

Statement of Limiting Conditions - Tangible Assets

1. All facts and data set forth in this report are true and correct to the best of the appraiser's knowledge.
2. The fee for this report is not contingent upon the values reported. There have been no guarantees associated with this fee and no liability can be intimated or assumed in any manner.
3. Since this report has been purchased by the addressee, it is assumed by the appraiser that it is to be used by the addressee in determination of value at that point in time. Use of this report by others should be done so with the understanding that no risk or guarantees have been purchased by the owner of the report nor through the fee paid to the appraiser. The appraiser reserves the right to recall all copies of this report to correct any omission or error.
4. Physical condition in most instances has been determined by observation or indication by others. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever which may affect value, nor for any expertise required to disclose such conditions.
5. No consideration has been given to liens or encumbrances, which may be against the property.
6. No investigation of legal fee or title to the property has been made and the claim to the property has been assumed to be valid.
7. Neither the appraiser nor any officer or employee of the appraiser's company has any financial interest in the property appraised, unless specifically noted.
8. No additional values or appraisals have been made in regard to such intangibles as patents, rights to manufacture, trademarks, goodwill, going concern value, etc.
9. This report has been prepared in conformity with the Principles of Good Practice and Code of Ethics of NEBB Institute.
10. Other limitations, if any, are clearly defined and individually set out at that point related to the subject.
11. Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another appraiser or anyone else, without the written consent of the appraiser.
12. For all appraisals subject to satisfactory completion, repairs or alterations, this report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.
13. Information, estimates and opinions furnished the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by the

appraiser. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.

14. Matters of legal nature or tax consequences have not necessarily been considered in this report. The reader should consult a competent attorney or CPA for information and opinions in those areas.
15. In many instances, the appraiser is given information regarding machinery and equipment concerning repairs, accessories, condition, etc., which may or may not be verifiable by the appraiser for a variety of reasons. In such cases, the appraiser must rely on information provided him in searching for comparative data. The appraiser disclaims any responsibility if given erroneous information by any party.
16. Machinery and equipment appraisers are called on for price evaluation and verification for equipment from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavored to use basic sound, accepted methodologies in any assignment (i.e., Cost New Less Depreciation and Market Data Approaches). Conversations with those dealing daily in a specific field were conducted, and all final evaluations are founded on prudence and best effort on the part of the appraiser. "Conclusion of opinion of value" is arrived at from years of experience in the sale and appraisal of machinery, equipment, businesses and commercial properties. The final form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report.
17. The appraiser has endeavored to use due diligence in all market comparisons. If possible, three comparisons of similar items sold usually provide substance for final value determination. However, at times it is not possible to find any direct sales comparisons that have actually sold. In these cases, the appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, auctioneers, manufacturers, wholesaler, etc.) in arriving at the final value estimate.
18. The writer has based his opinion on certain assumptions that have been presented to him. If these basic assumptions should change for any reason, the final valuation could quite likely change. The appraiser reserves the right to make any adjustments considered necessary as additional or more reliable data becomes available.
19. If the request has been for the writer to accept values given by the principals, i.e., hard assets, fixtures, equipment, inventory, etc., then the assignment becomes hypothetical in nature unless the writer has specifically certified the values of such assets in the report.
20. Nomenclature and identification of tangible assets are assumed by the writer to be accurate, but no guarantee is made in this regard.
21. An appraisal is an estimate of value. When the amount is considered a reasonable and proper value under the concept of a definition, then it is applied. For this reason, the value is, in many cases, a rounded number. As stated in *Engineering Valuation and Depreciation*, a textbook published by Iowa State University Press of Ames, Iowa, "All values are of the nature of forecast of events and are subject to the uncertainties of all prophecies."

22. In most cases, equipment is itemized, although certain areas require a group estimate, in which case the listings are shown in the quantity column as "lot." This is usually applied in nominal value areas that require general descriptions for applications elsewhere, or in areas where difficulty of access for total description would have required additional time not justified by the items being valued.
23. It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machine tools would include, but not be limited to: belt guards, foot pedals, magnetic or standard starters, switch-gear, safety equipment, wiring, piping and controls, electrical, pneumatic or hydraulic systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the study.
24. The valuation concept used in this report is one chosen by the client and should not be considered a recommendation by the appraiser as to what might result in any later application of the concept. Concept probability and/or feasibility are beyond the scope of the appraisal. The user of the report is to determine the probability of occurrence. The appraisal is purchased in order to allow an opinion of value under any assumed set of circumstances, as requested and mutually agreed upon by the client and the appraiser.
25. Description of items made a part of this report is believed correct. Any errors or omissions were unintentional and should not affect the value assignment. Description is made with the attempt of allowing reasonable identification, although it may not allow specific item identification in all cases unless company number tagging is utilized. Examples of this would be in such areas as cabinets, shelving, file cabinets, various hand tools, and unserialized equipment or equipment without justification for serial number search due to associated value and/or time consideration. In some cases, identification numbers cannot be found.
26. In some cases, an appraiser may indicate that certain equipment was observed in operation. This qualification is applicable only to specific pieces of equipment and should not be construed that other equipment was not operable or under operation at the time of inspection. This note could become extremely important in the future but is considered more of note "in passing" at the time of the on-site evaluation.
27. The subject equipment may or may not conform to OSHA standards (Occupational Safety & Health Administration). The sole responsibility for conforming rests with the owner of the subject equipment and may not necessarily affect the final estimate of value reported herein.
28. Any controversy arising out of or relating to this report shall be settled by arbitration in accordance with the rules then in effect, of the American Arbitration Association in Los Angeles, California. In the unlikely event that differences concerning our services or fees should arise, that are not resolved by mutual agreement, our liability for this engagement will be limited to a return of the fees we have received for this engagement.

29. Since the conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.
30. As stated, this is a report estimating value based on "reported" condition. If it is the client's desire to verify physical condition and/or needed repair of the items, which are the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of the appraiser's expertise and the scope of this assignment. If the condition of the equipment is other than as reported to the appraiser, the estimated value could be unreliable. The appraiser reserves the right to change the value estimate if additional information comes forward as to condition or other factors, which could affect value.
31. This is a Restricted Appraisal Report. Additional information may be necessary and will be provided to qualified requests by the writer.
32. It should be noted that the term "certified," or "certified appraisal" as used in this report refers to certification from various recognized appraisal and consulting societies, organizations or institutes.
- 33.** This report is not to be used for insurance purposes unless specifically stated to do so.