

STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

The Association of Machinery and Equipment Appraisers (AMEA) recognizes the importance of the Uniform Standards of Professional Practice (USPAP). All AMEA members are required to adhere to the USPAP standards. Within certain segments of the appraisal process, AMEA has additional standards.

The following list sets forth the minimal prerequisites for developing an appraisal opinion and writing an appraisal report. All members are expected to adhere to the following:

A.)A written engagement letter, contract, or purchase order, prior to commencement of the appraisal assignment, which clearly describes the appraisal fee, appraisal location, and the assignments scope and nature.

B.)A clearly written report furnished to the client which must: not be misleading, contain sufficient information for intended users to understand the report and must disclose all assumptions, extraordinary assumptions, hypothetical conditions and limiting conditions and at a minimum contain the following:

- 1. Confirmation of request**, including name of the individual requesting appraisal report
- 2. A clear understanding of the purpose of the appraisal assignment**, subsequently defining that purpose and the identification of the “**intended use**” and the client and any “**intended user**” of the report. This should include the names and the purpose of the appraisal and any use restrictions.
- 3. A statement identifying the type and definition of value used and the source of the definition of value.**
- 4. Location of machinery and equipment or assets appraised**, company name or division and address of facility(ies).
- 5. Name of the individual who personally inspected the machinery and equipment, the date that the items were viewed and the date the appraisal report was prepared.**
- 6. A disclosure to the client of his or her degree of expertise and experience.** This should include a statement of the appraiser’s qualifications including and not limited to:
 - a. Knowledge and training
 - b. Familiarity with and knowledge of the machinery and equipment
 - c. Years in business
 - d. AMEA Membership status, i.e. currently a member of AMEA and that he or she is an “Accredited Machinery and Equipment Appraiser” (AEA) or a “Certified Machinery and Equipment Appraiser” (CEA) and any other relevant association of which he or she is a member.

7. A disclosure to the client that determination of value are understood to be the opinion of the appraiser and his or her opinion cannot be interpreted as a guarantee of value.

8. A statement of the objectives and methodology of the appraisal including a statement in the report indicating a clear definition of the selected evaluation approach and and explanation of the exclusion of the sales comparison, cost or income approach.

9. A statement regarding the type of appraisal presented: summary, self-contained, or restricted use appraisal. Typically an appraisal of machinery and equipment is a summary report but may be any of the three.

10. A statement of any assumptions or limiting factors that may affect the appraisal, preferably grouped together this statement discloses any apparent or known extraordinary conditions and indicate any impact of value.

11. A statement of the Scope of Work, clearly titled: Typically the Scope of Work identifies the Type and Extent of Research and Analysis used to prepare a credible appraisal assignment. Where appropriate; state when new and used equipment dealers and/or original equipment manufacturers have been consulted for comparable prices; and when catalogs, trade publications and results of comparative auction sales have been utilized.

12. A statement that fees for the appraisal are not contingent upon values reported.

13. A statement in the appraisal report indicating the appraiser and /or any officer of his company's present or future interest in the machinery and equipment.

14. A clear description of each asset appraised, listing significant value characteristics which may include; but are not limited to, asset, type, manufacturer, size, capacity, serial number, age, accessories, or tooling. Each item should be indentified either with an asset number or machinery number used by the client, or a numerical sequence assigned each asset by the appraiser. This allows the intended user a clear understanding of that, which has been appraised.

15. A value of each item or group of items appraised and a total dollar value of all assets appraised. Where appropriate: a total value for a group of assets with each individual major item listed, or a total value for a group of assets without necessarily listing each individual asset.

16. The effective date and the date of the report: the effective date is the date at which the value opinion in an appraisal applies, which may or may not be the day of inspection, the date of the market conditions that provide the context for the value opinion. The date of the report is the date the report was prepared.

17. A signed and sealed certification page which at a minimum should include statements similar to the following.

- a. The statements of fact contained in this report are true and correct.**
- b. The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analysis, opinions, and conclusions.**
- c. I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.**
- d. I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.**
- e. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.**
- f. My engagement in this assignment was not contingent upon developing or reporting predetermined results.**
- g. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.**
- h. My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice.**
- i. I have (or have not) made a personal inspection of the property that is the subject of this report. If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.**
- j. No one provided significant personal property appraisal assistance to the person signing this certification. If there are exceptions, the name of each individual providing significant personal property appraisal assistance must be stated.**

18. A signed and sealed certificate of value page.