Valuing assets in Bankruptcy

It is important to value assets accurately when disclosing those assets in a bankruptcy case.

This podcast will go through some general methods/issues of finding values on property to protect your client and your practice.

Personal Property

1) Don’t use a uniform number for the value of any asset.
2) The standard is not necessarily garage sale value.
   a. According to the federal instructions to file out the bankruptcy forms (Official Form 106 A/B)
      i. “Current value is sometimes called fair market value and, for this form, is the fair market value as of the date of the filing of the petition. Current value is how much the property is worth, which may be more or less than when you purchased the property.”
      ii. “In certain categories, current value may be difficult to figure out. When you cannot find the value from a reputable source (such as a pricing guide for your car), estimate the value and be prepared to explain how you determined it.”
   b. You need to translate this standard to your client.
      i. Goodwill/Salvation Army standard.
3) Sources for information
   a. NADA, KBB etc.
   b. Visit Goodwill/Salvation Army and look for comparibles
   c. Visit a dealer in the type of property you are concerned about:
      i. Art dealer
      ii. Specialized vehicles (cars with aftermarket modifications, trailers etc.)
      iii. Pawn shop
   d. Trustee auctioneer
4) Untrustworthy/inaccurate sources
   a. Insurance estimate (jewelry)
   b. Friends or family
   c. Ebay
5) If repairs are needed to a piece of property (usually cars) get an estimate from an outside mechanic.
6) Make detailed description of the value of the item
   a. “Good for hunting”

Real Estate

1) County tax records
2) Past appraisals
3) Online value estimators
4) Appraisal
5) CMA