

Chapter 13 Appraisal Services – Scope of Work

US Bankruptcy Court – Western District of Kentucky

Purpose of Chapter 13 Appraisal Services

- The purpose of the Chapter 13 Appraisal Services is to establish a uniform and consistent appraisal process to be used in assisting in the timely, cost-effective settlement of the estates of Chapter 13 debtors residing in the Western District of Kentucky.
- For such purposes, the standard of value shall be Replacement Value as defined by Title 11 of the United States Code Section 506(a) (2006)

Intended Users

- Intended users of the Chapter 13 Appraisal Services are specific parties involved in the settlement of estates of Chapter 13 debtors residing in the Western District of Kentucky. Such intended users, as designated by the US Bankruptcy Court – Western District of Kentucky are the applicable Bankruptcy Judges and the Chapter 13 Bankruptcy Trustee.

Scope of Work

- The Scope of Work for the Chapter 13 Appraisal Services for the US Bankruptcy Court – Western District of Kentucky is defined by the following terms:
 - Chapter 13 Appraisal Services will consist of conducting Personal Property Appraisals for the following types of assets:
 - Personal Use Items
 - Household Goods and Furnishings
 - Vehicles (Automobiles, Trucks, SUV, Motorcycles, etc ...)
 - Tools, Machinery and Equipment
 - Mobile Homes
 - Recreational Items (RVs, Boats, ATVs, Sports Equipment, etc ...)
 - Firearms
 - Office Equipment, Furnishings and Supplies
 - Farming Equipment, Implements and Livestock
 - All other identifiable, tangible, non-real property interest owned by estates of Chapter 13 debtors residing in the Western District of Kentucky

- All Chapter 13 Appraisal Services shall be performed by a competent, independent court-appointed appraiser. Such court-appointed appraiser shall be by appointment from the US Bankruptcy Court – Western District of Kentucky via Administrative Order.
- All Chapter 13 Appraisal Services shall use a consistent appraisal methodology for similar personal property assets across all Chapter 13 cases filed in the Western District of Kentucky.
- The court-appointed appraiser shall diligently attempt to personally observe all applicable assets for each assigned Chapter 13 Bankruptcy estate in the Western District of Kentucky. In the event a particular asset cannot be observed, such will be documented by the court-appointed appraiser.
- The date of value shall be as of the filing date of the applicable Chapter 13 bankruptcy petition filed by or on-behalf of the applicable Chapter 13 debtor residing in the Western District of Kentucky. Unless otherwise noted, all assets are assumed to be in the same condition on the asset observation date as of the filing date of the applicable bankruptcy petition.
- The court-appointed appraiser shall consider the Cost, Income & Sales Comparison Approaches to reconcile value.
- However, due to the overall purpose and intent of the Chapter 13 Appraisal Services the Cost Approach and the Income Approach may not be used within the court-appointed appraiser's valuation analysis.
- Furthermore, due to the overall preponderance of market data available for personal property the Sales Comparison approach shall be used within the court-appointed appraiser's valuation analysis. The Sales Comparison approach shall indicate the prevailing industry trends for the subject property and ultimately yields an indication of value by comparing what similar assets have sold for, or what similar assets are available for sale. Considerations shall be made for the type of sale, conditions of sale, market trends, as well as subject specific comparisons, such as age and condition.
- Mobile homes shall be classified as personal property and as such shall be appraised using the National Appraisal System (NAS) in conjunction with the NADAguides Manufacturing Housing CONNECT.
- The type of appraisal services provided shall be a USPAP (Uniform Standards of Professional Appraisal Practice) Compliant Appraisal, with a report format as a Limited Restricted Report identified as an Appraisal Summary Worksheet submitted electronically using the Federal Judiciary's case management system known as CM/ECF.

- All Appraisal Summary Worksheets shall be submitted by the court-appointed appraiser no later than 7 days prior to the applicable scheduled 341 Meeting of Creditors date.
- In the event an Appraisal Summary Worksheet cannot be completed for a case before the aforementioned deadline, the court-appointed appraiser shall electronically submit a Return Letter via the CM/ECF case management system. The Return Letter shall provide an explanation regarding why the applicable Appraisal Summary Worksheet was not completed. Such Return Letters shall be submitted no later than 7 days prior to the applicable scheduled 341 Meeting of Creditors date.
- The court-appointed appraiser may be required to provide additional information and / or give testimony in-connection with Chapter 13 Appraisal Services provided.

Standard of Value

The standard of value for the Chapter 13 Appraisal Services provided shall be determined in light of the purpose of valuation. Thus, as previously discussed herein, the standard of value shall be Replacement Value as defined by Title 11 of the United States Code Section 506(a) (2006):

REPLACEMENT VALUE - the price a retail merchant would charge for property of like kind considering the age and condition of the property at the time value is determined.

USPAP Compliance

The Chapter 13 Appraisal Services provided shall comply with all current regulations of USPAP (Uniform Standards of Professional Appraisal Practice) as promulgated by the Appraisal Foundation. As previously discussed the type of appraisal service requested and provided herein has been identified as a USPAP Compliant Appraisal, with a report format as a Limited Restricted Report identified as an Appraisal Summary Worksheet.

Within a Limited Restricted Report, only the results of the court-appointed appraiser's research and analysis will be reported on the Appraisal Summary Worksheet. However, all supporting data shall be contained within the court-appointed appraiser's applicable appraisal work file.

Throughout the course of providing the Chapter 13 Appraisal Services the court-appointed appraiser shall make several assumptions to allow for the appraisal process to continue, none of which are atypical or unrealistic. Such assumptions include, but are not limited to:

- Data received from debtors is correct and is a true representation of subject assets

- Where available, assets shall be appraised based on reported Age and Condition.
- Estimated values shall reflect current market conditions and are not representative of future changes in market, either positive or negative

Furthermore, the Chapter 13 Appraisal Services shall be subject to the following limiting conditions:

STATEMENT OF LIMITING CONDITIONS

1. The delivery of the applicable Appraisal Summary Worksheet by the court-appointed appraiser shall constitute fulfillment as the court-appointed appraiser for the applicable Chapter 13 estate within the US Bankruptcy Court – Western District of Kentucky.
2. No investigation will be made into the title to the property listed within the applicable Appraisal Summary Worksheet and all items listed are assumed to be the property of the applicable Chapter 13 estate, unless otherwise noted. No allowance is made for possible liens or encumbrances which may be against the listed property, unless otherwise noted.
3. The appraised property shall be personally viewed by the court-appointed appraiser unless otherwise stated. In most cases items will be itemized although in certain cases items will be listed in a group estimate. This will be done in value areas that require general descriptions for applications elsewhere, or in areas where difficulty of access for total description would require additional time not justified by the items being valued. Also, certain instances not only justify, but actually mandate, items being grouped when it would be illogical to list them separately.
4. Descriptions of items made as part of the appraisals shall be correct to the best ability of the court-appointed appraiser. Any errors or omissions would be unintentional and should not affect the value assignment. Descriptions are made with the attempt of allowing reasonable identification although it may not allow specific item identification in all cases. Examples of this would be in such areas as cabinets, tables, chairs, shelving, racking, hand tools and equipment un-serialized, located such that they could not be viewed, or without justification for serial number search due to associated value and/or time considerations. In some cases, identification numbers are not located, could not be located or were not visible.
5. The valuation concepts used in this report have been chosen by the US Bankruptcy Court – Western District of Kentucky and should not be considered a recommendation by the court-appointed 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 services are purchased in order to allow an opinion of value under an assumed set of circumstances, as requested and mutually agreed upon

by the US Bankruptcy Court – Western District of Kentucky and the court-appointed appraiser

6. Neither the court-appointed appraiser nor any officer of the related appraisal firm shall have any financial interest in the appraised property.
7. The fees for the Chapter 13 Appraisal Services are set and authorized by the US Bankruptcy Court – Western District of Kentucky via Administrative Order. Such Fees are classified as Administrative Priority Claims and shall be paid as such from each applicable debtor's Chapter 13 Plan. In the event a case is dismissed prior to the payment of the appraisal fee, the court-appointed appraiser shall not be paid and shall not have any future claim against the debtor for such fees outside of the bankruptcy process. However, if such case is reinstated the court-appointed appraiser's fee shall be reinstated and paid accordingly. Additionally, the court-appointed appraiser shall be exempt from all fees related to accessing the Public Access to Court Electronic Records (PACER) during the normal course of business while performing Chapter 13 Appraisal Services for the US Bankruptcy Court – Western District of Kentucky. Such access to PACER shall be limited to bankruptcy cases within the Western District of Kentucky.
8. The court-appointed appraiser's appraisal fees shall not be contingent upon values reported.
9. The court-appointed appraiser reserves the right to recall all copies of their reports to correct any omissions or errors. In the event of such recall, the court-appointed appraiser shall issue an Amended Appraisal Summary Worksheet reflecting the corrected omissions or errors.
10. The Chapter 13 Appraisal Services provided shall conform to USPAP (Uniform Standards of Professional Appraisal Practice) as promulgated by the Appraisal Foundation.