

AMEA APPRAISER

Information and education dedicated to appraisal excellence.

NOVEMBER/DECEMBER 2001

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* Deceased

USPAP Update -- Report Writing

by Rick Levy, CEA, President of AMEA Board of Directors

It is important to include all steps required by the Uniform Standards of Professional Appraisal Practice (USPAP) in preparing an appraisal report. One of the steps as detailed under Standards Rule 8-2 in the 2001 Edition of USPAP calls for the inclusion in a prominent spot, suggested at or near the front of a report, of a clear statement that a report is a Complete or Limited Appraisal. The difference between those reports is sim-

ply that in the Limited Appraisal, the "departure rule" has been involved. Departure is the omission, where allowed, of some component of USPAP.

Also required is a statement of the format used in writing the report. The three options available include Self-Contained, Summary and Restricted Use. The basic difference between these three formats is the level of detail used. That level of

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From Headquarters

by Mary Flynn Boener, Executive Director



AMEA University at Weekend With The Pros in Philadelphia was a very special event. After the attacks

on September 11th our offices were impressed that the numbers for the event kept growing. AMEA University experienced its largest showing ever. We applauded two of our newest members and had an educational and eventful day. I would suggest coming to any AMEA sponsored class. The American Society of Appraisers has informed us that our courses count toward ASA required credits. Please mail a copy of your certificate to Sallie Schrecengost, ASA, 555 Herndon Parkway, Suite 125, Herndon, VA 20170. You will receive four (4) credits from ASA.

The Board of Directors made a very important policy change at the September eighth board meeting. As of October 1, 2001, if you have passed the USPAP 15 - hour course and test and have over five years experience, you qualify for Certified Equipment Appraiser (CEA) status. If you are currently a CEA without USPAP, you have five years to complete the course and keep it current. In the past, AMEA had a level two exam and a \$200.00 fee. Now, all you have to do is fax or mail in a copy of your USPAP certificate and you will automatically be changed to CEA status. Already, three of our members changed their status from Accredited Equipment Appraiser (AEA) to CEA. This change coincides with the policy change of two years ago requiring that all members

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USPAP Update

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detail is whether the appraiser describes, summarizes or states various components relating to description of the property being appraised, intended use or user of the report and appraisal procedures. A more complete understanding of USPAP can only be mastered by completion of the 15-hour National USPAP Course.

Typically, an appraisal of the machinery and equipment of a manufacturing plant done by an AMEA accredited or certified appraiser would be a Complete Summary appraisal report. This is not an all encompassing, all situations statement. There may be occasions where an AMEA appraiser does invoke the departure rule and creates a Limited appraisal

report. There may be occasions when an AMEA appraiser produces a Restricted Use appraisal report. For the previously mentioned typical report, however, inclusion of a statement that "This is a Complete Summary Appraisal Report" will fulfill the USPAP requirements.

An appraiser must be aware that it is one's own responsibility to ensure the quality and level of completion of appraisal reports they produce. AMEA's efforts to notify our membership via this newsletter as relevant changes to USPAP are published will continue. Your active involvement in the educational process is required for all of us to succeed.

Opportunities for Professional Advancement

*Machinery Dealers National Association (MDNA) 2002 Convention
May 2 - 5 2002 Orlando, FL Walt Disney World Yacht and Beach Club
AMEA will present "The Workings of a Plant Deal"*

USPAP 15-Hour National Training

- 12/8/01
New Orleans, LA
- 1/5/02
Washington, DC
- 1/26/02
San Francisco, CA
- 2/9/02
Minneapolis, MN
- 3/15/02
Lisle, IL
- 5/3/02
Manhattan Beach, CA
- 6/21/02
Atlanta, GA
- 12/14/01
Dallas, TX
- 1/12/02
Salt Lake City, UT
- 2/1/02
Manhattan Beach, CA
- 2/22/02
Tysons Corner, VA
- 4/13/02
Fresno, CA
- 6/8/02
Des Moines, IA
- 8/24/02
San Diego, CA
- October, 2002
Weekend With The Pros
Cleveland, OH

*AMEA Board of Directors Meeting
January 12, 2002
Palm Beach, CA
Contact: amea@amea.org*

*Intertool Expo
June 5-8, 2002
Kiev, Russia
Contact: intertool@msi-fairs.com
Fax: +011 43 1402 89 54 54*

*Chinaplas
Plastics & Rubber Exhibition
June 25 - 29, 2002
Shanghai, China
Contact: chinaplas@adsaleexh.com*

*IMTS 2002
September 4 - 11, 2002
Chicago, Illinois*

For additional information contact AMEA at +1 703 836 7900 or amea@amea.org

Please take a look at our Web Page: www.amea.org

Websites containing more course information are as follows:

www.appraisers.org, www.irwa.com, www.lincoln-grad.org,

www.appraisalfoundation.org and www.middletontraining.com

Joint Ventures and Sub-Contract Projects

by Nathan J. Arnold, CEA, First Vice President of AMEA Board of Directors

Joint Venture and Sub-Contract Appraisal Projects have always been important parts of my appraisal practice. They represent a large portion of my appraisal income.

In Joint Venture Appraisals, each appraiser usually brings several significant factors to the project. This may allow either appraiser to obtain engagements that they may have otherwise been unable to secure.

One example of a Joint Venture Appraisal Project was a seven plant company that included some items that I was extremely familiar with and other items that my partner knew very well. All seven facilities were extremely similar. The project had a time requirement of less than two weeks and involved extensive travel. My partner and I met at the largest facility and each of us took time to share some of our individual expertise with the other. We each then inspected 3 plant sites and compared our notes on each of our visits. We both signed and certified the final report in accordance with USPAP. The results were a very satisfied client, appropriate fees for each of us and the satisfaction of properly completing a project that neither of us could have performed alone.

Last year, another partner and I were awarded a 14 plant appraisal project with locations from California to New Jersey to Florida. A personal problem arose on the day we were supposed to meet and I was unable to meet my partner. I knew that the project could not be delayed so I telephoned him and we discussed the fact that we both



knew other qualified AMEA appraisers near most of the locations to be appraised. After a few phone calls, we arranged to hire five other appraisers to work as Sub-Contractors. They were required to make inspections, take photos, determine certain specifications as needed and offer their opinions as to conditions of each location. Within two weeks, I received everything that my partner and I needed to prepare proper appraisal reports. The names of our Sub-Contractors were noted on each report as well as complete disclosures of our methods of evaluation. All work was properly performed by all of our Sub-Contractors. We prepared the reports as well as remaining completely responsible for all of them.

Another situation occurred where I was engaged to evaluate some facilities with a total of over 5,000 individual items. We were given a complete detailed listing of all items but had to verify that all items were indeed there. Just the verification process alone would have taken me several weeks to complete. I phoned a friend of mine who had recently retired from a large corporation. I asked him if he would like to help me by veri-

fying serial and model numbers. He accepted and told me about five other persons who also recently retired from the same company. Three days later we arrived at the facility. All of us were equipped with flashlights, clipboards and lists. I was able to inspect conditions and personally view the various pieces of equipment. My "crew" was able to verify the existence of all items. The client was pleased to see such a team of experienced looking inspectors. I felt secure in signing and certifying my report in complete accordance with all of the rules of USPAP.

I have been called upon many times to work as a Sub-Contractor for other appraisers. My assignments have ranged from Desktop Opinions of a few items to complete On Sight Inspections with Valuations. My expertise is a "niche marketplace" and therefore I have been called upon more than usual. However, location, expertise and availability are only a few of the reasons to use a fellow AMEA Appraiser for certain projects. I do not feel that I am educating my partners and contractors but rather expanding my personal horizons in this industry.

It is important to DISCLOSE, DISCLOSE, DISCLOSE when engaging in these various activities. Write the names of participants on your certification page. You can also place their names in your cover letter. Have confidence in your association members. All of these projects were "win-win-win" situations for myself, my partners, my sub-contractors, my contractors and especially for my clients.

AMEA Certification and Accreditation

Continuing Education

CREDIT HOUR REPORT FORM

ITEM	BACK-UP	CEC HOURS
1. USPAP Course	Certificate	15 hours
2. Attending Weekend With The Pros	Certificate	8 hours
3. Teaching a valuation course	Program	8 hours
4. Submit an article which is being or has been published	Article	4 hours
5. Attending MDNA convention seminars	This form	1 hour for each hour
6. Attend valuation seminars	Certificate	1 hour for each hour
7. Submitting detailed auction reports to AMEA	Auction Report	2 hrs/ auction day
8. Attending MDNA Chapter meetings w/o AMEA	This Form	1 hour
9. Attending MDNA Chapter meetings with AMEA	This Form	2 hours
10. Attending trade shows	Proof of Attendance	1 hour
11. Attending class seminars at trade shows	Certificate	1 hour/hour attended
12. Presenting a seminar on appropriate topics	Program	4 hours
13. Approved presentation to an industry related audience appraisal related topics	Program	4 hours
14. AMEA Board meeting attendance for non-Board members	This Form	2 hours
15. AMEA approval of bi-annual appraisal (AMEA will credit, no form required)		2 hours
16. *Other (Submit description and proof)	To be Determined	

Circle the corresponding number above, attach back-up and submit form to:

AMEA, 315 S. Patrick Street, Alexandria, VA 22314 Fax: +1 703 836 9303

Your Name _____

Company Name: _____

Ph./Fax/E-mail: _____

Continuing Education Date(s): _____

Instructor's Name if Applicable: _____

**AMEA encourages members to seek educational opportunities and present them to the Certification and Accreditation Committee for credit. All continuing education hours are subject to approval and verification by the Certification and Accreditation Committee.*

Please copy this form for multiple use.

The Appraiser Market

By James Newman, CEA

Many appraisers have been asking how to market themselves. During this changing climate in the economy, many of our members have found that the need for appraisals is on the rise. One way to get started if you are new to the business is to buy mailing lists from companies or associations whose target population is one you are trying to hit. Commercial Finance Association and Dunn & Bradstreet are just two of the many companies selling lists. AMEA sends the membership directory out to over 5500 financial institutions from a purchased list. If you have a tight budget, some mail houses charge by the size of the list. So, you can advertise to the number of companies you can afford.

If you do not have marketing help, first consult a printer or other marketing support person. If you already have help, you can put together a letter with your photo in-

cluded. Having a "real" person to refer to is best. With the current situation in our nation's post offices you may want to be creative in what you send. Clear envelopes and post cards are becoming the trend. Bulk or form letter mailing is not as fruitful as it used to be. A more personalized approach to letters is more acceptable and the ones people actually read.

Advertise in magazines bankers actually read like the *RMA Journal* or the *Secured Lender*. Often, bankers give their clients choices within a certain list. Very rarely do the customers pick on their own. Once you have your client base, and this takes years, remember to keep in contact with them. Just because you did a good job once does not mean that they will remember you. If you can, hand deliver the appraisal. Send a small gift or thank you note a week after

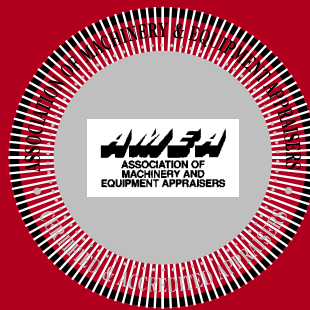


an appraisal is completed. Mail something to your list of lenders at least every six months. If someone has used an AMEA member in the past, they usually remember the appraisal. Believe it or not, how your appraisal looks when finished is very influential on your client. Going by the AMEA *Standards for Professional Appraisal Practice* will give you a quality looking appraisal. Several members have made articles they have written for newsletters into advertising. Others use their pictures on their qualifications and certification page.

Ask local bankers if there are meetings you can come to and speak about why it is important to use an appraiser who is also buying and selling similar machinery. Network. Talk to people. Go to meetings in your area regarding finance, lending, appraising. Take classes in your area of expertise. Take self-help classes in presentation of self and public speaking. And, most of all, stay positive.

AMEA APPRAISER

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All of our members are listed on our Web site at www.amea.org

On Becoming an Expert Witness

by Peter Nagel, AEA

As AMEA appraisers, we constantly affix values to a wide variety of equipment under diverse circumstances. However for many of us, there exists one special niche industry that we feel we know better than anyone else. Here, we are an "Expert". There is significant demand for, and value to, this kind of expert knowledge in the field of litigation consulting.

Lawyers are experts only in the techniques of litigation, strategy, and presentation and are unfamiliar with the technologies, values, and dynamics that comprise various specialized industries. Therefore, lawyers must rely upon experts in various stages of case preparation and presentation.

Unlike an attorney, an expert cannot advocate for his client. An expert is legally obligated to confine himself to an accurate and truthful presentation of the facts as they pertain to the practice of his discipline. Careful review of the merits of a case is a necessity prior to accepting an assignment.

After reviewing case materials, an expert may be asked to provide a verbal overview of the facts as they pertain to his specialty, or to generate a formally written opinion. Assistance with preparation of witness questions may also be requested.

The expert may be asked to examine, appraise, and perform investigations, and assist in the production of exhibits. Finally, the expert may be asked to appear in court as a testifying expert. Here, his opinions will be stated in open court. These can be challenged by opposing counsel. Additionally, a testifying expert must develop a "clarity of presentation" making his commentary meaningful to business professionals, lawyers, and the courts.

Black's Law Dictionary, in part, defines an expert witness as: "One who by reason of education or experience possesses superior knowledge respecting a subject about which persons having no particular training are incapable of forming an accurate opinion or deducing correct conclusions." In essence, it is expertise that counts, expertise that need not be conferred by specialized degrees. Formal education and accumulated experience are highly valued.

As AMEA appraisers we deal not only with valuation, but must also confront and weigh complex technical and commercial variables. Master these skills, and there is a logical progression to becoming an expert witness. Along with our expertise, any acquaintances made in the legal profession will also be pivotal to a flourishing career.

News You Can Use from LOCATOR Services

- The *LOCATOR*® directory designates dealer companies that are AMEA members. Recently, the geographic listings were reformatted and now include a designation for MDNA and AMEA as separate items. End-users can easily identify dealers in their vicinity who have an AMEA appraiser on staff.
- *LOCATOR Services* graciously runs complimentary advertisements for AMEA in each issue of the *LOCATOR* directory, including a quarter-, half- or full-page ad, depending on space availability. The value of this free advertising ranges from \$287 to \$855 an issue.
- The *LOCATOR* System for Customer & Inventory Management was launched at Weekend with the Pros in October. This system -- designed by dealers for dealers -- can be previewed at www.LocatorOnline.com/Inventory. Please contact Terry Pitman for information, email TPitman@LocatorOnline.com or call +1 703 836 9700 or toll free U.S. +1 800 537 1446.
- Beginning in December, the *LOCATOR* directory will expand its non-U.S. distribution, regularly mailing 7,000 books outside the United States. Each month, 3,500 directories will be delivered in Canada and 3,500 on a rotating basis to other destinations. These include Latin America, Pacific Rim/Asia, and Middle East/Africa/Eastern Europe.
- *LOCATOR Services* maintains a database of over 225,000 prospective machinery buyers and sellers. Lists can be rented for one-time use by geographic area, SIC, plant size and more. Contact Valerie Thomas for details, email VThomas@LocatorOnline.com or call +1 703 836 9700.

Digital Cameras, What to Look For

Using digital cameras for professional appraisals is becoming the norm. The important aspects of a digital camera are the resolution, storage capacity, how the photos are transferred to your computer, and battery life.



by Brad Zimmerman, AEA

produce photos near to the resolution of a conventional photo, find a camera rated for at least 2 mega pixels. Prices of cameras have significantly dropped in the last few years and now even higher resolution cameras are highly affordable.

The next important feature is the photo storage capacity of your camera. How many high/low resolution photos can it store in memory, and how does it transfer the photos to your computer? The more photos you can store in memory the better. Evaluate your requirements as to how many high resolution photos, photos suitable for printing, you feel would be acceptable in how you plan to use the camera. Many manufacturers offer you the ability to save the photos on interchangeable cards, discs, or memory sticks. These slide in/out of the camera and provide you with virtually unlimited storage. If you can find a camera in your budget with the interchangeable storage ability, get it. It makes it easy. It gives you unlimited storage, with or without an adapter and gives

you the ability to use your floppy drive as a means to get the photos into your computer. You have no wires and no aggravation if you have an older computer without a USB port on the front.

Battery life is another consideration. If you can find a camera with rechargeable batteries, or at least one that takes conventional size batteries, it would be in your best interest. Travelling and finding an odd sized battery do not mix.

There are many fancy features available such as rapid succession photos where many photos are taken and edited into a mini movie. Who's kidding who? It is fun at first but once the novelty wears off you never use it again. Useful features in a digital camera are a flash and a viewing screen to see the photos after they are taken. A zoom lens is also very nice. Digital cameras are now easy to use, provide incredible flexibility, and offer a great way to organize and save your photos.

Headquarters

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acquire 70 hours of continuing education credits in a five year period. Many of you had concerns with the number of continuing education credits you have. Chapter meeting sign in sheets from the past two years will be checked and entered in the data base in the next few months. If you are curious about your credits, please look at the mailing label on this newsletter. The number above your name is the number of credits listed for you in the data base as of the printing of this newsletter.

Our new appraisal referral service is working great. We were able to refer six of our members to a company requesting someone who could appraise

medical equipment. Financial institutions are calling AMEA asking for appraisers with unique experience and we now have the resources to locate someone to fill their need. An important part of the referral service is up to date e-mail addresses. Make sure we have yours. It is pertinent that we keep the referrals within our own association. Please only respond if you personally have the experience requested.

With the opening of the Associate member category our application requests are growing.

The last six months have been rewarding. Please contact me with any comments, suggestions or complaints. Thank you for your continued support.

New Members

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