

**OFFICE OF THE CHAPTER 13 TRUSTEE
CRAIG SHOPNECK, TRUSTEE**

For Cases Filed Under Chapter 13 in the United States Bankruptcy Court
For the Northern District of Ohio – Eastern Division (Cleveland)

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To: Chapter 13 Attorneys
From: Craig Shopneck, Chapter 13 Trustee
Date: Updated January 20, 2006
Re: Valuation of Debtor's Real Estate

The Chapter 13 Trustee's office regularly tests the accuracy of the scheduled market value of real estate shown in Schedule A of the Voluntary Petition. Real estate is frequently a debtor's most valuable asset and thereby often a source of equity to be considered in determining the debtor's unsecured dividend percentage required to satisfy the "best interest" test of the Bankruptcy Code. Attorneys seeking to assist clients in valuing real estate will find many sources of market value information available to them.

Though county auditor figures for "market" or "appraised" values are readily available, these values are frequently outdated and understated, and may not accurately reflect the current market value of a debtor's property. Because of this uncertainty in the reliability of county auditor values, the Trustee's office does not accept county auditor values as determinative of current market value.

Supporting documentation acceptable to the Trustee's office may include the purchase price of the debtor's property (assuming there was a recent sale). If the sales agreement is not readily available, you may find the purchase price on the public web site of the county recorders office. Cuyahoga, Geauga, Lorain and Lake counties have public accessible web sites for obtaining this information.

Other acceptable documentation would be the recent sales prices of comparable properties located in the neighborhood of the debtor's property. Again, a search of the county records via the county's web site may provide this information. In addition, many Internet sites offer free access to information on real estate located throughout the country. One commonly used site is <http://realestate.yahoo.com>. By entering the address of the debtor's property, the web site will search out recent nearby property sales and provide information such as sales price, distance to debtor's property, and other comparable information such as square footage, year built, lot size, number of bedrooms, etc.

An effective and possibly more accurate method is to obtain an appraisal by a certified

independent appraiser. Prices for this service often range from \$300 to \$400 for a single-family home.

There is no single definitive test that will conclusively establish the value of a debtor's real estate. All factors, including sale price, auditor's value, recent sales of comparable properties, and factors unique to a specific parcel of real estate must be considered when determining the value of real estate.

Please feel free to contact me if you have any questions.