

# THE APPRAISER

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## WHERE HAVE ALL THE LENDERS GONE?

One of the most asked questions today is where can I go to get financing? The perception in the market place today is companies that are successful in getting financing are those who don't really need it.

One of the major problems is that there are not as many lenders as there were six months ago. Along with a decrease in lending sources there has been an increase in "no risk" attitude by the banks and finance companies.

The "no risk" attitude has created the demand for more and through paper work from the customer. The Enron and Anderson situation has placed more emphasis on any and all assets to be collateralized. Where once only real estate may have been used as collateral now lenders are asking for anything that may be tangible to beef up the portfolio.

There is no doubt that to obtain a loan today is much more difficult where only a short time back lenders were making loans quickly and furiously.

The fact remains that this economy has taken a toll on several lenders, thus we have seen a decline in lending sources from a year ago. Many of the lenders are now specializing in certain areas which they feel more secure with less risk.

Ironically in times where interest rates are at their lowest, and refinancing could help companies lower their overhead to survive. We see it tougher than ever for companies to refinance.



Clyde D. Batavia

## DESK TOP OPINIONS

What is a "Desk Top Opinion"? What kind of "Desk Top Opinions" are there? When to use a "Desk Top Opinion". What is the benefit of a "Desk Top Opinion"?

Today with the ever increasing requirement for more collateralization and the expensive cost of appraising there lies the "Desk Top Opinion". This is

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becoming a widely used tool for the lenders. If the situation requires all assets to be appraised and you have already had the real estate appraised, instead of requiring another appraisal for the capital assets many lenders are using a desk top opinion.

Desk top opinions are less costly for the customer as it does not require the appraiser to go on site. The definition is: a professional opinion of the appropriately defined value, expressed in terms of currency to be realized by the sale of equipment, in which the opinion is generated from list and/ or other informational materials supplied to the appraiser and evaluated without the benefit of an actual on site inspection. The opinion is not an appraisal and should not be used as an appraisal. A desktop opinion is used to determine the need for an appraisal or the scope of an appraisal.

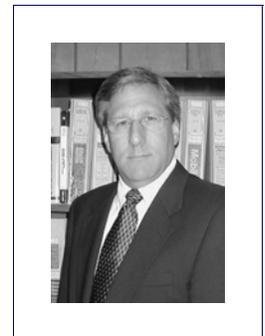
Desk top opinions are used for "fair market values", "orderly liquidation" and "forced liquidation values". It is very economical for the customer and gives the lender the information they need in making a prudent decision as to making a loan. This is also a good tool for the use in a yearly re-valuation as to the customers assets financial strength and the lenders position.

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## **THE KEY TO A STRONG PORTFOLIO**

What was a strong company twelve months ago today might be fighting for it's financial life. We have seen strong companies disappear. A strong portfolio is one that can be turned into cash quickly under the worst circumstances. Liquidity is the "Key" to strong portfolios.

Asset base lending in today's changing market place calling for ensuring proper perfection and priority of interest granted in collateral. Identifying the secured collateral properly, and more important, that the lender be knowledgeable of the liquidity in their loan portfolios.



**Mark Clar**

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Everyone up the corporate ladder today is looking for who is responsible when things go "south". In order to know where the liquidity lies in capital assets, the tool required is an "appraisal" or "desk top opinion". Either of these tools should be conducted by an accredited or certified appraiser. By using a qualified appraiser you will have the back up to support the loan.

In the past, many lenders have looked at the cash flow of companies to make loan decisions. Recently we have all seen what were thought to be strong companies; how quickly their cash disappeared, and now only the capital assets remain as collateral.