

Lenders Perspective

International Appraisal Services, LLC has graciously accepted an invitation from the National Equipment Business Builders Institute (NEBB) and The Society for Business Analysts (SBA) to submit an article from time to time in their industry newsletters.

Statement of Expertise and Resources

With over 20 years of bank lending, corporate finance and related experience as a lender and risk management expert, I provide underwriting capabilities and strong business plan writing and reviewing skills.

I have proven experience in the process of reviewing business plans, financial projections and models, and all related activities. The process includes valuation of businesses and specific assets, risk management assessment, feasibility and quality of information to analyze correctness, reliability of information, and adequacy of content in a plan.

As an experienced banker and businessman, I possess the necessary skills to evaluate the projects on a stand alone basis or on a competitive basis.

Historically, I was the senior member to evaluate funding recommendations and audit business plans for defensibility and replicability of information and information sources.

The body of knowledge will be substantially the "Lender's Perspective". We will contribute a series of articles that will address the questions and answers that an appraiser or a broker will encounter when conducting business with a lending source.

International Appraisal Services LLC is a North American Based International Appraisal and consulting firm. We do business valuations and machinery and equipment appraisals.

Today's economy is a tough road to follow, and for some, a road never driven before.

North America, much like other economies around the world is adjusting to the fast paced changes because of the recession. The fact that there are fewer jobs means that less money is getting infused into the economy. This creates a greater need for economic support from government programs, the banking system and the most important driver in the economic recovery – the small and medium sized businesses that are the backbone of the nation.

Professional Appraisers provide a critical professional service to the economic recovery.

The banking system, supported by the government stimulus package, is providing greater SBA program funding. In the American Recovery and Reinvestment Act of 2009 the program is providing \$255,000,000 of new funds for small business owners. There are many other positive implications of the new program to incentives lenders to provide more funds.

The bank lenders have opportunities to receive larger loan to value guarantees from the government and can therefore lend more funds at a lower risk to their lending portfolios.

The greatest volume of appraisal activity that we are seeing at International Appraisal Services, LLC is in the request for business valuations and machinery and equipment appraisals for SBA and commercial lending requests.

Both Business valuation and machinery and equipment appraisals, provide bank lenders with a professional value conclusion based on proven methods and approaches to value. These professional documents provide the necessary information to a lender to complete their underwriting.

Many lenders today require a third party professional appraisal for their file to support a funding recommendation.

Small businesses are being bought and sold everyday. Unfortunately, there are others that are being liquidated everyday. The services of professional appraisal are in demand.

There are many reasons a lender requires an appraisal. Some of the reasons include the following;

- **Bank Loan Financing to buy or sell a business**
- **Machinery and Equipment Financing to buy or sell new or used pieces of equipment.**
- **Businesses and pieces of businesses are being sold due to bank owned loan recovery files.**
- **Risk Management needs to understand how a professional appraiser values the business or equipment or other specific assets to either lend on them or understand what is their security position if a loan fails and becomes non-performing**
- **Expansion Financing is a great reason for a professional appraisal. Some businesses are viewing these times as a window of opportunity to grow. In these cases, a clear understanding of the value of their growth is very important to justify the new financing or purchase.**
- **Insurance Underwriters also require "an insurable value" which can often provide a banker with a degree of additional comfort on their collateral security package**

These are just a few reasons why bank lenders and other lenders have a greater need than ever to get the support of a professional appraiser.

There exist many other reasons to contract the services of an appraiser. Much of our work comes from attorneys, CPA's , Insurance Carriers, Leasing and Loan companies, small business owners.

It become so important to have a professional appraisal when conducting business.

The better the lenders can protect themselves for lending, the more good loans will be funded and the better the economy will do.

Having strong education, credentials and work experience are critical to the lending process.

We always welcome questions from the readers and service providers on any related topics.

Please address any questions in writing to

International Appraisal Services, LLC

7514 Girard Avenue

Ste 1-341

La Jolla, CA

92037

Tel: 619-228-9717

info@iaservicesllc.com

www.iaservicesllc.com

jeff.ellis@iaservicesllc.com

Respectfully,

Jeff Ellis

Jeff Ellis