

# HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

(Name of Client Company)  
(Street Address)  
(City, State Zip Code)

Inspection Date & Effective Date  
00/00/0000

RESTRICTED USE APPRAISAL REPORT

Prepared for

(Name of Client Company)  
(Street Address)  
(City State, Zip Code)

# HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

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THIS REPORT IS ONLY VALID IN ITS ENTIRETY

Minneapolis  
1325 Quincy St. NE  
Minneapolis, MN 55413  
(612) 521-5700  
(612) 521-9358 *fax*

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**HOFF APPRAISAL ASSOCIATES**

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Omaha  
7914 West Dodge Road  
Suite 421  
Omaha, NE 68114  
(402) 345-5900

(Date)

**(Name of Client Contact)**  
**(Name of Client Company)**  
**(Street Address)**  
**(City, State Zip Code)**

Dear Mr./Ms. **(Name of Client Contact)**:

Pursuant to your request, as an AMEA Certified Appraiser of Hoff Appraisal Associates I have prepared this Restricted Use Appraisal Report generated from the equipment list and my inspection of the equipment located at **(Company Name, City, State)**. The Intended User of this report is **(Name of Client Company, City, State)**. The Intended Use of this report is to provide information to **(Name of Client Company)** that will be used in discussions with **(Company Appraised)** for future Business and Financial Planning.

A Restricted Use Appraisal Report is a professional opinion of the appropriately defined value, expressed in terms of cash in U.S. Dollars to be realized by the sale of equipment. The Restricted Use Appraisal Report is for client use only. A Restricted Use Appraisal Report is used to determine the scope of an appraisal.

Based upon a review of the information made available to me, it is my opinion the "FAIR MARKET VALUE" is between \$30,000 & \$50,000.

The "FAIR MARKET VALUE" as defined by the (AMEA) Association of Machinery and Equipment Appraisers being as follows:

"FAIR MARKET VALUE", as used in this report, is a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report.

*(Name of Client Contact)*  
*(Name of Client Company)*  
*(Street Address)*  
*(City, State Zip Code)*

No investigation has been made into title to the property and all items described are assumed to be the property of the subject company.

This opinion is based upon the belief that there are no extraordinary conditions which would have an impact on the value.

No Allowance has been made for possible liens or encumbrances which may be against the property.

Consideration for possible environmental hazards from any source is beyond the scope of this appraisal

Since the conclusion and/or opinions of the writer of this letter are based upon judgments, isolation of any single element as the sole basis of comparison to the whole letter may be inaccurate.

As an Agent of Hoff Appraisal Associates I certify that Hoff Appraisal Associates has no interests in the subject appraised machinery and equipment, and that the fee for our services was not contingent upon the appraisal values. No investigation has been made for possible encumbrances against the machinery and equipment.

Mr. Hoff has been actively engaged in Industrial Appraisals for over 30 years. Mr. Hoff is currently a member in good standing of the Association of Machinery and Equipment Appraisers, an associate member of the International Society of Appraisers, and is also a past Officer of the MDNA.

Yours Truly,

Dennis Hoff, CEA, CSA  
President  
HOFF APPRAISAL ASSOCIATES

DH:ml

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DOES

*CERTIFY*

That on this date given in the certificate, the property of

*(Name of Client Company)*  
*(Street Address)*  
*(City, State Zip Code)*

WAS WELL AND REASONABLY WORTH BETWEEN:

\$30,000 & \$50,000.

ON THE BASIS OF ITS FAIR MARKET VALUE  
RESTRICTED USE APPRAISAL

The "FAIR MARKET VALUE", being as follows:

"FAIR MARKET VALUE", as used in this report, is a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report.

The Signature Appraiser has Not appraised these assets within the last 3 years.

"Effective Date"  
(DATE)

BY: \_\_\_\_\_  
Dennis Hoff, CEA, CSA  
President

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### 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 reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have personally viewed the property that is the subject of this report.

No one provided significant professional assistance to the person signing this certification.

\_\_\_\_\_  
Dennis Hoff, CEA, CSA

Date:\_\_\_\_\_



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### NOTES & COMMENTS

The Machinery and Equipment detailed on the enclosed list was physically viewed by the Signature Appraiser on *(Date)* located at *(Name of company, City, State being appraised)*. The Intended User of this report is *(Name of Client Company)*. The Intended Use of this report is to provide information to *(Name of Client Company)* that will be use in discussions with *(company appraised)* for future business and financial planning. The value definition reported was chosen through discussions between *(Name of Client Company)* and Hoff Appraisal Associates. Based on the provided information, the value type was determined by the appraiser to be appropriate for the Intended Use of this report. The following comments should be considered an integral part of this report.

The Cost, Income, and Market Approaches were considered for this report. The Cost and Market Approaches were used and the Income Approach was deemed inappropriate for the value conclusions found in this report.

The Review Appraiser is an owner of Hoff Appraisal Associates, Hoff Machinery, and Hoff On-Line Auction Services (Formerly Hoff-Hilk Auction Service). Hoff Machinery or Hoff On-Line Auction Service May or May Not Have sold equipment to **"Company Name being Appraised"** within the last 3 years.

The scope of this report is limited to the machinery and equipment at this facility and does not include and land, buildings, or lease hold improvements. The day to day inventory of raw materials, nuts & bolts, and other assorted items required to build and assemble the outgoing products were also not included in this report.

Perishable tooling, inspection hand tools, machine accessories, factory supplies, minor shop equipment, selected business machines and office furnishings will be grouped, identified and evaluated in aggregate as lots.

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### NOTES & COMMENTS

(Continued)

The values placed on the machinery and equipment is determined by the use of standard and accepted appraisal procedures. This includes the physical inspection of each machine. During the inspection, the manufacturer, model, serial number, attachments, and tooling are identified. The ages of the machines are determined through the Serial Number Reference Book and also through calls to distributors and manufacturers. The values are determined by the use of comparative recent selling prices of similar machines. The recent selling figures were obtained from data collected in the course of research and analysis may include, but not limited to; Market Data from Used Equipment Dealers that sell comparable equipment; conversations with New Equipment Manufacturer's; Consultation with Auctioneers, Liquidators and Equipment Brokers of comparable equipment; In-House Data Bases; Industry Data Bases; Trade Journals and Industry Periodicals and the Appraiser's over 40 years of experience in the buying and selling of Capital Equipment were also utilized.



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## HOFF APPRAISAL ASSOCIATES

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### RESEARCH BIBLIOGRAPHY

1.     The Book  
          Gainesville, Georgia
2.     The Surplus Record  
          Chicago, Illinois
3.     The Locator  
          Alexandria, Virginia
4.     Machinery Trader  
          Lincoln, Nebraska
5.     Kelley Blue Book  
          Irvine, California
6.     Hoff Appraisal Internal Library  
          Minneapolis, Minnesota

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## APPROACHES TO VALUE

**"All approaches below have been considered"**

### **Market Approach:**

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the 'Comparison Sales Approach'. The primary intent of the market approach is to determine the desirability of the assets and recent sales of offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

### **Cost Approach:**

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the sale utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

### **Income Approach:**

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through the capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment since it is difficult to isolate income attributable to such assets. "As it relates to the subject, the assets do not trade on income".

## DEPRECIATION

Defined as the actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence, and economic obsolescence.

### **Physical Deterioration:**

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

### **Functional Obsolescence:**

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design, or process resulting in inadequacy, over capacity, excess construction, lack of functional utility, or excess operating costs.

### **Economic Obsolescence:**

A form of depreciation caused by unfavorable external conditions or loss in value. These can include such things as the economics of the industry, availability of financing, loss of material and labor sources, passage of new legislation, and changes in ordinances.

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## DEFINITION OF VALUES<sup>1</sup>

### Fair Market In-Place Value:

A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts, as installed for intended utilization, as of the effective date of the appraisal report.

### Fair Market Value:

The "FAIR MARKET VALUE", means the value in arm's-length transactions, consistent with the general market value. 'General Market value' means the price that an asset would bring as the result of *bona fide* bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party, or the compensation that would be included in a service agreement as the result of *bona fide* bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement. Usually, the fair market price is the price at which *bona fide* sales have been consummated for assets of like type, equality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in *bona fide* service agreements with comparable terms at the time of the agreement, where the price or compensation has not been determined in any manner that takes into account the volume or value of anticipated or actual referrals.

### Orderly Liquidation Value:

A professional opinion of the estimated most probable price expressed in terms of currency which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of the appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the assets appraised could change the psychological and/or monetary appeal necessary to gain the value indicated.



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### DEFINITION OF VALUES<sup>2</sup>

#### Forced Liquidation Value:

A professional opinion of the estimated most probable price expressed in terms of currency which could typically be realized at a properly advertised and conducted public auction sale, held under forced sale conditions and under present day economic trends, as of the effective date of the appraisal report. Conclusions taken into consideration are physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis 'as is' with purchasers responsible for removal of assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the price indicated.

#### Insurable/Cash Value:

A professional opinion estimated in terms of currency that would be required to duplicate, as nearly as possible, the equipment described in the appraisal report. This value includes machine cost, freight, rigging, installation, electrical and pneumatic connections, foundation costs and leveling of the equipment. In cases where individual machines cannot be replaced model for model, a machine of equal capacity and similar age would be substituted. This value makes no provisions for travel costs, loss of business costs, and applicable taxes.

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The "Fair Market Value" According to Section 1877(h)(3) of the Social Security Act and further defined in the Stark II, Phase III Final Rule (42 CFR Section 411.351), an appropriate premise of value when purchasing medical practices is Fair Market Value, as defined below.

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### STATEMENT OF CONDITIONS

All facts and data set forth in this report are based upon an estimate of value only and are true and accurate to the best of the appraiser's knowledge and belief.

No investigation has been made into the title of the property and all items listed are assumed to be the property of the subject company.

No consideration has been given to liens or encumbrances, which may be against the property other than those discussed in this report.

The appraiser's opinion of machinery and equipment condition is derived from a limited visual inspection and/or discussions with maintenance personnel or operators, if available. The equipment was not tested under power for defects. Operating individual pieces of equipment to test their status was beyond the scope of the investigation. The values reported assume the equipment is operational and serviceable unless otherwise stated in the report.

We have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

This appraisal has been made in accordance with accepted appraisal practices and in accordance with the Association of Machinery and Equipment Appraisers Standards and Procedures of Professional Appraisal Ethics and Practice and the Uniform Standards of Professional Appraisal Practice and reflects the best judgment of the appraiser. When appropriate, new and used equipment dealers have been consulted for comparable prices; and catalogs, trade publications and comparative results of auction sales have been utilized.

Information provided by others has been assumed to be correct for the purposes of this report and no responsibility is taken for the accuracy of it.

Since 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.

The fees for this appraisal are not contingent upon values reported.

Consideration of possible environmental hazards from any source goes beyond the scope of this appraisal report.

It is assumed that there are no hidden or unapparent conditions of the equipment, which would render it more or less valuable.

Other limitations or assumptions, if any, are clearly defined and individually set out at the point relating to the subject.

The appraiser is not required to give testimony, be present in any court of law, or appear before any commission or board by reason of this appraisal, unless prior arrangements have been made.



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### EQUIPMENT SCHEDULE

Champion 10 HP Air Compressor  
Central Machine Tire changer  
Forward 4 Post Car Lift  
39 Sections of Pallet Racking  
(4) 40-Yard Roll Off Boxes  
Liberty Industries Stretch Wrapper  
(2) Compactors  
Approximately (100) 6' – 8' & 10' Fiberglass Step Ladders  
Approximately (65) Gang Boxes  
(10) Dry Van Semi Trailers  
(9) Motor Mixers (Towable)  
(8) Hek Lifts (4) MS 3000; (2) MS HS Mass Climber  
(2) Baby MS 1000 & MS 500  
(3) Flat Deck Trailer  
(1) Drop Deck Trailer  
(2) LP Fork Lifts  
(1) Pressure Washer  
(1) Case Skid Steer, 1840 & BC 60 Brush Cutter  
(1) Self Dumping Hopper

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Or

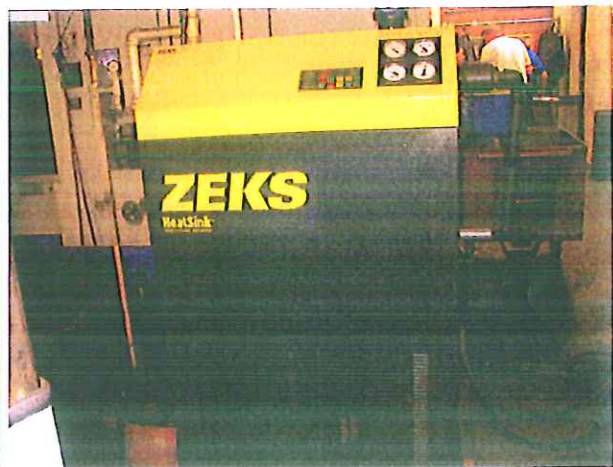
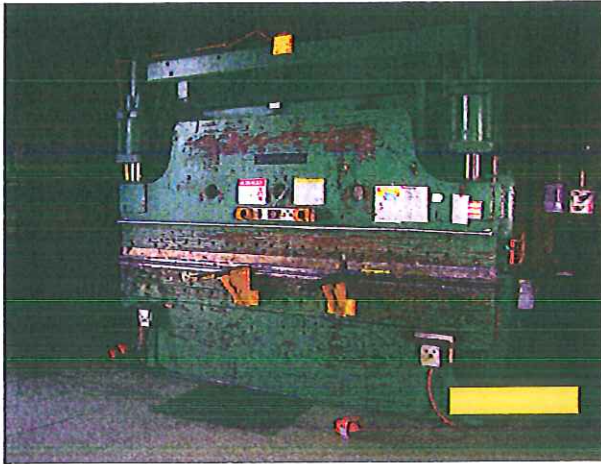
Depreciation Schedule

Like Following

Asset ID	Placed in service	Depr Meth/Conv	Life Yr Mo	Book Cost	Depr & AFYD This Period	Beginning Accum Depr	Current Depr & AFYD	YEAR TO DATE		Net Additions Deletions	E
								Net Sec 179	Sec 179A		
Cost Center: Equipment											
000057	08/13/1998	MC200AHY	7 0	164	0	164	0	0	0	0	
	CO-AX INDICATOR										
000058	08/17/1998	MC200AHY	7 0	200	0	200	0	0	0	0	
	DRILL DISPENSER #1-60										
000059	08/17/1998	MC200AHY	7 0	69	0	69	0	0	0	0	
	DRILL DISPENSER										
000060	08/17/1998	MC200AHY	7 0	64	0	64	0	0	0	0	
	6" DIAL CALIPER .100"										
000061	08/17/1998	MC200AHY	7 0	73	0	73	0	0	0	0	
	DRILL DISPENSE A-Z										
000062	08/17/1998	MC200AHY	7 0	57	0	57	0	0	0	0	
	KURT VISE W/SWIVEL BASE										
000063	08/17/1998	MC200AHY	7 0	585	0	585	0	0	0	0	
	DRILL DISPENSER 1/16" TO 1/2"										
000064	08/17/1998	MC200AHY	7 0	57	0	57	0	0	0	0	
	ROYAL COLLET HEX 5/8" TO 3/4"										
000066	08/17/1998	MC200AHY	7 0	205	0	205	0	0	0	0	
	THREAD RING GAUGE 3/4" - 16										
000069	08/20/1998	MC200AHY	7 0	112	0	112	0	0	0	0	
	BORING BAR HOLDER FOR POWERPATH										
000070	09/03/1998	MC200AHY	7 0	225	0	225	0	0	0	0	
	SLEEVE FOR POWERPATH 3/8"X1 1/2"										
000071	09/14/1998	MC200AHY	7 0	87	0	87	0	0	0	0	
	ALORIS TOOL HOLDER FOR ROMI LATHE										
000072	09/23/1998	MC200AHY	7 0	59	0	59	0	0	0	0	
	ALORIS TOOL HOLDER FOR ROMI LATHE										
000073	09/23/1998	MC200AHY	7 0	85	0	85	0	0	0	0	
	ALORIS TOOL HOLDER FOR ROMI LATHE										
000074	09/23/1998	MC200AHY	7 0	62	0	62	0	0	0	0	
	DOUBLE-CHISEL ENDED WRECKING BAR										
000075	09/24/1998	MC200AHY	7 0	29	0	29	0	0	0	0	
	TAPMATIC TAP HEAD SPD 3										
000076	11/06/1998	MC200AHY	7 0	208	0	208	0	0	0	0	
	TAPMATIC TAP HEAD SPD 5										
000077	11/06/1998	MC200AHY	7 0	248	0	248	0	0	0	0	
	TILT TABLE 10" X 7"										
000078	11/06/1998	MC200AHY	7 0	80	0	80	0	0	0	0	
	ROLLING DIE CART 26" X 40"										
000079	11/06/1998	MC200AHY	7 0	50	0	50	0	0	0	0	
	KENNEDY WORK BENCHES (2)										
00008	11/06/1998	MC200AHY	7 0	400	0	400	0	0	0	0	
	BRIDGEPORT MILLING MACHINE										
000080	07/15/1998	MC200AHY	7 0	17,015	0	17,015	0	0	0	0	
	(2) 6" X 48" BELT SANDERS										
000081	11/06/1998	MC200AHY	7 0	230	0	230	0	0	0	0	
	RF BAND SAW W/ 2 EXTRA BLADES										
000082	11/06/1998	MC200AHY	7 0	350	0	350	0	0	0	0	
	CYCLONE BEAD BLASTING CABINET WVAC										
000083	11/06/1998	MC200AHY	7 0	198	0	198	0	0	0	0	
	VAN AIR DRYER										
000084	11/06/1998	MC200AHY	7 0	333	0	333	0	0	0	0	
	SANBORN 5 HP AIR COMPRESSOR W/ 60 GAL TANK										
000085	11/06/1998	MC200AHY	7 0	245	0	245	0	0	0	0	
	ENCO TOOL GRINDER WITH CHUCK										
000086	11/06/1998	MC200AHY	7 0	500	0	500	0	0	0	0	
	HAND TAPPER 10-24 TO 3/4"										
000087	11/06/1998	MC200AHY	7 0	143	0	143	0	0	0	0	
	ARMIL 1 TON DOCK										

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"Company Name Here"



## HOFF APPRAISAL ASSOCIATES

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### **Dennis Hoff**

E-mail: [dennis.hoff@hoffappraisal.com](mailto:dennis.hoff@hoffappraisal.com)

#### **EDUCATIONAL BACKGROUND:**

University of Minnesota  
B.S. Business 1967

#### **PROFESSIONAL BACKGROUND:**

Mr. Hoff has been in the used machinery business since 1961, employed by Midwestern Machinery through 1971. He founded Hoff Machinery, Inc. in 1972.

Mr. Hoff is a:

- Member of Equipment Appraisers Association of North America
- CSA (Certified Senior Appraiser)
- CEA (Certified Equipment Appraiser)
- Board of Directors of Equipment Appraisers Association of North America
- Graduate of USPAP Course (Uniform Standards of Professional Appraisal Practice)
- Past Vice President of MDNA (Machinery Dealers National Association)



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### **REFERENCES:**

**Alegent Health, Omaha, Nebraska**

**Anchor Bank, Blaine, Minnesota**

**BMO Harris Bank, Minneapolis, Minnesota**

**Bremer Bank, St. Paul, Minnesota**

**Central Bank, Golden Valley, Minnesota**

**Enterprise Bank, Omaha, Nebraska**

**First Bank & Trust, Brookings, South Dakota**

**First National Bank, Omaha, Nebraska**

**Midwest MN Community Development, Detroit Lake, Minnesota**

**North American Banking Company, Minneapolis, Minnesota**

**Office of the City Attorney, Los Angeles, California**

**Spell Capital, Minneapolis, Minnesota**

**State Bank of Faribault, Faribault, Minnesota**

**US Bank, Minneapolis, Minnesota**

**Voyager Bank, Eden Prairie, Minnesota**

Contact names will be provided upon request.

**EQUIPMENT APPRAISER  
ASSOCIATION OF NORTH AMERICA**

PRESENTS THIS CERTIFICATE OF ACHIEVEMENT TO

**DENNIS HOFF**

IN RECOGNITION OF ATTENDING THE CLASS AND SUCCESSFULLY  
COMPLETED THE 7-HOUR NATIONAL USPAP COURSE

**UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**

PITTSBURGH, PA    JANUARY 26, 2012

*Jean Flanigan*  
SIGNATURE

1 / 26 / 2012

DATE

Minneapolis  
1325 Quincy St. NE  
Minneapolis, MN 55413  
(612) 521-5700  
(612) 521-9358 *fax*

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**HOFF APPRAISAL ASSOCIATES**

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Omaha  
7914 West Dodge Road  
Suite 421  
Omaha, NE 68114  
(402) 345-5900

(Date)

**(Name of Client Contact)**  
**(Name of Client Contact)**  
**(Name of Client Company)**  
**(Street Address)**  
**(City, State Zip Code)**

Dear Mr./Ms. **(Name of Client Contact)**:

We will undertake the Restricted Use Appraisal of certain assets located at located at **(Name of Company Appraised, Street Address, City, State)** providing you with the "Fair Market Value" of the assets. The Intended User of this report is **(Name of Client Company), (City, State Zip Code)**. The Intended Use of this report is to provide information to **(Name of Client Company)** that will be used in discussions with **(Name of Company Appraised)** for Business and Financial Planning purposes.

The "FAIR MARKET VALUE" as defined by the (AMEA) Association of Machinery and Equipment Appraisers being as follows:

"FAIR MARKET VALUE", as used in this report is a professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the appraisal report.

*(Name of Client Contact)*  
*(Name of Client Contact)*  
*(Name of Client Company)*  
*(Street Address)*  
*(City, State Zip Code)*

Hoff Appraisal Associates will be paid a fee of \$0,000.00 upon delivery for the work associated with providing the report. The attached Engagement Terms and Conditions are necessarily part of this agreement. For accounting and contractual purposes, we require a duly authorized signature confirming our understanding and that there are no contingencies regarding payment for this appraisal.

We will supply two (2) bound original reports and one (1) Electronic report with no photos upon request. The reports will conform to current USPAP Appraisal Standard guidelines. Payment for the completed reports is due upon delivery. Please sign and date one of the Engagement Letters and mail back in the enclosed envelope. Thank you for the opportunity to be of service.

Sincerely,

Dennis Hoff, CSA  
President  
HOFF APPRAISAL ASSOCIATES

DH:ml

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Accepted By:

---

Date:



## HOFF APPRAISAL ASSOCIATES

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### ENGAGEMENT TERMS AND CONDITIONS

#### Payment Terms:

The Client is responsible to make full payment upon completion and delivery of the appraisal report. Payment not received within 15 days of completion of the report will be charged an additional 10% processing fee.

#### Signed Engagement Letter:

A signed Engagement Letter must be returned to Hoff Appraisal Associates before the inspection of the plant or the completion and delivery of the reports. In signing this engagement letter you are agreeing to all the above terms and conditions.

#### Cancellations:

The client will receive an invoice for all related direct expenses and research work up to the cancellation date if the client cancels the appraisal prior to its completion.

#### Changes:

The fee quoted on the Engagement Letter is based on information provided to the appraiser. In engagement situations where the appraiser has not visited the site prior to determining the fee, the appraiser has the right to negotiate a change in the fee if the information provided was not accurate.

#### Contingencies:

The client will receive up to two (2) hours of post-appraisal discussion and consulting at no charge. If the appraiser is requested to provide additional time for review or if the appraiser is required to testify in any legal matter related to the engagement, the client will be charged at a rate of \$300.00 per hour.

#### Copies:

Additional copies of the Appraisal Report will be provided at a cost of \$100.00 per report with photos and \$75.00 for report with no photos. This cost includes all office and production costs associated with providing the additional copies.

#### Delivery:

The delivery of the final copies of the Appraisal Report will be by the most expeditious method available. If the use of overnight delivery or a courier service is required, the fee will be charged to the client.

#### Draft Review:

The client will receive a draft copy of the Appraisal Report for review and acceptance, time permitting. It is the responsibility of the client to review the draft and inform the appraiser of necessary changes, additions, or deletions in a timely manner. Changes requested after review can result in additional fees.



## HOFF APPRAISAL ASSOCIATES

1325 Quincy Street NE, Minneapolis, MN 55413  
(612) 521-5700 • Fax: (612) 521-9358

### **Expenses:**

Direct expenses related to processing the Appraisal Report include the following items: mileage, airfare, airport parking, auto rental, taxi fares, lodging, meals, and permits. Air travel will be arranged at the lowest available cost for direct flights. Lodging will include weekend stays if it results in a lower overall cost to the client.

### **Separate Reports:**

If the appraiser is required to issue the appraisal report to separate and/or additional parties, the client will be charged a fee of \$150.00.

### **Separation of Assets:**

If any assets need to be separated out from the main body of the appraisal report, the appraiser may require additional fees for such separate and distinct sets of reports.

### **Items not included in Appraisal:**

This report is limited to the Machinery and Equipment at the described location and does not include any land, buildings, general inventory, or lease hold improvements.

### **Grouped Items:**

Perishable tooling, inspection hand tools, machine accessories, factory supplies, minor shop equipment, selected business machines and office furnishings will be grouped, identified and evaluated in aggregate as lots.



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
02/21/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## PRODUCER

MN-01 – Burns & Wilcox, Ltd. – Minnesota  
333 South 7<sup>th</sup> Street, Suite 1300  
Minneapolis MN 55402

## INSURED

DENNIS HOFF  
1325 QUINCY ST. NE  
MINNEAPOLIS, MN 55413

## INSURERS AFFORDING COVERAGE

## NAIC #

INSURER A CERTAIN UNDERWRITERS AT LLOYDS

INSURER B

INSURER C

INSURER D

INSURER E

## COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO- <input type="checkbox"/> LOC JECT				EACH OCCURRENCE	\$
					FIRE DAMAGE (Any one fire)	\$
					MED EXP (Any one person)	\$
					PERSONAL & ADV INJURY	\$
					GENERAL AGGREGATE	\$
					PRODUCTS – COMP/OP AGG	\$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTO <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/>				COMBINED SINGLE LIMIT (Ea accident)	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE (Per accident)	\$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/>				AUTO ONLY – EA ACCIDENT	\$
					OTHER THAN EA ACC	\$
					AUTO ONLY AGG	\$
	EXCESS LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  <input type="checkbox"/> DEDUCTIBLE <input type="checkbox"/> RETENTION \$				EACH OCCURRENCE	\$
					AGGREGATE	\$
						\$
						\$
						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?  If yes describe under SPECIAL PROVISIONS below				<input type="checkbox"/> WC STATU- <input type="checkbox"/> OTH- TORY LIMITS ER	
					E L EACH ACCIDENT	\$
					E L DISEASE –EA EMPLOYEE	\$
					E L DISEASE - POLICY LIMIT	\$
A	OTHER ERRORS & OMISSIONS	LBW451612	07/29/2012	07/29/2013	EACH CLAIM	\$1,000,000
					ANNUAL AGGREGATE DISABLED-CLAIMS MADE	\$1,000,000 INCLUDED W/LIMITS

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

## CERTIFICATE HOLDER

EVIDENCE OF COVERAGE

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE