

Un-Inspected Desktop Fair Market Appraisal Report



Justin Hockaday

Un-Inspected Desktop Appraisal Report

P.O. Box 5487
Williamsburg, VA 23188

Fair Market Value Mobile Assets

Effective Date: **Friday, March 22, 2019**

Appraised For:

Justin Hockaday
P.O. Box 5487
Williamsburg, VA 23188

Appraised By:

Mark E. Hockaday
Certified Senior Appraiser
Henry Equipment Sales, Inc.
P.O. Box 5487
Williamsburg, VA 23188
757-903-0440
mark@henryequipment.com



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1. Letter of Transmittal

03/22/2019

Justin Hockaday

P.O. Box 5487
Williamsburg, VA 23188

Re: **Justin Hockaday Un-Inspected Desktop Appraisal Report**

Dear Justin Hockaday:

Henry Equipment Sales, Inc. presents this un-inspected desktop appraisal report as requested, on the assets for Justin Hockaday. The purpose of this appraisal was to establish Fair Market Value for use in Asset Based Financing. The assets were not inspected, but were evaluated from information provided to the appraiser.

The appraiser has been informed that Justin Hockaday owns the subject assets, but the appraiser makes no warranties or representations as to title. **Based on the assets' condition, prevailing economic market conditions, and an asset market analyses, it is our unbiased opinion that the value of the assets is:**

TOTAL Fair Market Value EFFECTIVE DATE: March 22, 2019	\$79,500.00 USD
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The value is subject to the assumptions, definitions, and limiting conditions detailed in the attached Appraisal Report.

I thank you for the opportunity to be of service.

Sincerely,



Mark E. Hockaday
Certified Senior Appraiser
mark@henryequipment.com
757-903-0440



2. Assignment

Henry Equipment Sales, Inc. was contacted by Justin Hockaday to provide an un-inspected desktop appraisal report for Justin Hockaday. After Reviewing the needed evaluation elements and through further discussions with Justin Hockaday, Mark E. Hockaday was approved to perform the un-inspected desktop appraisal report at a negotiated fee for appraisal services. Our assignment did not include any value associated with the value of real estate, accounts receivable, or the determination of ownership of the assets.

3. Purpose and Intended Use

The purpose of this appraisal is to provide the intended user, Justin Hockaday with our opinion of the fair market value of the assets listed on Appendix (A) as of the effective date. The intended use is Asset Based Financing. This appraisal may not be reassigned, and any users or use other than described above is not intended nor authorized.

4. Effective Date

The effective date of this appraisal is 03/22/19. The assets were not inspected. The appraiser has used his best professional judgement to accurately value the subject machinery, equipment, and vehicles according to the specified definitions. The values reported in these evaluation documents represent the opinion of the appraiser and his associates of value as of the effective date of the un-inspected desktop appraisal report and for a reasonable period of time thereafter. Such values are subject to significant alternation and will be affected by time, changes in condition, obsolescence, technological advancements, changes in the market place or in the economy and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period of time, or after significant economic events is inadvisable.

5. Requested Values and Definitions

This report has values with exposure time of 9-12 months prior to the effective date. The requested values are listed below along with their definitions:

Fair Market Value:

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.

6. Company Description

Justin Hockaday has one location in Williamsburg, VA. They provide all types of construction equipment for rental.

7. Maintenance Practices

We assume that the equipment and vehicles each have been properly maintained according to regulations and manufacturers' specifications.

8. Asset Inspections

No inspection was performed. The appraisal was performed by reviewing information provided by Justin Hockaday showing unit numbers, years, equipment descriptions, serial numbers, vehicle identification numbers, hours, miles,

and photographs.

9. Scope of Work

Information was obtained by email. None of the items were seen operating. Identify and account for all units on Exhibit A. Other research was performed from past experience and with information received from the suppliers of this type of equipment, as noted in this report.

10. Methodology

Our approach to this valuation followed the following steps:

- Information was obtained by email from Justin Hockaday regarding their practices and specific asset repairs
- Research of values using similar assets available in the marketplace or having been sold using:
 - Trade publications
 - Used equipment dealers
 - Online asset valuation websites
 - Auction results
 - Previous experience selling similar assets
- Analysis of the asset research and determination of appropriate value
- Documentation of our findings (Appendix A)
- Completion of appraisal document

11. Approach to Value

Three most common valuation approaches are Market Approach, Cost Approach, and Income Approach. The following values are defined according to The Association of Machinery and Equipment Appraisers (AMEA).

Market Approach:

Uses comparisons to assets currently available in the marketplace to determine the most likely selling price of an asset, in the opinion of the appraiser.

Cost Approach:

Considers the new purchase price of an asset and estimate depreciation from age and usage since purchased to determine asset value in the opinion of the appraiser.

Income Approach:

Considers asset value based upon past or prospective operation of the asset, the income for a period of time, and expenses (including purchase price) during the same period.

For this evaluation, the Market Approach was primarily used and the Cost Approach was considered for assets purchased in the past two years. The Income Approach was not relevant for use in this evaluation, because it is virtually impossible to measure the stream of income from individual items of machinery and equipment. These valuations are fractional and not dependent of the income or business value.

12. Due Diligence

In performing this evaluation, the appraiser took three steps to ensure the resulting opinions were based upon knowledge of three factors:

- Knowledge of the Assets: This involved information obtained by email from Justin Hockaday to determine how

the assets are maintained.

- Knowledge of Similar Assets: Comparisons to similar assets available for sale by owners, equipment dealers, and recent auction sales.
- Knowledge of the Marketplace: Current market demand drives equipment pricing and we research the trends in equipment selling prices. These trends are obtained through equipment reporting companies and are additionally observed through auction results.

13. Current Marketplace and Economic Outlook

According to Rouse Service's Report published March 2016; used equipment prices decreased to 43.6, down 0.7% from January values. The decrease is now the tenth consecutive month of declines, primarily driven by weaker recoveries observed in auction transactions. While there has been softness throughout much of 2015 and into 2016, the February 2016 *Rouse Value Index*[™] remains 0.6% higher than the prior peak period of 43.3 in April 2007 and 46.8% higher than the prior trough period of 29.7 in June 2009. The *Rouse Value Index*[™] measures the average Orderly Liquidation Values for benchmark models across fourteen major rental category indices on a monthly basis.

14. Statement Assumptions and Limiting Conditions

- All information contained in this appraisal are accurate to the best knowledge of the appraiser.
- Assets were not inspected by the appraiser.
- The appraisal fee is fixed and not related to the values of the appraised assets.
- No determination was made into the actual ownership of the assets in this report, nor to any liens or encumbrances which may exist.
- All opinions in this report are based upon data and information made available to the appraiser. The appraiser assumes no liability to responsibility for changes in the marketplace, new technology, or any other factor which may in some way change the appraiser's opinion of value.
- No responsibility is assumed for information provided by others and the appraiser assumes no responsibility for matters of legal nature.
- The appraisal was performed for the purpose stated and shall not be used for any other purpose.
- Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the express written consent of the appraiser.
- The appraiser, by reason of this appraisal, shall not be required to give testimony as an expert witness in any legal hearing or before any court of law unless advance arrangements have been made with the appraiser at an additional fee.
- The ownership and management are assumed to be competent and the machinery and equipment appraised is assumed to be in good running condition unless otherwise noted.
- The values stated in this appraisal report reflect only the potential utility of this equipment and no allowances is made for the potential utility of this equipment and no allowance is made for the potential value of a continuing operating business. Profitability, good will or any other financial analysis has not been considered.
- No analysis, observation, inspection, testing or study of any kind or character is made and no consideration in any manner has been taken into account with respect to the potential or possible presence of hazardous substances or waste of the property appraised, including but not limited to examination or investigation for the presence of asbestos, polychlorinated biphenyls, heavy metals, toxic chemicals, or any other substance which is regulated by law or poses a hazard to human health or the environment.
- Leasehold improvements have not been taken into consideration unless specifically noted in the appraised report.
- The appraiser has used his best professional judgment to accurately value the subject machinery and equipment according to the specified definitions, and the values reported in the appraisal documents represent the opinion of the appraiser and his associates of the value as of the effective date of the appraisal, and for a

reasonable period of time thereafter. Such values are subject to significant alteration and will be affected by time, changes in condition, obsolescence, technological advancements, changes in the market place or in the economy, and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period of time is inadvisable.

- Extraordinary Assumption is true unless stated. An extraordinary assumption is an assumption which if found to be false could alter the resulting opinion or conclusion. A hypothetical condition is an assumption made contrary to fact, but which is assumed for the purpose of discussion, analysis, or formulation of opinions.

15. Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The report analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is the writer's personal, unbiased professional analysis, opinions and conclusions.
- There is no present or prospective interest in the assets that are the subject of this report, and there is no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
- The analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The writer and/or his associates have viewed, unless otherwise stated, the assets that are the subject of this report.
- No one provided significant professional assistance to the person signing this report unless so stated.
- No pertinent information was withheld or overlooked, and I, the undersigned, further certify that I have not been influenced in any way during the preparation of this appraisal report by any parties having a financial or other interest in this report.
- I have not performed appraisal or other services for this property within last three years
- The Auction Marketing Institute has a code of professional ethics and a continuing educational program for all of its members. I am in compliance and up to date with all the requirements for those programs.
- This Appraisal Report complies with 2018-19 USPAP.
- The Equipment Appraisers Association of North America (EAANA) has mandatory re-accreditation program for Certified Senior Appraisers (CSA) and I am in compliance with the program.
- This Appraisal Report does comply with the Equipment Appraisers Association of North America (EAANA) Code of Ethics.

Henry Equipment Sales, Inc.



Mark E. Hockaday
Certified Senior Appraiser
mark@henryequipment.com
757-903-0440



16. Appraiser Qualifications

Mark Hockaday has worked in the construction industry for over 40 years. His experience includes 25 years at Branscome, Inc., during which time he bought and sold thousands of new and used construction-related items, equipment, and plants of all kinds, including the setup of Asphalt, Concrete and Crushing Plants.

Mark Hockaday has been the owner of Henry Equipment Sales, Inc. for 15 years, which is now owned by his son Justin Hockaday. Mark is the Certified Senior Appraiser for Henry Equipment Sales Inc. He has over 900 items listed for sale and sells an average of 400 construction items per year. He also manages and runs an online auction site, holding auctions for construction items regularly. He frequently attends heavy equipment auctions each year to keep up to date on the fair market value for all types of equipment and plants.

Virginia Auctioneers License

Mark Hockaday has held a Virginia Auctioneers License (Lic. #2907002634) for over 20 years. He completed the Virginia Auctioneering School on January 15, 1999 and completes Continuing Education courses every two (2) years.

Uniform Standards of Professional Appraisal Practice

- Mark Hockaday completed the Uniform Standards of Professional Appraisal Practice (USPAP) course on June 26, 2015.
- EAANA- Completed the (7) Hour National USPAP Course 01-28-16
- EAANA- Completed the (7) Hour National USPAP Course 01-26-17
- EAANA- Completed the (7) Hour National USPAP Course 01-25-18
- EAANA- Completed the (7) Hour National USPAP Course 01-24-19

Equipment Appraisers Association of North America

Mark Hockaday has been an active member of the EAANA (Equipment Appraisers Association of North America) since 2015.



17. Appendix (A)

ALL appraisals are based on the "Current U.S. Market Conditions".

Asset Schedule

#	Item	Year	Model	Hours	Miles	Condition	Serial	VIN	Fair Market Value
1.	Wheel Loaders (Komatsu)	1995	WA180-1	4943	0	VG	A75963	0	\$20,000
2.	Trucks (Freightliner)	1998	FL70 Box Truck	0	134057	G	0	1FV6HLAC41J4954545	\$9,500
3.	Rollers / Compaction (Hamm)	2007	3410	125	0	VG	H1790255	0	\$50,000

Asset Photographs

Wheel Loaders (Komatsu)



Trucks (Freightliner)



Rollers / Compaction (Hamm)



TOTAL Fair Market Value EFFECTIVE March 22, 2019	\$79,500.00 USD
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