

# AMEA APPRAISER

*Information and education dedicated to appraisal excellence*

Winter 2003

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2001-03 Richard H. Levy, CEA

\* Deceased

## Appraisal Types: What is Required?

*by the AMEA Appraisal Review Committee*

The Appraisal Review Committee has been fielding questions about the requirements of USPAP standards Rule 8-2 in the 2001 edition of USPAP. They also have been examining the AMEA requirements of our Standard 8 with regards to the type of appraisal that is used. USPAP requires that the appraiser must prepare and state in a prominent spot, suggested at or near the front of a report, a statement as to which of the three options was used (the exact wording must be used) in the appraisal:

- ◆ Self-Contained Appraisal Report
- ◆ Summary Appraisal Report
- ◆ Restricted Use Appraisal Report

The AMEA goes a little further and requires that members include whether the report is a Complete or Limited Appraisal as defined on page 1 of the USPAP definitions.

In an effort to clarify the confusion, the following is an excerpt from the USPAP Update – Report Writing article (by Rick Levy, CEA, Nov/Dec 2001, *AMEA Appraiser*), where the difference between the various types of appraisals was described:

“...a report is a Complete or Limited Appraisal. The difference between those reports is simply 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 Appraisal Report, Summary Appraisal Report, and Restricted Use Appraisal Report. The basic difference between these three formats is the level of detail used. That level of 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.

*Continued on page 2*

*Continued from page 1*

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."

In order to be in compliance with USPAP and the AMEA, appraisals must follow these standards. Be sure that you update your appraisal templates to include the exact wording as to the type of appraisal being prepared. ●

## Lender's Corner

### Appraising in the Plastics and Rubber Industries,

*Dana Stone, CEA*

**O**ur Company, Macon Machinery Sales Corp., located in Bristol, CT, has been serving the plastics and rubber industry since 1974. Since we sell new and used plastics and rubber machinery and accessories, as well as buy and sell used plastics and rubber machinery and accessories, we have the advantage of over 29 years of experience evaluating both old and new equipment. This is extremely helpful in arriving at accurate appraisal numbers for our clients.

The standard types of machinery usually found in the plastics and rubber industries are injection molding, compression and transfer molding, which include single and multi opening presses, mills, mixers, extruders, packaging and blow molding machinery and many of the related accessories such as dryers, temperature controllers and loaders.

In evaluating both old and new plastics and rubber machinery, you should be familiar with the many changes that have taken place over the years in the industry. For example, a large segment of the plastic and rubber industry is injection molding. In the 70's, this machinery was predominantly Solid State or relay controlled, fixed displacement pumps were used for the hydraulics, and temperature controllers were analog display with on and off controls. In the 80's, microprocessors were introduced which gave better process control. Digital temperature controls were usually standard, but many of the microprocessors tended to have problems such as small screens, and not very user friendly. Variable volume pumps for energy efficiency were now being used along with cartridge hydraulics. In the 90's more powerful computers with large screens, closed loop process control, and process quality controls were incorporated in the machines microprocessor. Machines were more user friendly and energy efficiency was now very important.

Today, the fastest growing segment of the plastics industry, 500-ton injection molding machines and down, are all electric machines, and 500-ton and up are hybrids, which are a combination of hydraulic pumps and electric servo drives. This allows approximately 40% more energy efficiency, better control of the process, and faster operating cycles.

To evaluate this machinery properly, you need to know the different configurations of machines both old and new, as well as the problems and or benefits associated with each. Also, being familiar with the different processes gives clients a more thorough understanding of the values of the equipment being appraised. ●



*Dana Stone, CEA  
Macon Machinery Sales Corp.*

## From the President...

### *AMEA Bids Farewell to Mary Flynn Boener and Welcomes Lorna Frazier-Lindsey*

**R**ecently, AMEA's Executive Director, Mary Flynn Boener, gave notice that she would be leaving her position with the association. Mary's husband Joe, is being transferred to Italy, and Mary and her family are joining him there. It has been a real pleasure to have worked with Mary during these past three years. She has brought many new and dynamic ideas to our organization as she worked tirelessly for our membership. Her enthusiasm and genuine desire to help our members has been a terrific asset to our organization. I have always been proud to have Mary representing the AMEA at various meetings, including functions involving The Appraisal Foundation. We will definitely miss Mary and we wish the very best for her in the future.



*Lorna Frazier-Lindsey and AMEA President, Nate Arnold, CEA, at the AMEA Headquarters*

Fortunately, we have found a wonderful replacement for Mary. Lorna Frazier-Lindsey has joined our organization as Director of Membership Services. Lorna, a native of the Washington, D.C. area, brings 15 years of association experience to the AMEA.

I had the pleasure of meeting Lorna at our Alexandria headquarters a few weeks ago. I believe you will find her to be a very personable, talented, and professional person and she will definitely be an asset to our organization. She has already presented some new innovations and ideas on the way that AMEA functions. But most importantly, she is excited about working with us. Please feel free to contact our office to say hello to Lorna. She will welcome your ideas, suggestions, and comments.

The entire AMEA Board joins me in welcoming Lorna. We all wish her the very best in her new position. ●

## Opportunities for Education

For additional information contact the AMEA at: +1 703-836-7900 or [amea@amea.org](mailto:amea@amea.org)  
or visit our Web Page: [www.amea.org](http://www.amea.org)

Web sites containing more course and appraiser information are as follows:

- ◆ American Society of Appraisers - [www.appraisers.org](http://www.appraisers.org)
- ◆ The Appraisal Foundation - [www.appraisalfoundation.org](http://www.appraisalfoundation.org)
- ◆ The Appraisal Institute - [www.appraisalinstitute.org](http://www.appraisalinstitute.org)
- ◆ Appraisers Association of America - [www.appraisersassoc.org](http://www.appraisersassoc.org)
- ◆ Association of Machinery and Equipment Appraisers - [www.amea.org](http://www.amea.org)
- ◆ Equipment Appraisers Association of North America - [www.eaana.org](http://www.eaana.org)
- ◆ International Society of Appraisers - [www.isa-appraisers.org](http://www.isa-appraisers.org)
- ◆ University of Columbia-Missouri On-line courses - <http://MUDirect.missouri.edu/ASA/online.htm>
- ◆ Lincoln Graduate Center - [www.lincoln-grad.org](http://www.lincoln-grad.org)
- ◆ Middleton Real Estate Training, Inc. - [www.middletontraining.com](http://www.middletontraining.com)

## Check the Fluff

By Donald Tyson, CEA, Rabin Worldwide Appraisers, LLC

**Y**ears ago, in the days before USPAP, appraisals would go out with a cover letter and a total value. That was it. Not too much to proofread...get 'em in, and get 'em out.

Now, we have standards to follow. Each and every appraisal must include methodology, narrative, definition of values, market approach, certification and so on. Ten to fifteen pages of what we call "fluff." I have seen appraisals with well over thirty pages of fluff and two pages of asset description.

If you are like me, things can become a little hectic in these busy times and proofreading fifteen pages of fluff may not be on the top of your list, or even in the middle of it. We all have the standard form in our computers and change what is needed to suit the appraisal.

I recently sent out a Forced Liquidation Value Appraisal with a Fair Market Value definition in the "fluff." I was in a hurry and the appraisal was due. **DON'T LET THIS HAPPEN TO YOU!** Check, and then double check, the fluff. Don't rely on someone else to do this. Your name is on the report and it is you who will be called to testify not your assistant. Make the proofreading of your "fluff" the top of your priority list, not the bottom or the middle. ●

## Member Information Update

**Mr. Jeff Barringer, CEA**  
info@stevensmachinery.com

**Mr. Terry Duda, CEA**  
DoveBid Valuation Services, Inc.  
W127 N7735 Shady Lane #929  
Menomonee Falls, WI 53051

**Mr. James W. Knox, Jr., CEA**  
jimknox@bellsouth.net

**Ms. Kai Naranong, CEA**  
mbv@mbval.com

**Mr. Michael Nyhof, AEA**  
sales@hollandequipment.com

**Mr. Jack Reiland, AEA**  
sales@deftkemp.com

**Mr. Randy R. Stevens, CEA**  
info@stevensmachinery.com

**Mr. James R. Weber, CEA**  
North Coast Equipment Corp.  
P.O. Box 87  
Chagrin Falls, OH 44022  
**Phone:** +1 440-247-8041  
**Fax:** +1 440-247-8051

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Email: [Mass.Farzan@LocatorOnline.com](mailto:Mass.Farzan@LocatorOnline.com)

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## Welcome New AMEA Members!

### Ms. Ginny Bryant CEA

Choice Presses Inc.  
801 Bridge Street  
Charlevoix, MI 49720  
**Phone:** +1 231-547-9187  
**Fax:** +1 231-547-9201  
ginnybryant@aol.com  
www.choicepressesinc.com

### Mr. Andrew Curran, AEA

DoveBid Valuation Services  
6205 Airport Road  
Building A, Suite 300  
Mississauga, ON L4V 1E1  
Canada  
**Phone:** +1 905-673-1707  
**Fax:** +1 905-673-8932  
accuran@dovebid.com  
www.dovebid.com

### Mr. Mike Doran, CEA

Hilco Appraisal Services, LLC  
5 Revere Drive, Suite 430  
Northbrook, IL 60062  
**Phone:** +1 847-849-2947  
**Fax:** +1 847-272-1951  
mdoran@hilcoappraisal.com  
www.hilcotrading.com

### Mr. Glen T. Glowczewski, CEA

DoveBid, Inc.  
21415 Civic Center Drive  
Suite 306  
Southfield, MI 48076  
**Phone:** +1 248-353-8640  
**Fax:** +1 248-353-1442  
gglowczewski@dovebid.com  
www.dovebid.com

### Mr. Damian Hillseth, CEA

Star Industries, Inc.  
2426 E. Washington Boulevard  
Los Angeles, CA 90021  
**Phone:** +1 323-588-4141  
**Fax:** +1 323-588-1937  
damian@starind.com  
www.starind.com

### Mr. Kermit Hillseth, AEA

Star Industries, Inc.  
2426 E. Washington Boulevard  
Los Angeles, CA 90021  
**Phone:** +1 323-588-4141  
**Fax:** +1 323-588-1937  
kermit@starind.com  
www.starind.com

### Ms. Sharon M. Parker, CEA

Rosen & Company Inc.,  
Auctioneers  
30405 Solon Road, Unit 6  
Solon, OH 44139-3432  
**Phone:** +1 440-519-1860  
**Fax:** +1 440-519-9503  
info@rosenandcompany.com  
www.rosenandcompany.com

### Mr. Chuck Thornton, CEA

Presses for Industry, LLC  
20501 Hoover Road  
Detroit, MI 48205-1075  
**Phone:** +1 313-839-9300  
**Fax:** +1 313-839-9600  
pfi@pfisales.com  
www.pressesforindustry.com

### Mr. Brandt Wolf, AEA

Quaker City Auctioneers, Inc.  
2860 Memphis Street  
Philadelphia, PA 19134  
**Phone:** +1 215-426-5300  
**Fax:** +1 215-426-6897  
bwolf@quakercityauction.com  
www.quakercityauction.com

## AMEA APPRAISER

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**Association of Machinery and Equipment Appraisers**  
315 S. Patrick Street • Alexandria, VA 22314-3501 • USA  
Phone: +1 703 836 7900  
Fax: +1 703 836 9303  
E-mail: [amea@amea.org](mailto:amea@amea.org)  
Internet: [www.amea.org](http://www.amea.org)  
Lorna Frazier-Lindsey  
Director, Member Services  
[Lorna@amea.org](mailto:Lorna@amea.org)



*All of our members are listed on our Web site at [www.amea.org](http://www.amea.org)*

## An Appraiser's Opinion on...

### *Taking USPAP (Uniform Standards of Professional Appraisal Practice)*

by Edward "Ned" Flick, CEA



*Edward "Ned" Flick, CEA  
East Penn Machinery Co.*

All certified appraisers are required to take the 15 hour course of the Appraisal Foundation, which focuses on the requirements for ethical behavior and competent performance by appraisers as set forth by Uniform Standards of Professional Appraisal Practice (USPAP). USPAP was originally established due to the woes in the real estate appraisal industry. AMEA, along with many other appraisal associations, has had considerable input into establishing these standards used today. The course material emphasizes the role of the appraiser and the appraiser's importance associated with this role. The responsibilities of the appraiser with regard to impartiality are explained in detail. To become certified, appraisers must also pass the 1 hour exam of the course.

Prior to taking the course, I was apprehensive since I had spoken to other dealers who did not pass on their first attempt. At registration I met other appraisers, who also were not successful their first time out. Fortunately, since it's inception in 1998, the course has been greatly improved. When I took the course on October 3<sup>rd</sup> and 4<sup>th</sup> in Pittsburgh, PA, all of the participants seemed to complete the 35 multiple choice questions in 30 minutes or less.

The course has two topics that require math, and much of the balance pertains to the study of the "alphabet:"

- TAF – The Appraisal Foundation
- ASB – Appraisal Standard Board
- AQB – Appraisal Qualifications Board
- SMT – Statement on Appraisal Standards
- AO – Advisory Opinion

However, also included are rules for: Departure, Ethics, Competency, Jurisdictional, and Supplemental standards. In short, BS to CYA.

The standards set forth in USPAP deal with how to present an appraisal professionally (of great importance to AMEA members are standards 7 and 8), and much of the course pertains to the organization of USPAP, which helps in understanding how the standards were established.

The session I attended was sponsored by the Equipment Appraisers Association of North America. They are primarily appraisers of construction and excavating equipment and EAANA is similar to our own association. Due to the make-up of the students, this particular course was aimed at what was pertinent to us as personal property appraisers. At registration, it seemed like a tremendous volume of material to cover, however, much of it was redundant. The course was very repetitive like learning your math tables as a child.

USPAP is a must for all appraisers. If you are maintaining certification, it is required. This course will help all appraisers in maintaining professionalism in their practice and presentations. It isn't really just BS to CYA. ●

# AMEA Certification and Accreditation

## Continuing Education CREDIT HOUR REPORT FORM

ITEM	BACKUP	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/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	This Form	2 hours
15. AMEA approval of biannual appraisal (AMEA will credit, no form required)		2 hours
16. *AAA, ASA, EAA, ISA, etc. courses submit proof	To be Determined	

Circle the corresponding number above, attach backup 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.*

# Appraisal Review Notes...

**I**mportant news to note from the Appraisal Review Committee! If you submit an appraisal to the AMEA Appraisal Review Committee and it does not pass, you will receive a letter from the AMEA office noting the item (or items) to be corrected. You then must resubmit an entire appraisal for a second review. Of late, the AMEA office has been receiving one or two page appraisal resubmittals, only showing the pages where the mistakes were corrected. The Appraisal Review Committee will not be able to regrade an appraisal unless it is complete. In addition, the Committee has noted that a number of appraisals recently submitted are missing a resume or experience page. If you have not submitted your resume for confidentiality reasons, simply insert a page that says "Resume and Experience," so that the Committee knows that it is part of your appraisal. Also, to save your some time (and paper), the Appraisal Review Committee only needs to review three pages of description and values. ●

# Member News...

**K**udos to the following AMEA members who recently passed the USPAP course and exam: **William Dunn, CEA**, Winternitz, Inc.; **David E. Heath, CEA**, Winternitz, Inc.; **Theron R. Horn, Jr., CEA**, ORCA Machine Tool, Inc.; **Don Lewis, CEA**, Don Lewis Machinery & Equipment, Inc.; **David K. Levy, CEA**, DoveBid Valuation Services; **W. Robert O'Neal, CEA**, Standard Industrial Machinery Co., Inc.; **Donald S. Tyson, CEA**, Rabin Worldwide Appraisers, LLC; **Chris Walker, CEA**, L.S. Walker Machine Tools; and, **Robert F. Wirwahn, CEA**, Strip Equip Inc.

Congratulations to **George Spooner, CEA**, George Spooner and Associates, on recently receiving his Master's Degree in Business Administration from the University of Phoenix. ●

[www.amea.org](http://www.amea.org)



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Association of Machinery and Equipment Appraisers  
315 South Patrick Street  
Alexandria, VA 22314-3501 USA  
Phone: +1 703 836 7900 or  
+1 800 537 8629  
Fax: +1 703 836 9303  
amea@amea.org  
www.amea.org