

Appraisal Analysis

Presented by R. Lee Robinette, ASA



OR



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In its *Principles of Appraisal Practice and Code of Ethics, 2001*, the American Society of Appraisers (ASA) broadened the definition to include the following:

- **Determination of property value**
- **Cost estimation of: (a) producing a new property, (b) replacing an existing property by purchasing or producing an equivalent property, or (c) reproducing an existing property by purchasing or producing an identical property**
- **Determination of the non-monetary benefits or characteristics that contribute to value; rendering judgments as to age, remaining life, condition, quality or authenticity of physical property**
- **Forecast of the property's earning power**

USPAP (Uniform Standards of Professional Appraisal Practice)

defines an appraisal as:

(noun) the act or process of developing an opinion of value; an opinion of value.

(adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Definitions of Value

Fair Market Value is the estimated amount, expressed in terms of money, 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.

Forced Liquidation Value is the estimated gross dollar amount the company could typically realize from a properly advertised and conducted public auction sale. Under this valuation, *the seller must sell as of a specific date on an as-is/where-is basis.*

Approaches to Value

Sales Comparison Approach:

The **sales comparison approach** relies on the assumption that in the used market the selling or asking prices of similar assets can measure the subject assets' value, either individually or collectively.

JOHN DEERE TRACTORS

- Subject Property: (1973) & (1974) John Deere 4230 tractors, respective s/n's 4230H-004473R, 4230H-01567R, both fair condition.
- Date of value is 2/7/17.
- Other information: This is a very large operation with over 200 items of significance. Farmers are being negatively impacted by decreased export opportunities, increased grain production in countries such as Russia and China, the strong US dollar, and consolidation. Currently, there is an excess supply of used farm equipment.

OFFERING PRICES

Year	Mfg.	Mdl.	Serial #	\$	Date
1973	John Deere	4230	n/a	\$13,900	1/18/2017
1973	John Deere	4230	4230W008165R	\$15,000	2/1/2017
1973	John Deere	4230	4230P008932R	\$14,500	2/1/2017
1973	John Deere	4230	n/a	\$21,500	2/2/2017
1973	John Deere	4230	n/a	\$20,000	2/2/2017
1973	John Deere	4230	4230H003028R	\$16,900	2/2/2017
1973	John Deere	4230	HT004606R	\$13,500	2/2/2017
1973	John Deere	4230	001189	\$16,900	2/6/2017
1973	John Deere	4230	010994	\$12,500	2/6/2017
1973	John Deere	4230	n/a	\$13,500	2/7/2017
1973	John Deere	4230	n/a	\$13,000	2/7/2017
1973	John Deere	4230	n/a	\$13,000	2/7/2017
1973	John Deere	4230	n/a	\$18,500	2/9/2017
1973	John Deere	4230	n/a	\$16,500	2/15/2017
1974	John Deere	4230	n/a	\$17,500	1/12/2017
1974	John Deere	4230	4230H018411R	\$21,500	1/13/2017
1974	John Deere	4230	n/a	\$16,500	1/18/2017
1974	John Deere	4230	n/a	\$18,850	1/19/2017
1974	John Deere	4230	n.a	\$16,900	1/24/2017
1974	John Deere	4230	001763R	\$15,000	2/3/2017
1974	John Deere	4230	015408	\$12,500	2/3/2017
1974	John Deere	4230	4230H015168R	\$16,639	2/6/2017
1974	John Deere	4230	018389	\$10,900	2/7/2017

AUCTION PRICES

Year	Mfg.	Mdl.	Serial #	\$	Date
1974	John Deere	4230	n/a	\$8,000	4/22/2015
1974	John Deere	4230	n/a	\$13,300	4/29/2015
1974	John Deere	4230	013556R	\$14,000	6/17/2015
1974	John Deere	4230	92817R	\$9,000	7/29/2015
1974	John Deere	4230	n/a	\$5,867	9/11/2015
1974	John Deere	4230	n/a	\$7,900	9/23/2015
1974	John Deere	4230	211661	\$8,800	10/7/2015
1973	John Deere	4230	n/a	\$12,100	12/14/2015
1973	John Deere	4230	n/a	\$13,000	12/30/2015
1973	John Deere	4230	n/a	\$18,000	2/11/2016
1974	John Deere	4230	017095R	\$8,000	3/9/2016
1974	John Deere	4230	4230P019341R	\$9,500	5/11/2016
1974	John Deere	4230	n/a	\$11,600	5/26/2016
1974	John Deere	4230	13708	\$5,500	5/26/2016
1974	John Deere	4230	n/a	\$9,500	6/20/2016
1974	John Deere	4230	n/a	\$7,600	6/29/2016
1974	John Deere	4230	n/a	\$6,200	7/20/2016
1974	John Deere	4230	n/a	\$7,850	9/23/2016
1974	John Deere	4230	003563R	\$7,250	10/28/2016
1973	John Deere	4230	n/a	\$13,300	11/9/2016
1974	John Deere	4230	8248	\$16,900	12/29/2016
1973	John Deere	4230	n/a	\$15,750	1/5/2017
1973	John Deere	4230	n/a	\$12,850	1/25/2017
1974	John Deere	4230	n/a	\$12,100	2/8/2017

VALUES

Forced Liquidation
Value

\$7,500

Fair Market Value

\$13,500

JOHN DEERE APPLICATOR

- Subject Property: (2004), John Deere mdl. 4710 applicator, s/n N04710X006011. Condition is good to Fair
- Date of value is 2/7/17.
- Other information: This is a very large operation with over 200 items of significance. Farmers are being negatively impacted by decreased export opportunities, increased grain production in countries such as Russia and China, the strong US dollar, and consolidation. Currently, there is an excess supply of used farm equipment.

OFFERING PRICES

Year	Mfg.	Mdl.	Serial #	\$	Date
2004	John Deere	4710	N04710X006233	\$99,500	1/3/2017
2004	John Deere	4710	n/a	\$69,500	1/4/2017
2004	John Deere	4710	N04710X006281	\$68,000	1/16/2017
2004	John Deere	4710	N04710X006750	\$67,444	1/25/2017
2004	John Deere	4710	N04710X006358	\$62,500	2/1/2017
2004	John Deere	4710	N04710X006516	\$78,400	2/2/2017
2004	John Deere	4710	N04710X006557	\$75,900	2/2/2017
2004	John Deere	4710	N04710X006687	\$59,900	2/2/2017

AUCTION PRICES

Year	Mfg.	Mdl.	Serial #	\$	Date
2004	John Deere	4710	N04710X006583	\$44,250	3/18/2015
2004	John Deere	4710	N04710X006395	\$84,142	5/7/2015
2004	John Deere	4710	NO4710X006443	\$45,750	12/16/2015
2004	John Deere	4710	n/a	\$55,250	2/24/2016
2004	John Deere	4710	LV4710H370303	\$19,000	5/7/2016
2004	John Deere	4710	N04710X006649	\$79,000	6/7/2016
2004	John Deere	4710	W04710X004221	\$48,250	11/16/2016

VALUES

Forced Liquidation
Value

\$47,500

Fair Market Value

\$65,000



ACCUR PRESS PRESS BRAKE

- Subject Property: (1995) Accur ppress 717512 175-ton Press Brake, s/n 3268, good condition.
- Date of value is 1/27/17
- Other information: There is consistent demand for metalworking and metal fabrication equipment. Positive economic factors include automotive production, improved economic outlook, and the Trump administration's focus on manufacturing jobs. Possible negatives include the Trump administration (industry specific), new car supplies currently in excess of 60 days.

**AUCTION
PRICES, **
NOTES
OFFERING
PRICE**

Year	Mfg.	Mdl.	Serial #	\$	Date
1991	Accurpress	717512	1772	\$30,000	10/27/2015
1993	Accurpress	717512	n/a	\$35,000	10/14/2014
1994	Accurpress	717512	2638	\$24,000	12/15/2016
1995	Accurpress	717512	5587	\$35,000	3/15/2016
1998	Accurpress	717512	4583	\$45,000	2/18/2016
1999	Accurpress	717512	5690	\$20,750	7/30/2015
1999	Accurpress	717512	5395	\$24,000	9/23/2015
2002	Accurpress	717512	7938	\$42,625	3/20/2014
1999**	Accurpress	717512	n/a	\$57,000	2/2017

VALUES

Forced Liquidation
Value

\$30,000

Fair Market Value

\$50,000

ACCUR PRESS PRESS BRAKE

- Subject Property: (1962) Bliss 45-ton OBI press mdl.C-45, s/n H51600-HP39250, fair to good condition.
- Date of value is 1/27/17
- Other information: There is consistent demand for metalworking and metal fabrication equipment. Positive economic factors include automotive production, improved economic outlook, and the Trump administration's focus on manufacturing jobs. Possible negatives include the Trump administration (industry specific), new car supplies currently in excess of 60 days.

AUCTION PRICES, ** NOTES OFFERING PRICE

Year	Mfg.	Mdl.	Serial #	\$	Date
n/a	Bliss	C-45	H360340-HP43276	\$3,500	9/2/2015
n/a	Bliss	C-45		\$4,650	11/5/2015
n/a**	Bliss	C-45	n/a	\$5,175	2/12/2017
n/a**	Bliss	C-45	H65094	\$4,425	2/12/2017
1960	Bliss	C-45	H49615-HP36207	\$2,500	9/1/2015
1968	Bliss	C-45	H59876-HP45979	\$4,000	9/1/2015
1970	Bliss	C-45	H61779-HP47222	\$4,000	11/11/2015
1973	Bliss	C-45	66050	\$4,250	10/23/2014
1973	Bliss	C-45	H607-HP48724	\$5,500	11/11/2015
1979	Bliss	C-45	H69129-HP2512	\$7,500	11/11/2015

VALUES

Forced Liquidation
Value

\$3,000

Fair Market Value

\$5,000

TANKS

Scrap
Exchange
Prices

C/Steel =
\$200/ton

S/Steel =
\$0.40/lb.

Subject Property:

Tank A – 20' H x 10' diameter, carbon steel, 16,000-gal capacity,
weighs 15,000-lbs

Tank B – 20' H x 10' diameter, stainless steel, 16,000-gal capacity,
weighs 15,000-lbs

Tank C – 20' H x 40' diameter, carbon steel, 180,000-gal capacity,
weighs 150,000-lbs

Market Input:

Demand for used process and storage tanks is stable.

C/steel tanks selling on used market for \$0.25 to \$0.35 per gallon

S/steel tanks selling on used market for \$0.75 to \$1.00 per gallon

TANK ANSWERS

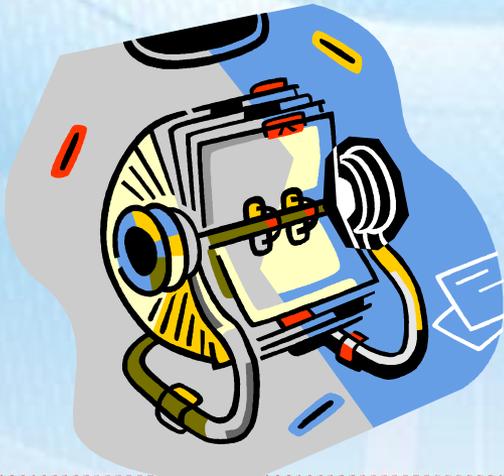
	FLV	FMV
Tank A	\$2,000	\$5,000
Tank B	\$7,500	\$14,500
Tank C	\$8,000	\$10,000

TANK CONSIDERATIONS

- A and B are relocatable, C is not.
- A Fair Market Value reflects $15,000 \times \$0.30$ (rounded)
- A Forced Liquidation Value is higher than scrap value, you could argue scrap value equals Forced Liquidation Value.
- B Fair Market Value reflects $15,000 \times \$0.90$ (rounded)
- B Forced Liquidation Value is above scrap value, stainless tanks are much more likely to sell intact
- C Fair Market Value is scrap less \$5,000 to cut up. C Forced Liquidation Value is scrap less \$8,000 to cut up, assumes shorter time to dispose.
- Exchange prices were not discounted, always check with a local scrap dealer

Questions or Comments

Investment Recovery Association
638 West 39th Street
Kansas City, MO 64111
Ph: (816) 561-5323
Fax: (816) 561-1991
E-Mail: ira@invrecovery.org
Web site: www.invrecovery.org



R. Lee Robinette, ASA
Collateral Evaluation Associates, Inc.
Phone: 704-536-1620
E-Mail: rrobinette@collateralevaluation.com