

SITUATIONS REQUIRING AN APPRAISAL

The commercial & industrial personal property appraiser is contacted by a number of clients from various industries and business segments. Each client's situation presents a unique appraisal problem. One of the factors revolving around the appraisal problem is the intended use of the appraisal (or the client's situation). Listed below are a number of common client's situations and a brief discussion of each intended use.

Accounting Matters

Common intended uses in this area typically include the valuation of assets to estimate some concept of Fair Market Value revolving around situation such as; 1) establishing a new basis in conjunction with an entity type election, and 2) establishing an up-to-date component value (the tangible assets) of the value of the entire going concern (business value) as part of a test on goodwill, and 3) establishing a current component value (the tangible assets) of the value of the entire going concern (business value) as part of a business valuation engagement.

Allocation of Purchase Price

This intended use typically involves the valuation of all tangible assets under a concept of Fair Market Value in an effort to allocate the physical value component across the purchase price of an entire going concern.

Corporate Planning

This intended use normally involves the valuation of tangible assets under a concept of Fair Market Value as part of a larger planning picture involving multiple locations or an entire going concern.

Damage Claims

This intended use typically involves the valuation of an asset or group of assets under a client (typically an insurance carrier) supplied definition of Actual Cash Value (typically consider synonymous with Fair Market Value) in conjunction with the settlement of a claim for recovery from damages due to a covered peril.

Estate Matters

This intended use typically involves the valuation of the assets in an estate under a concept of Fair Market Value in conjunction with establishing the tax basis for the estate.

Financing & Collateral

This intended use typically involves the valuation the assets or a grouping of assets under a concept of either Orderly Liquidation Value or Forced Liquidation Value in conjunction with establishing a basis for underwriting involving collateral based lending arrangements.

Gift Tax Matters

This intended use typically involves the valuation of the assets in an estate under a concept of Fair Market Value in conjunction with establishing basis for gifting as part of an estate plan.

Insurable Value Placement

This intended use typically involves the valuation of assets or a grouping of assets under a concept of Replacement Cost New in conjunction with establishing an insurable basis for commercial policy placement.

Litigation Support

This intended use typically involves the valuation of assets or a grouping of assets under a concept of Fair Market Value in conjunction with the client pursuing a court case or legal claim.

Property Taxes Matters

This intended use typically involves the valuation of assets or a grouping of assets under a concept of Fair Market Value in conjunction with supporting a claim for obsolescence due to loss in value for property tax appeals.

Property Settlement

This intended use typically involves the valuation of assets or a grouping of assets under a concept of Fair Market Value in conjunction with the settlement of a legal claim or agreed disposition.