

**Buy/Sell - Mergers - Lending
Business Owner Edition**

Equipment Appraisal The Basics

The Expert Equipment Appraisal Team



Equipment Appraisal – The Basics

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Forward

We created this guide like we're helping a close friend or family member. In it, we'll share secrets we can't talk about once we start the equipment appraisal. This is because we need to stay neutral and fair. We're sure you'll see that even though this guide is brief, the tips inside can save you a lot of money.

Most people don't think about equipment appraisals until they are forced to get one. In today's world, equipment appraisals are important to protect the interests of everyone involved with an unbiased report from a knowledgeable professional.

We made this report to:

- 1. Let you in on the secrets of Equipment Appraisals.**
- 2. Help save a lot of money.**
- 3. Explain how to choose and pay for an Appraiser**
- 4. Help you understand what the other side is doing.**
- 5. Share tips to make things less annoying and quicker.**
- 6. Teach you how to ask smart questions about other appraisals.**
- 7. Guide you on getting ready for an Equipment Appraisal.**
- 8. Provide you with tools to make the Appraisal process easier.**

NOTE: For more information feel free to contact our free appraisal strategist at 800-785-6061 or visit our website ExpertEquipmentAppraisal.com

Intro: The Quick Overview

We aim to be clear and straight to the point.

We'll deeply explore both sides of equipment appraisal, focusing on what business owners need to know.

A heads-up: we're going to tell you the real deal, not just what you might want to hear. Keep an eye out for important tips to avoid problems, legal issues, and things people often miss.

We'll guide you on the best ways to go about an equipment appraisal, including hiring an appraiser, what questions to ask, and how to get ready for their visit. We're also throwing in some easy tools and tricks to help everything run smoothly.

This guide packs in 55+ years of expertise, helpful resources, and is easily usable by everyone involved in the appraisal.

At [Expert Equipment Appraisal LLC](#), we get the tough challenges business owners, lenders, lawyers, and accountants face, like running out of time or dealing with compliance.

Whether it's your first time needing an Equipment Appraisal or you're pretty familiar with the process, this guide will walk you through how to set up and complete an Equipment Appraisal the right way, saving you time and money.

Key Points At A Glance

1. Use the right Value level - the situation changes the level, there are 11 currently (Most use Fair Market Value, Orderly Liquidation Value, and Forced Liquidation Value). See page 7 for the definitions.
2. Only Certified Equipment Appraisers have the qualifications you need for most lending, tax, and legal appraisal situations.
3. Depreciation Values / Schedules rarely equal real Market Value
4. Choose a Desktop or On-Site Appraisal – See page 16 for differences.
5. Lenders often take the Fair Market Value and reduce it to a lower amount they're willing to lend you. You can help avoid this number being too low by asking the appraiser to provide you with all three key values.
6. Choosing arbitration instead of going to court can save everyone a lot of money. The only ones who really benefit from extra appraisals and long legal battles are the appraisers and lawyers.
7. Using our forms to make a detailed asset or equipment list will save you a lot of time and money when working with appraisers.
8. Make sure you give yourself plenty of time for the appraisal. Chances are you're going to need one, so it's best to have it done well before any serious negotiations start.
9. Don't forget the small tools, furniture, fixtures, electronics, & support items – These can add massive value to the appraisal.

Appraisals can be costly, so it's important to do it correctly from the start.

The most expensive appraisal is the second one because the first appraisal was worthless...

1: Why an Equipment Appraisal is Needed

We are not going to go deep into the details of why you need an equipment appraisal - your lender, accountant, or lawyer has probably already explained that.

You're probably more concerned about "How much will this cost me and will the numbers be accurate?"

Here are some of the main reasons you need an equipment appraisal along with a few basic explanations.

Business owners often need an appraisal to figure out how much their equipment is worth for insurance, if they're planning to sell, get a loan, grow their business, or make big strategic moves.

CPAs (accountants) need a certified appraisal because the IRS says so! They need it when helping clients change their business type (like from a C to an S corporation), planning estates and gifts, setting up trusts, and for certain legal and financial rules (like Sarbanes-Oxley and FASB 141/142).

Bankers and lenders want an appraisal to help make decisions about loans and leases. They need to know the value of equipment to back up a loan. This is especially true for the Small Business Administration, and the USDA which have specific rules requiring a "qualified" equipment appraisal.

Lawyers need appraisals to prove the real value of equipment in court or with the IRS, making sure the numbers are accurate and will hold up under close examination.

<ul style="list-style-type: none">• Buy / Sell Agreements• Converting From C To S-Corp• Loans / Financing• Leases• Insurable Value• Tax Purposes• Foreclosures• Estate Planning• Bankruptcy / Insolvency• Divorce Settlements	<ul style="list-style-type: none">• Mergers & Acquisitions• Litigation Support• Trust Planning• Sarbanes Oxley• Partnership Dissolution• Gift Estate Planning• 1031 Exchanges• Retirement Planning• FASB 141 & 142/GASB 34
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2. What Value Level(s) should I use?

Yes, you'll want your equipment to have the best possible value for your needs. That's why it's crucial to know about the different types of trade values out there. This way, you can pick the one that fits your situation the best.

The following values are defined in the publication *Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery & Technical Assets*, Third Edition, by the American Society of Appraisers.

1. **Fair Market Value** is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having a reasonable knowledge of relevant facts, as of a specific date.
2. **Fair Market Value - Removed** is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering removal of the property to another location, as of a specific date.
3. **Fair Market Value in Continued Use** is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming the business earnings support the value reported, without verification.
4. **Fair Market Value - Installed** is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, independent of earnings generated by the business in which the property is or will be installed, as of a specific date.
5. **Orderly Liquidation Value** is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.
6. **Forced Liquidation Value** is an opinion of the gross amount, expressed in terms of money, that typically could be 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.
7. **Liquidation Value in Place** is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.
8. **Salvage Value** is an opinion of the 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 possible use, as of a specific date.
9. **Scrap Value** is an opinion of the 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.
10. **Insurance Cost New** is the replacement or reproduction cost new as defined in the insurance policy less the cost new of the items specifically excluded in the policy, as of a specific date.
11. **Insurable Value Depreciated** is the insurance replacement or reproduction cost new less accrued depreciation considered for insurance purposes, as defined in the insurance policy or other agreements, as of a specific date.

3. Appropriate Value Levels

As you can see there are a few values that would apply. Here is some insight on this.

Getting a Loan / Refinancing – If able, use Fair Market Value Installed as this is the highest value generally accepted and allows for the setup costs of the equipment. Many times, lenders will take whatever number you provide and reduce it – many times 20% – 30%. Find out this discount rate ahead of time if possible. Then, ask the appraiser to include the Fair Market Value Installed, Orderly Liquidation, and Forced Liquidation values all in the same report. This way, you'll be prepared no matter how the lender views the value.

Note: Most lenders and courts default to Fair Market Value as the highest value.

Here is a case study on the importance of the right value

A company had equipment worth nearly \$2 million when new, aged between 5 and 10 years. They hired someone they thought was an appraiser, but he was an auctioneer. Without understanding why the company needed the appraisal, the auctioneer valued the equipment at Auction Value or Forced Liquidation Value, which is typically much lower than other types of valuations.

When the bank got this appraisal for the company's refinancing, they decided to be extra cautious. Not realizing the figures were already based on a forced sale, the bank cut the appraisal value in half again. This raised concerns about the company's ability to meet loan agreements, leading the loan committee to reject the loan application. This mistake wasted the money spent on the appraisal, the initial loan application fees, and damaged the company's relationship with the bank. The loan was denied.

Buy/Sell Scenario - In a situation where you're buying or selling, it often gets tricky. Typically, the value you might see in these deals is close to what's called Orderly Liquidation Value. However, the challenge arises because, in many buy/sell situations, how much the equipment is worth can change depending on tax implications. Taxes can greatly affect the actual amount of money you end up with after a sale. This is a crucial point to think about because it influences your final profit. It's wise to talk to a Business Broker or a CPA who can guide you through this and help make sure you get the most benefit from your deal.

Closing the Doors - This scenario is where things begin with the idea of an orderly liquidation but might end with a forced liquidation or even turning the equipment into scrap. Nowadays, it's often the case that the cost to remove machinery is higher than its actual value, making scrapping it the only real option. Another route to consider is a "1 Check liquidation." This is when a company offers to buy everything you have for a fraction of its value. Even in this case, getting an appraisal is a good idea. It lets you know exactly what you're giving up, so you can make a more informed decision.

4. - Hiring the RIGHT Appraiser

It's true that you're the expert on your own equipment. However, when it comes to appraising its value, the role of a good equipment appraiser is crucial. They are hired for their ability to be an unbiased third party, skilled at determining the equipment's open market value, which helps in setting the right price. Their job isn't to operate, fix, or maintain the equipment, which is a common misunderstanding among those new to the appraisal process. The appraiser usually does a Visual Inspection only, unless hired to do a deeper inspection (which may require a hired mechanic).

Here's a crucial point: choosing the wrong appraiser could really backfire, especially in legal situations, securing loans, or dealing with taxes. You might be tempted to pick someone you know, like a local auctioneer or dealer, but be careful. About 95% of these appraisals are not certified, haven't been tested in court, and are seen as biased. If you go to court with an appraisal from a "buddy" and face off against a certified appraiser, it won't end well for you.

The smart move is to hire a certified equipment appraiser from outside your immediate area (think at least one county over), someone like a Master Appraiser from Expert Equipment Appraisal. You want someone who knows how to handle courtroom situations and can produce a solid, certified report. It's better to choose an appraiser who writes strong reports rather than one who knows your specific type of equipment inside out. After all, valuing equipment is a different skill than fixing it. Also, keep in mind that often the client for the appraisal might not be you but your bank, attorney, etc. Your appraiser can help figure this part out.

Key things to consider about types of Appraisers:

Certified / Qualified vs. Non-Certified: Knowing whether your appraiser is certified is crucial because it often determines if your report will meet required standards. In the past, you might have asked someone like Bubba, the local auctioneer or someone from a dealership, for a quick "appraisal" to get a ballpark figure. Sometimes, these auctioneer "appraisers" might even ask

you what number you'd like them to write down. But remember, they're not the ones who'll be held accountable for that number—you are. It's common for local dealers to undervalue equipment, maybe because they're worried you might want to trade it in. The sure way to get a compliant and high-quality report is by hiring a Certified Machinery & Equipment Appraiser. Only then can you be confident in the accuracy and compliance of your appraisal.

Appraiser vs. Accountant / CPA: Some businesses might think it's okay to have their accountant / CPA handle a machinery appraisal. However, it's important to remember that while a few accountants might be certified to appraise machinery, most are not. There's a big difference between depreciation value and market value. Accountants typically provide a "book value," which is based on depreciation schedules and IRS compliance, not the actual market value. So, if your depreciation schedule shows your equipment is fully depreciated, does that really mean it's worth nothing? Probably not. Accountants view value through a specific lens focused on tax compliance, which doesn't reflect the real-world value others might see in your equipment.

Appraiser vs. Internal Employee: This is a very easy one. When an employee writes an appraisal they have the best interests of the company they are working for in mind. Internal appraisers at banks, insurance companies, or even your company are **BIASED** or at least everyone else thinks they are.

Auctioneers and Dealers: In many cases, the "appraisers" from certain fields might not be genuinely certified or compliant, often operating with a hidden agenda. Their assessments can come from a biased perspective. A common misunderstanding involves the Fair Market Value given by auctioneers and dealers, which is based on what the equipment would sell for in their specific sales environment. This kind of valuation aligns more with Forced Liquidation or Orderly Liquidation rather than a true Fair Market Value, which should reflect what the equipment could reasonably sell for in a fair, open market transaction many times with consideration for current location and operation.

5: Interviewing the Appraiser - Questions to Ask

These questions are great for ensuring you're working with a certified and professional appraiser. Here's a recap and what you should expect as answers:

1. Are you Certified? By whom? Do they test? Is Continuing Education part of your Certificate? What Designations do you hold?

- Expect details on their certification, such as being a Master Certified Machinery and Equipment Appraiser (MCMEA) from the NEBB Institute, and mentions of key certifying entities like ASA, NEBB, CAGA, AMEA. They should emphasize USPAP compliance as a critical standard.

2. What is your Appraisal Education background? What experience do you have with this type of equipment?

- Look for a solid appraisal education and specific experience with your type of equipment, beyond just buying, selling, or auctioneering.

3. Can you meet my deadlines? How long will the process take?

- They should be able to give a clear timeline, such as site visits taking a few hours to days and report completion within 5-14 days after the visit.

4. Are you USPAP Compliant?

- A yes is mandatory, with an explanation that USPAP (Uniform Standards of Professional Appraisal Practice) is the guideline set by Congress, specifically Standards 7 and 8 for their discipline.

5. Which approaches to value do you take and are they documented?

- They should mention using the Market Data Approach, Cost Approach, and Income Approach, and confirm these are documented in their reports.

6. At which value level will you be appraising?

- They should discuss valuing at levels like Fair Market Value, Orderly Liquidation Value, and Forced Liquidation Value, among others.

7. Where will your market data be taken from?

- A professional appraiser will prefer regional data for a broader yet relevant market perspective, explaining that local-only data doesn't always capture the true market conditions.

A certified and professional appraiser will confidently answer these questions, showing their competence and reliability.

6: Negotiating the Fee / How much to pay:

Appraisal fees can vary widely, and most certified appraisers can offer you a free quote if you provide a detailed asset list or depreciation schedule. While fees differ among appraisers, here's a general overview of common fee structures based on our experience, especially in cases where litigation might require a thorough site visit for a robust court defense:

1. **Hourly:** This can be the costliest option. It's wise to organize everything in advance if you're considering an hourly rate and try to negotiate a flat fee instead. Hourly rates can range from \$50 to \$250 or more. When information is scarce, we might estimate based on a half-day rate of \$600, which is standard. For example, if a visit to your shop takes half a day, researching your equipment takes a full day, and writing the report takes another half day, you're looking at a \$2,400 appraisal. Nationally, appraisals typically cost between \$2,900 and \$3,500, with some as low as \$500 and others reaching into the hundreds of thousands.
2. **By the Item:** Appraisers often quote based on the number of items they need to research and report on. Guidelines from government agencies like the IRS and SBA can offer some direction; the IRS suggests (without outright stating) that equipment valued at \$2,500 and above should be individually listed in an appraisal, while the SBA points to \$5,000 and up. The cost per item can depend on the amount and type of equipment a company has. For lower-value items, they're typically appraised in bulk using industry depreciation metrics. Prices per item might range from \$35 to \$250, with a good national average being around \$75 - \$100 in the Midwest and \$95 - \$125 on the coasts.
3. **Flat Rate:** The appraiser considers all aspects and provides a flat rate fee. This is an effective option if you've supplied a comprehensive asset list to the appraiser.

Remember, in situations involving legal disputes, a detailed site visit by the appraiser is almost always necessary to support a strong defense in court.

Note: It's important to keep in mind that preparing for court, depositions, and the actual court time are often billed separately from the appraisal itself. While it's technically possible to subpoena your appraiser and not compensate them, investing in their expert witness services can be very beneficial for your case. Paying a bit more for their expertise and support can lead to significant advantages in court.

Note: Moreover, to maintain the integrity and perceived impartiality of the appraisal, payment should be completed BEFORE or AT the time the report is delivered. This practice helps prevent any claims that you might have influenced the appraiser's valuation by withholding payment. Ensuring the appraisal is seen as unbiased and fair is crucial, especially in legal or dispute resolution contexts.

The cost of an appraisal can be influenced by several factors, including:

- **Your Preparation:** Investing time to follow tips from guides or books on preparing for an appraisal can lead to significant cost savings. A well-prepared asset list and clear documentation can streamline the appraiser's job, reducing the time and effort required on their part.
- **Location(s):** The geographical location of the equipment plays a big role. If the appraiser needs to visit the site, especially if it involves travel like flying out to the equipment's location, costs will increase accordingly.
- **Type of Equipment:** Some items are trickier to appraise than others. Custom or industry-specific machinery, which may have few comparable sales or require specialized knowledge to evaluate, can drive up the price compared to more common items like vehicles that have a broad market.
- **Type of Appraisal:** Whether the appraisal is conducted on-site or off-site can significantly affect the cost. On-site appraisals, which offer a more detailed examination of the equipment, are generally more expensive than off-site appraisals that might rely on photos, descriptions, and documentation.

- **Use of Appraisal:** The intended use of the appraisal can also impact the price. Appraisals that will be used in legal settings or for litigation purposes are typically more costly due to the additional rigor and detail required, as opposed to appraisals for internal use, like accounting.
- **Appraiser “Pedigree”:** The qualifications and credentials of the appraiser matter, but more credentials don’t always mean better quality. High credentials often come with higher fees, but they don’t necessarily guarantee a more accurate appraisal. It’s important for business owners to choose an appraiser who offers the right balance of expertise and cost for their specific needs.

Each of these factors can influence the overall cost of an equipment appraisal, so it's wise to consider them carefully when planning and budgeting for the service.

6a: On-Site Vs. Desktop Appraisal

There are two primary types of machinery appraisals, each serving different needs and involving different processes and costs:

On-Site (Summary Appraisal)

In an on-site appraisal, the appraiser physically visits the location where the machinery is housed. During this visit, they collect data, verify the age and condition of each item, and gather any other necessary information directly. This type of appraisal is typically more costly, often nearly double the price of an off-site appraisal, primarily due to the added expenses of travel and the time required for on-site data collection. Banks often require on-site appraisals for loan collateral purposes, and attorneys might suggest them to ensure the most accurate and defensible valuation, especially in legal contexts. This approach becomes particularly crucial when the provided asset list is incomplete or outdated, as poor records increase the risk and reduce trust in the valuation process.

Off-Site (Desktop Appraisal)

An off-site, or desktop appraisal, relies on data, pictures, and descriptions provided by the business owner or manager. The appraiser does not visit the site but instead conducts the appraisal based on the provided information. They still need to research the prices and assess the value of the machinery, but the costs associated with travel and on-site data collection are eliminated. This can make off-site appraisals a more cost-effective option. However, the accuracy of a desktop appraisal heavily depends on the quality and completeness of the information provided by the business. It's suited for situations where detailed records are available, and the purpose of the appraisal does not strictly require physical verification of the assets.

7: Getting Ready for the Appraisal

Preparing the Asset List

For an effective machinery appraisal, having a meticulously prepared and up-to-date asset list is essential. This careful preparation can prevent unnecessary increases in appraisal costs due to appraisers needing to identify additional equipment on site or adjusting fees to cover the risks associated with incomplete information. Here's a detailed breakdown of what constitutes a perfect asset list, which, if followed, could indeed save your business a significant amount on a machinery appraisal:

1. **General Item/Property Name:** Start with a broad category or type of equipment (e.g., bulldozer, computer) and, if applicable, the address of the property or a general description of the item.
2. **Location of Item or Property:** Specify where the item is located, especially if you have multiple locations or if the item is mobile and might be in different places at different times.
3. **Make of Item:** Indicate the manufacturer or brand of the equipment (e.g., Caterpillar, Dell).
4. **Model of Item:** Include the model number or name (e.g., D-11, Inspiron M17), which is crucial for identifying the equipment's specifications and market value.
5. **Age of Item:** The year the item was manufactured, which helps in assessing depreciation and remaining useful life.
6. **Serial Number:** A unique identifier that can be used to verify the item's history, warranty status, and other details.
7. **Year of Purchase:** When the item was bought, providing insight into its age and potential value.
8. **Cost to Purchase:** The original purchase price, important for calculating depreciation and estimating current value.
9. **Current Depreciation Amount:** How much value the item has lost over time, which influences its current worth.
10. **Item Tag Number:** If your company uses internal tracking or inventory numbers, include these for easier identification.
11. **General Specifications of the Machine:** Detailed information about the item's size, weight, specifications, and any options or custom features it has. This detail is critical for accurately assessing its value.

By ensuring your asset list includes these components, you set the stage for a more accurate, efficient, and cost-effective machinery appraisal process.

8: Preparing the Equipment:

It's clear that the presentation of your equipment can significantly affect its appraised value. Here's a deeper dive into those tips for enhancing the value of your equipment, whether for appraisal or sale:

Clean the Work Area

A tidy workspace can help the appraiser better assess ancillary equipment and support items. Clear, well-lit photographs can aid their memory or assist researchers in identifying items present during the appraisal. Improving the lighting by replacing a few bulbs can also enhance the quality of these photographs, avoiding the drawbacks of poor lighting.

Maintenance Records

Having maintenance records readily available speaks volumes about your commitment to upkeep. Consider attaching a clear document holder to each machine, containing the maintenance schedule and logs of completed work. This provides immediate evidence of regular maintenance to the appraiser.

"Dupont Overhaul"

A simple touch-up painting job can make a world of difference. Firstly, equipment that looks better is perceived to have higher auction value, allowing for better forced liquidation values. Secondly, since appraisers are not mechanics, they often rely on visual inspection and what they're told. If you claim to have recently rebuilt a machine, but it looks neglected, convincing the appraiser of its value will be challenging.

"Bump the Tires"

The condition of your equipment's tires can be an indirect measure of your overall maintenance practices. Just as the condition of a person's shoes can reflect their attention to detail, the state of your machinery's tires can give insights into how well the equipment is maintained. Neglected tires might suggest a lax approach to maintenance, raising questions about the reliability of your machinery.

9: The On-Site Visit

When the appraiser is on their way for a site visit, it's important to stay organized and prepared to ensure the visit goes smoothly. Here are some steps to follow:

Don't Panic

First and foremost, stay calm. If you've prepared well, the site visit should go smoothly.

Have a Plan

- **Designate an Escort:** Choose someone knowledgeable about the equipment to guide the appraiser through the site. This person should be familiar with the history, maintenance, and costs of the equipment.
- **Prepare Your Asset List:** Have a copy of your asset list ready. Don't rely on the appraiser to bring one; having your own ensures you can easily reference it during the visit.
- **Plan the Route:** Organize the walkthrough route in advance. It should either align with your asset list for easy reference or be arranged in the most time-efficient manner. Remember to schedule breaks, as the appraisal process requires significant mental effort from both parties.

Equipment / Machinery Presentation

- **Safety First:** If the machinery isn't running (which is often best for safety reasons), be prepared to explain how each piece is used. This helps the appraiser understand that the machinery is utilized to its fullest potential.
- **Communicate Clearly:** Ensure you speak loudly and clearly. Accurate information is crucial, and clear communication helps prevent misunderstandings.

Detailed Descriptions

- **Describe Each Item:** Have the designated escort describe every piece of equipment. This helps avoid errors and ensures the appraiser is fully aware of the specifics, including any unique options, historical details, and relevant industry terminology.

Keep Lines of Communication Open

- **Provide Contact Information:** Make sure the appraiser has direct contact information for someone who can answer follow-up questions. This is important for clarifying any details or addressing additional inquiries after the site visit.

By following these guidelines, you can facilitate a thorough and efficient appraisal process, ensuring the appraiser has all the necessary information to accurately assess your machinery's value.

Scheduling the appraisal outside of regular business hours can streamline the process for several reasons:

Safety First

Conducting the appraisal when machinery is not in operation minimizes risks, allowing the appraiser to inspect the machines closely and safely, including climbing on or around them to gather necessary data.

No Distractions

Ensuring the escort guiding the appraiser is free from distractions, like phone calls or emergencies, allows for a smoother flow of information. This focused environment helps prevent issues that could lead to inaccuracies or extend the time needed for the appraisal.

Managing Employee Curiosity

Appraisals can spark curiosity and concern among employees, leading to rumors or speculation about the company's future. By conducting the appraisal outside of business hours, you reduce the chance of disrupting the workplace or fueling unnecessary speculation.

Better Communication

Quieter surroundings make it easier for the appraiser to hear explanations and descriptions, improving the quality of data recorded for research purposes.

Ease of Taking Photographs

With fewer people around, the appraiser can take photographs of the machinery without having to navigate around employees, ensuring a more efficient process and uninterrupted workflow for your team.

Once the appraisal visit is complete, the responsibility shifts entirely to the appraiser to conduct their research and compile the appraisal report. At this point, having provided all the necessary information and facilitated a smooth site visit, you've done your part to ensure a successful appraisal outcome.

10: What Appraisers Do Next - Time Expectations

The appraisal process can vary significantly from one company to another, but here's a look into how our company approaches the task, as an example:

Compiling the Data

The first step involves gathering all the necessary data, either from a site visit or through submitted forms. This data is then organized into a format that can be effectively used for evaluation.

Research

Next comes the research phase, where every item on the list is examined using three primary valuation approaches: the Market Data Approach, Cost Approach, and Income Approach. The most suitable method is selected for each item to accurately determine its value. We gather information from various external sources, including the internet, equipment dealers and brokers, as well as our internal database, which contains data on millions of pieces of equipment.

Time Involved

The amount of time required for the appraisal process can vary widely depending on the type and complexity of the equipment being appraised. On average, we spend about one hour per item. While it's not uncommon for some appraisal companies to take up to three weeks to deliver a report, our team's size and efficiency allow us to typically complete reports within 10 business days, often managing to do so within 2 to 5 business days.

Delivery

Once the appraisal is completed and payment has been received, we promptly send the report to the client both digitally and in hard copy via express mail.

This streamlined and thorough approach ensures that clients receive a detailed, accurate appraisal in a timely manner, reflecting the true value of their machinery and equipment with the professionalism and precision they expect.

11: What should be inside the delivered report

The Report – our report is USPAP compliant and for an average appraisal will have the following included sections:

- Summary Of Facts
- Scope of Work
- Degree To Which The Property Is Inspected Or Identified
- Extent Of Research Into The Physical Or Economic Factors That Could Affect The Property
- Extent Of Data Research
- Type And Extent Of Analysis Applied In Arriving At
- Opinions Or Conclusions
- Depth Of On-site Inspection
- Overall Condition Of Equipment
- Intended Use
- Economic Conditions
- Definitions Of Conditions
- Methods Of Evaluations
- Sources Contacted
- Market Conditions
- Final Value Summary And Reconciliation
- Appraiser's Certifications And Qualifications
- Photographs

Tip: Keep a digital copy off site (we suggest cloud services like DropBox) for validation later in case of an emergency, insurance claim, or another appraisal.

An Appraisal is expensive!

Do it right the first time!

We hope you have enjoyed our Guide – please don't hesitate to call us with any Equipment Appraisal Needs or Questions at 800.785.6061

Please feel free to request a sample of our Equipment Appraisal.

12: Data Collection Form - Perfect Asset List Template

We have several different formats of data collection sheet depending on the type of equipment being appraised. Here are some examples:

Feel free to request full Word versions of these at 800-785-6061

#	Make	Model	Year	Description	Fair Market Value	Orderly Liquidation Value	Forced Liquidation Value	Research	Picture
1	Make	Model	Year	Hours: N/A Miles: N/A Vin: N/A SN: N/A Notes: N/A	\$0	\$0	\$0	Condition: Good, Life: 10 Years Research: Avr: 10K - 20K / Market Data	
2	Make	Model	Year	Hours: N/A Miles: N/A Vin: N/A SN: N/A Notes: N/A	\$0	\$0	\$0	Condition: Good, Life: 10 Years Research: Avr: 10K - 20K / Market Data	
3	Make	Model	Year	Hours: N/A Miles: N/A Vin: N/A SN: N/A Notes: N/A	\$0	\$0	\$0	Condition: Good, Life: 10 Years Research: Avr: 10K - 20K / Market Data	
4	Make	Model	Year	Hours: N/A Miles: N/A Vin: N/A SN: N/A Notes: N/A	\$0	\$0	\$0	Condition: Good, Life: 10 Years Research: Avr: 10K - 20K / Market Data	
5	Make	Model	Year	Hours: N/A Miles: N/A Vin: N/A SN: N/A Notes: N/A	\$0	\$0	\$0	Condition: Good, Life: 10 Years Research: Avr: 10K - 20K / Market Data	

EQUIPMENT SEGMENT DESCRIPTION

MAKE:		
MODEL:		
MILEAGE / HOURS:		
VIN / SN:		
YEAR:		
LIFE EXPECTANCY:		
CONDITION:		
EXTERIOR:		
INTERIOR:		
DESCRIPTION:		

INSTALLED ACCESSORIES / OPTIONS / UPGRADES / PROBLEMS

Insert Text Here...	Insert Text Here...	Insert Text Here...
Insert Text Here...	Insert Text Here...	Insert Text Here...
Insert Text Here...	Insert Text Here...	Insert Text Here...
Insert Text Here...	Insert Text Here...	Insert Text Here...
Insert Text Here...	Insert Text Here...	Insert Text Here...
DESCRIPTION / NOTES / RESEARCH:		
Type in your research, and any notes into this location		

			
			

FAIR MARKET VALUE	ORDERLY LIQUIDATION VALUE	FORCED LIQUIDATION VALUE
\$000,000	\$000,000	\$000,000

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