

*What's it worth?*



**Certified Machinery & Equipment Appraisers**

**(800) 805-0644**

**WWW.EQUIPMENTWORTH.COM**

**IN ILLINOIS CALL (847) 758-1985**

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## **Definition of Value in Equipment Appraisals**



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**Definitions of Value in Equipment Appraisals**

**Fair Market Value — Installed**

Fair Market Value — Installed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, independent of earnings generated by the business in which the property is or will be installed, as of a specific date.



**Fair Market Value — Removed**

Fair Market Value — Removed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering removal of the property to another location, as of a specific date.

**Fair Market Value in Continued Use with Assumed Earnings**

Fair Market Value in Continued Use with Assumed Earnings is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

**Fair Market Value in Continued Use with an Earnings Analysis**

Fair Market Value in Continued Use with an Earnings Analysis is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and supported by the earnings of the business.

**Fair Market Value**

Fair Market Value is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.

**Fair Market Value — IRS Estate\***

The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includible in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.

### **Forced Liquidation Value**

Forced Liquidation Value is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.

### **Liquidation Value in Place**

Liquidation Value in Place is an opinion of the gross amount, expressed in terms of money that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.

### **Orderly Liquidation Value**

Orderly Liquidation Value is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date.

### **Replacement Cost New**

Replacement Cost New is the current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.

### **Reproduction Cost New**

Reproduction Cost New is the cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials, as of a specific date.

### **Salvage Value**

Salvage Value is an opinion of the amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for possible use elsewhere, as of a specific date.

### **Scrap Value**

Scrap Value is an opinion of the amount, expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.

*\*All definitions — except for IRS valuation terms — are from the Machinery & Technical Specialties Committee of the American Society of Appraisers -IRS Estate definition from IRS Regulation §20.2031-1□4; IRS Contribution, from IRS Publication 544, p. 3.*



***Call us today for a complimentary consultation!***

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