business earnings.)

Orderly Liquidation Value is the estimated gross amount expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser(s) with the seller being compelled to sell on an as-is, where-is basis as of a specific date.

Forced Liquidation Value is the estimated gross amount expressed in terms of money that could be typically realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.

Liquidation Value in place is the estimated gross amount expressed in terms of money that could typically be realized from a failed facility, assuming that the entire facility would be sold intact within a limited time to complete the sale, as of a specific date.

Salvage Value is the estimated amount expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for use elsewhere, as of a specific date.

Scrap Value is the estimated amount expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.

## *Special Purpose Definitions*<sup>1</sup>

*Insurable Replacement Cost* - Is the replacement cost new of the item after deducting the cost of the items specifically excluded in the policy, if any.

*Insurable Value Depreciated* - Is the value remaining after deducting depreciation, based on an analysis of age, condition, serviceable life and utility of an item from the insurable replacement cost.

## **ADDITIONAL CONSIDERATIONS**

### *Title of Appraised Equipment*

It is understood the items listed in this report are owned and belong to ABC Labeling. However, no guarantee is made by this appraiser or by American Business Appraisers concerning ownership or clear title.

This appraisal sets forth the findings and conclusions of the appraiser and is based upon an investigation of conditions effecting value and is subject to the Statement of Limiting Conditions and Definitions. Without reading the Statement of Limiting Conditions and Definitions, the report cannot be fully understood.

## **Economic Conditions**

### *National Economic Conditions*

The national economic conditions are as of the end of the first quarter of 20XX, the most current quarterly data available as of the report date.

Despite a surprising rise in consumer spending, the U.S. economy suffered its second biggest slowdown since 19XX during the first quarter of 20XX. One of the largest contributors to the first quarter slowdown, the cut-back in business inventories, could actually boost the economy in upcoming quarters as business will likely be forced to ramp up production once consumer demand increases. While the first quarter economic decline was worse than most economists forecasted, many now predict some modest improvement for the remainder of the year.

According to Consensus Economics, Inc., publisher of *Consensus Forecasts - USA*, the real GDP is expected to decrease by 2.1% in the second quarter of 20XX, but gain 0.1% in the third quarter of the year (percentage change from previous quarter, seasonally adjusted annual rates). In 20XX, the real GDP growth rate is expected to decrease by 2.7%, while increasing by 1.8% in 20XX (average percentage change on previous calendar year). In the long term, the real GDP is expected to grow by 3.1% for 20XX-20XX (average percentage change over previous year).

According to the survey, consumer prices will decrease 0.7% in 20XX and increase 1.6% in 20XX. In the long term, *Consensus Forecasts - USA* also predicts consumer prices will grow by 2.3% for 20XX-20XX (average percentage change over previous year). Producer prices are

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<sup>1</sup> Ibid



expected to decrease 3.5% in 20XX and rise by 1.5% in 20XX.

Interest rates on three-month Treasury bills and 10-year Treasury bonds will rise over the next year, according to the forecasters of *Consensus Forecasts - USA*. According to the survey, three-month Treasury bills will rise from 0.3% at the end of July 20XX to 0.5% by the end of April 20XX. The yield on 10-year Treasury bonds is expected to rise from 2.8% at the end of July 20XX to 3.5% by the end of April 20XX. According to the survey, the three-month Treasury rate will average 3.8% for the years 20XX-20XX, while the 10-year Treasury bond yield is expected to average 5.0% over the same time period.

The forecasters polled by *The Livingston Survey* in December 20XX posted less optimistic expectations about the level of the S&P 500 index in 20XX and 20XX than they did in the June 20XX survey. *The Livingston Survey*, which reports the median value across the 36 forecasters on the survey's panel, predicts that the S&P 500 index will rise steadily during the next two years, but at a much slower pace than previously predicted. The December 20XX survey estimates that the index will reach 950.3 by June 30, 20XX, while the June 20XX survey estimated the index would reach 1496.5 over the same time period. The index is projected to rise to 1052.5 by December 31, 20XX and to 1165.0 by the end of 20XX. The growth rate in after-tax corporate profits is expected to decrease by 4.9% in 20XX followed by an increase of 6.4% in 20XX.

The FOMC decided to establish a target range for the federal funds rate of 0% to 0.25% last quarter—and made no modifications to this range during the first quarter. In their last meeting, the FOMC affirmed that the U.S. economy was in a weakened state, resulting from job losses, tight credit conditions, and declining equity and housing wealth. They also confirmed that major trade partners have fallen into a recession, causing a decrease in U.S. exports. Regardless of the weak economic outlook, the Committee felt confident “that policy actions to stabilize financial markets and institutions, together with fiscal and monetary stimulus, will contribute to a gradual resumption of sustainable economic growth<sup>2</sup>.”

### *Arizona Economic Conditions*

Arizona's seasonally adjusted unemployment rate increased to 8.2 percent in May from 7.7 percent in April. Nationally, the seasonally adjusted unemployment rate also rose by five-tenths of a percentage point, from 8.9 percent to 9.4 percent.

Arizona's economy has a loss of 21,300 nonfarm jobs in May. After a slight moderation in the over-the-year losses in April, the rate of loss increased from 6.6 percent in April to 7.1 percent in May.

Since the beginning of the national recession in December 20XX, Arizona's nonfarm employment levels have decreased by a total of 253,700 with 21,300 coming in the month of May. Nine of 11 major industries incurred job losses; one industry, information, gained jobs

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<sup>2</sup> All of the contents of the economic outlook section of this report are quoted from the Economic Outlook Update™ 1Q 20XX published by Business Valuation Resources, LLC, © 20XX, reprinted with permission. The editors and Business Valuation Resources, LLC, while considering the contents to be accurate as of the date of publication of the Update, take no responsibility for the information contained therein. Relation of this information to this valuation engagement is the sole responsibility of the author of this report.”

while natural resources and mining was flat. Over-the-year, all of the 11 major industry groups incurred losses.<sup>3</sup>

### *Industry Conditions*

#### *Historical Performance*

The main factor affecting the performance of the printing industry is the level of economic activity. Demand for some products increased significantly in the 19XXs with an increase in direct-to-home and point-of-sale distribution of retailing catalogues and brochures, and the strong growth in finance, property, business and community services, retailing and wholesaling industries.

Technological advancements in printing industry equipment and materials, along with the use of telecommunications networks, led to innovations in products and diversification along with improvements in productive efficiency in labor and capital costs, product quality, production time and volumes of production.

For many years, hot metal typeset formed the basis of the printing process. Computer typeset was introduced in the 19XXs. In the 19XXs, technology rapidly shifted to what is known as computer-to-plate printing or digital printing. Advances in computer-based prepress equipment, such as electronic prepress, allowed for faster and more precise manipulation of images and text prior to printing. During the 19XXs, presses with film-less direct imaging technology made short run, customized color printing economically feasible.

In some segments, a process of consolidation and globalization began. For example, Quebecor Printing, Inc. (now Quebecor World, Inc.), grew from a company largely based in Canada in 19XX to a company operating in 14 countries by 1998. The second and third largest printing companies in the US merged in 19XX to become the largest printing company in the United States (Quebecor World).

Between the two Economic Census years of 19XX and 20XX, there was a significant decrease in the number of employer companies and establishments in this industry (both down 11% overall during this 5-year period), despite a significant increase in the number of digital printing companies and establishments.

Underlying demand for printing services in the United States was bolstered in 20XX by a strong economy, which contributed to a surge in economy-wide advertising expenditures. Print advertising did not miss out on the boom. Strong growth in the business services and finance sectors of the economy bolstered demand for finance, legal and business forms. Growth in economy-wide consumer spending and industrial production generated new demand for printed labels and printed packaging. A rise in the number of business start-ups benefited demand for forms and stationery. There was fast growth in new types of consumer services (e.g., mobile telephones, Internet services and financial services), services that involve significant marketing and billing operations (with associated printing requirements). A few trends also boosted demand for printing, including a rise in the use of advertising inserts, catalogs and direct mail in advertising campaigns, and an increase in the outsourcing of

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<sup>3</sup> Source: Arizona Workforce Employment Report dated June 18, 20XX by The AZ Dept. of Commerce

printing.

However, the US economy weakened in 20XX and 20XX. Census Bureau data suggests that the real value of industry shipments declined by 5.3% in 20XX and by a further 6.3% in 20XX. According to Quebecor World, commercial printing experienced two consecutive years of volume declines (in the 20XX and 20XX years) for the first time in 25 years. Quebecor World stated that prices for offset running rates declined 20%-25% and rates for gravure and binding declined by 10% over the two years to 20XX.

As a result of the economic slowdown, there was a decline in economy-wide advertising expenditures in 20XX and 20XX, and this was reflected in lower demand for magazine, catalogues, inserts and books. A decline in industrial production adversely affected demand for labels and packaging-related printing. A decline in sales volumes and strong competition in 20XX and 20XX saw profit margins fall. Industry consolidation through acquisitions, which was significant up to 20XX, slowed appreciably, as industry players sought to restructure and rationalize activities in an effort to reduce costs.

Census Bureau data suggests that the real value of industry shipments declined by 5% in 20XX. There was severe pricing pressure, a fall in magazine advertising pages, depressed demand for advertising promotions, a continuing decline in the demand for business forms, and strong competition from Asia in the book printing segment.

The real value of industry shipments declined by 1.7% in 20XX. Sales volumes fell. Prices also fell as a result of excess industry capacity and an increased competitive environment (which promoted industry consolidation).<sup>4</sup>

### *Industry Outlook*

Revenue of the US Printing industry is forecast to decrease at an average annualized rate of 0.1% in the five years through 20XX. Over this outlook period, profit margins will decline due to pricing pressures. Industry employment will decline and there will be a decrease in employee compensation as a percentage of revenue.

Prospects for the Printing industry are influenced by, among other things: the level of economic activity; the performance and structure of some of the main user industries; and technological factors affecting industry costs and demand for industry products.

The US economy will remain weak in 20XX, before an expected strengthening during 20XX through 20XX. The rate of growth in US GDP in the five years through 20XX (averaging 2.4% per year) will be moderately higher compared with the rate of growth in US GDP in the previous five years (averaging 1.5% per year). The rate of growth in consumer spending and private investment in the US will remain very weak in 20XX, before picking up in 20XX through 20XX. Americans are reading less printed media than they used to, and this is expected to continue to negatively affect growth in printed book and printed magazine sales. Growth in non-print media (such as the Internet, cell phones and TV) will have an adverse effect on the circulation and advertising volumes of printed media (such as magazines, catalogs and printed directories).

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<sup>4</sup> Source: IBISWorld Industry Report: Printing in the US dated April 17, 20XX

Electronic transactions and the electronic distribution of documents and data and the on-line distribution and hosting of media content represent significant risks to most industry segments. Over the outlook period, there will be negative growth in demand for bank checks, business forms and directory printing, due to the increasing use of substitute technologies (i.e., e-commerce, email, the Internet and photocopying). In the fourth quarter of 20XX, R.R. Donnelley wrote-off \$363.3 million for the impairment of goodwill and identified intangible assets within the company's Forms and Labels segment - due to electronic substitution in the forms sector. Deluxe Corporation has reported declining sales of checks over a number of years.

Online printing operators offer convenient services and are emerging as significant players in the short print-run space (where small businesses represent the major customer base). Websites can provide design templates and offer customers an ability to design documents interactively. Online operators are able to operate with a low cost structure (e.g., from savings associated with no physical shop front and website processes) and have an opportunity to grow volumes (e.g., by winning customers over a large geographical area), which can also reduce unit costs. Online operators that grow and develop critical mass may be in a strong position to fund an improvement and expansion of product offerings (some online providers offer mailing at bulk prices, creative services and marketing lists). These online operators will help grow the short print-run market by offering small business (and households) with a more convenience and a larger range of services at competitive prices. Larger online providers will raise the bar for traditional print providers to small business.

Projected US Sales Growth, 20XX to 20XX (% per year)

Direct Mail	4%
Books, Magazine/Catalog, SR Commercial	2% to 3%
Statement Printing	1%
Directory	0% to 1%
Forms and Labels	-1% to -2%

Source: IBISWorld Industry Report

Paper prices are expected to be lower in real terms, on average, over the full outlook period. In the event that the real price for paper does fall, some advertisers may be attracted toward direct mail and catalog advertising (i.e., away from mass-media advertising).

Recent postal rate increases have had an adverse effect on demand for some types of printed material. The Postal Accountability and Enhancement Act, which was signed into law by the President in December 20XX provides a mechanism for controlling postal pricing. The Act should make postal pricing more predictable and should also act to lower mail costs, which would tend to promote growth in the printing, mailing and fulfillment sectors.

Some other factors likely to affect certain segments include:

- Improved digital printing devices and more sophisticated work-flow software is promoting shorter, digitally-printed runs (which can also impact demand for services offered by long-run offset printers). Digital printing has low set-up costs and can accommodate shorter runs and this can, in turn, allow for lower document obsolescence and lower warehousing costs and more unique documents.
- Developments in substitute technologies (i.e., photocopying equipment, office computer equipment and the Internet) will have a dampening effect on demand for traditional commercial and job printing activities, such as pre-printed invoices and order forms.
- In some markets, there will be increased competition from the printing operations of newspaper publishers.
- Commercial printers not exposed to sectors that compete with digital media should fare better. These include packaging, label and security printing.

Imports are expected to gain a larger foothold on the book printing market, and globalized commercial printers, with operations in low-cost jurisdictions, will tend to promote growth in imports. The Internet will promote trade flows between countries. VistaPrint Limited, an online supplier of customized printed products, generates most of its revenue from US websites but has no printing facility in the US (a printing facility in Canada serves the North American market). Moreover, as manufacturing activity moves from advanced countries (such as the United States) to low-cost countries (and as more manufactured products are imported), more printing (and support activities for printing) associated with lost manufacturing activity will go offshore.<sup>5</sup>

### *Measurable Marketplace*

There are distinct levels of trade and each may have its own market value. This appraiser is under the opinion that other companies similar to ABC Labeling, who provide similar services, would be the most appropriate market.

### *Estimated Marketing Time*

The appraiser believes that if properly exposed to the open market the subject equipment should sell in the range of 180 days to 270 days.

## **VALUATION OF SUBJECT'S MACHINERY & EQUIPMENT**

### *Assignment's Standard of Value(s)*

American Business Appraisers has been retained by ABC Capital Bank to provide an appraisal reporting the *fair market value, in continued use* and *orderly liquidation value* of certain assets located at ABC Labeling 1234 W. Wisconsin Street, Mesa, Arizona.

Select items have been documented and photographed for the purpose of this valuation. These

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<sup>5</sup> Source: Ibid

items can be found under the Capital Equipment section in this report.

### *Principal Sources of Information*

While the appraiser has been diligent in preparing this appraisal, it is important to all concerned the appraiser relied heavily upon information given by others. For those persons who may review this appraisal report now and in the future, this appraiser has endeavored to clearly identify the information sources. The principal sources of information used to form an opinion of value include the following:

- DC Power Specialists
- machinerytrader.com
- Cousins
- Uline
- Karlville Development Group
- Web Techniques
- AAA Press International
- Sonic Solutions
- Kodak
- RotoFlex International
- Rotometrics
- Mark Andy
- X-Rite
- truckpaper.com
- GWJ Company
- Sarni Flexographic
- Markwith Tool Company
- Domino Amjet, Inc.
- Graphic Technical Services
- Viprefix
- Harpers
- The Internet

In all cases, the appraiser has relied upon the referenced information without independent verification. This report is, therefore, dependent upon the information provided. A material change in critical information relied upon in this report would be cause for a reassessment in order to determine the effect, if any, on this appraiser's conclusion of value.

### *Capital Equipment*

This appraiser has attempted to analyze all sales comparisons, offers, options and listings in accordance with USPAP Standards Rule 7-5. Data found was limited and in some cases unobtainable. This appraiser has had conversations with dealers, manufacturers, brokers and others. The Internet has also been used, all in an effort to determine detail and characteristics of the appraised item(s). Data that was found has been weighted in the final value estimate or otherwise considered irrelevant.

The total estimated value of the Capital Equipment items are:

**Total estimated Fair Market Value (rounded) \$1,798,000**

**Total estimated Orderly Liquidation Value (rounded) \$987,000**

Capital Equipment items contained in this report have been photographed and details such as manufacturer, model/serial numbers, age, and current condition are provided for each item as follows:

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Item/Photo Number: 1

Quantity: 1

Type: Waste Removal System

Mfg: Precision Air Convey

Model:

Serial:

Age: 2002

Condition: Good



**Methods Used to Estimate Value**

Cost Less Depreciation ☒

Market Data ☐

Fair Market Value \$ 35,000

Orderly Liquidation Value \$ 19,500

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Item/Photo Number: 2

Quantity: 1

Type: Forklift

Mfg: Hyster

Model: E35XM

Serial: 102681

Age: 2005

Condition: Good



**Methods Used to Estimate Value**

Cost Less Depreciation ☒

Market Data ☒

Fair Market Value \$ 4,000

Orderly Liquidation Value \$ 2,500

Comments: Sideshift fork. Battery operated. Tires in fair condition

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Item/Photo Number: 3

Quantity: 1

Type: Pallet Wrapper

Mfg: Cousins

Model: LP2100

Serial: 161205-2L-6151

Age: 2005

Condition: Very Good



*Methods Used to Estimate Value*

Cost Less Depreciation ☒

Market Data ☒

Fair Market Value \$ 6,000

Orderly Liquidation Value \$ 3,400

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Item/Photo Number: 4

Quantity: 1

Type: Seamer/Gluer

Mfg: Karlville

Model: DEAM-300D-HS

Serial: 05076M

Age: 2005

Condition: Good



*Methods Used to Estimate Value*

Cost Less Depreciation ☒

Market Data ☒

Fair Market Value \$ 47,000

Orderly Liquidation Value \$ 26,400

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SAMPLE

### *Support and Ancillary Items*

In addition to the equipment items of the previous section, there also exist a number of shop and ancillary items, which are of supporting nature. They are included at the request of the client as they do have value. These items are valued using a combination of the Cost & Market Approaches, industry depreciation standards, prudence, and experience. These types of items are typically valued in bulk and include but are not limited to:

Computers/Servers  
Desktop Printers  
Faxes  
Software  
Phone System  
Shelving/Storage Racks  
Floor Scale  
Work Tables  
Work Benches

The total estimated value of the Support and Ancillary items are:

<b>Total estimated Fair Market Value (rounded)</b>	<b><u>\$24,000</u></b>
<b>Total estimated Orderly Liquidation Value (rounded)</b>	<b><u>\$13,250</u></b>

## FINAL VALUE SUMMARY AND RECONCILIATION

It is this appraiser's independent unbiased professional opinion, using the valuation approaches and methods contained in this report, which are subject to the assumptions and limiting conditions described in this summary appraisal report dated July 10, 20XX, the total estimated values of the ABC Labeling assets are best expressed as:

	<u>FMV</u>	<u>OLV</u>
Capital Equipment Items	\$1,798,000	\$987,000
Support and Ancillary Items	<u>\$ 24,000</u>	<u>\$ 13,250</u>
Total	\$1,822,000	\$1,000,250

## APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting pre-determined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
8. I have made a personal inspection of the property that is the subject of this report, unless otherwise noted.
9. No one provided significant personal property appraisal assistance to the person signing this certification.

### Non-Discrimination

In arriving at the estimated reasonable value, the appraiser has not been improperly influenced in any manner by the race, religion, or national origin of any person.

\_\_\_\_\_  
Appraiser One, AIBA, CMEA, CSBA

\_\_\_\_\_  
Date

## STATEMENT OF PROFESSIONAL QUALIFICATIONS

Statement of Professional Qualifications Omitted from Sample Report

## **APPENDIX**

## ***USPAP Definitions and Terms***

Various terms are used throughout this appraisal report. The following are definitions of the terms.

Advocacy – Representing the cause of interest of another, even if that cause or interest does not necessarily coincide with one's own beliefs, opinions, conclusions, or recommendations.

Appraisal – (noun) The act or process of developing an opinion of value. (adjective) Pertaining to appraising and related functions such as appraisal practice or appraisal services.

Appraisal Consulting – The act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.

Appraisal Foundation – The appraisal Foundation incorporated as an Illinois not for Profit Corporation on November 30, 1987.

Appraisal Practice – Valuation services performed by an individual acting as an appraiser, including but not limited to appraisal, appraisal review, or appraisal consulting.

Appraiser – One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

Appraiser Peers – Other appraisers who have expertise and competency in the same or a similar type of assignment.

Appreciation – Increase in value due to increase in cost to reproduce, value over the cost, or value at some specified earlier point in time brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, improved transportation facilities, direction of community or area growth, or other factors.

Assignment – A valuation service provided as a consequence of an agreement between an appraiser and a client.

Assignment Results – An appraiser's opinions and conclusions developed specific to an assignment.

Assumption – That which is taken to be true.

Bias – A preference or inclination that precluded an appraiser's impartiality, independence, or objectivity in an assignment.

Business Enterprise – An entity pursuing an economic activity.

Client – The party or parties who engage an appraiser (by employment or contract) in a specific assignment.

Confidential Information – Information that is either: (i) Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or (ii) Classified as confidential or private by applicable law or regulation.

Cost – The amount required to create, produce, or obtain a property.

Depreciation – A loss of utility and hence value from any cause. An effect caused by physical deterioration and/or obsolescence.

Economic Obsolescence – Impairment of desirability of useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent in the property. Also referred to as Location or Environmental Obsolescence.

Extraordinary Assumption – An assumption, directly related to a specific assignment, which, is found to be false, could alter the appraiser's opinion or conclusions.

Feasibility Analysis – A study of the cost-benefit relationship of an economic endeavor.

Functional Obsolescence – Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art that affect the property item itself or its relation with other elements comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.

Highest and Best Use – That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Hypothetical Condition – That which is contrary to what exists but is supposed for the purpose of analysis.

Intangible Property (Intangible Assets) – Nonphysical assets, including by not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.

Intended Use – The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User – The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Jurisdictional Exception – An assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.

Market Price – The amount actually paid, or to be paid, for a property in a particular transaction differs from market value in that it is an accomplished or historic fact, whereas market value is and remains an estimate until proven. Market price involves no assumption of prudent conduct by the parties, absence of undue stimulus, or any other condition basic to the market value concept.

Market Value – A type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.



Personal Property – Identifiable tangible objects that are considered by the general public as being “personal” – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.

Present Value – The current monetary value. It is the today’s cash lump sum, which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.

Price – The amount asked, offered, or paid for property.

Report – Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.

Scope of Work – The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following: (i) the degree to which the property is inspected or identified, (ii) the extent of research into physical or economic factors that could affect the property, (iii) the extent of data research, and (iv) the type and extent of analysis applied to arrive at opinions or conclusions.

Signature – Personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and conclusions in the report.

Supplemental Standards – Requirements issued by government agencies, government sponsored enterprises, or other entities that establish public policy which add to the purpose, intent and content of the requirements in USPAP, that have a material effect on the development and reporting of assignment results.

Value – The monetary relationship between properties and those who buy, sell, or use those properties.

Valuation Process – Services pertaining to aspects of property value.

Workfile – Documentation necessary to support an appraiser’s analysis, opinions, and conclusions.