

The Trial of *Smith v. Big Bank* (To Strip a Second Lien)

Chief Judge Phillip J. Shefferly
Moderator

U.S. Bankruptcy Court (E.D. Mich.); Detroit

Thomas W. Cranmer

Miller Canfield PLC; Troy, Mich.

Kimberly M. Lubinski

Butler, Butler & Rowse-Oberle, P.L.L.C.; St. Clair Shores, Mich.

Thomas G. McNeil

Dickinson Wright PLLC; Detroit

Kim M. Rattet

Trott & Trott, PC; Farmington Hills, Mich.



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**The Trial of Tom and Mary Smith v. Big Bank
(To Strip a Second Lien)**

**Attorney for Debtors, Tom and Mary Smith: Tom McNeill
Attorney for Creditor, Big Bank: Tom Cranmer
Debtors' Appraiser: Louise Lasser, played by: Kim Lubinski
Creditor's Appraiser, Mary Kay Place, played by: Kim Rattet
Presiding Judge: Hon. Phillip J. Shefferly**

**Summary of Facts for
Tom and Mary Smith v. Big Bank**

Tom and Mary Smith own a home located at 1976 Willard Avenue, Fernwood, Michigan. It is a one story vinyl Cape Cod style home built in 1991 on three acres. It is a four bedroom, 2 bathroom, 1,720 square foot home, with a one car attached garage. The home is on a very busy road.

In March, 2003, the Smiths took out a first mortgage from First Bank of Fernwood in the amount of \$126,000.00. The first mortgage was promptly recorded with the register of deeds in Fernwood.

Tom worked at the local automobile assembly plant. As his income continued to increase, and as the value of their home continued to appreciate, the Smiths decided to take out a second mortgage on the home. Part of their motivation was that they wanted some extra money to pay for some luxury items to keep up with their neighbors, Charlie and Loretta Haggars. The Haggars were doing quite well as Loretta's career as a country singer was really taking off. In August, 2006, the Smiths took out a second mortgage from Big Bank in the amount of \$60,000.00. Big Bank promptly recorded its mortgage with the register of deeds in Fernwood.

Life was good in Fernwood, for a while. Unfortunately, after the automobile industry crisis in 2008, Tom's hours at the local assembly plant were cut drastically. Although they tried their best to keep up on their payments on both of their mortgages, the Smiths fell behind. Meanwhile, the value of their home dropped dramatically after the housing bubble in Fernwood burst.

On February 1, 2012, the Smiths filed a Chapter 13 bankruptcy petition. On the date of their petition, the Smiths had an outstanding balance owing on their first mortgage to First Bank

of Fernwood in the amount of \$108,500.00. On the date they filed their bankruptcy petition, the Smiths owed \$61,000.00 on their second mortgage to Big Bank. There are no other liens on the property.

Shortly after filing their Chapter 13 petition, the Smiths filed a complaint against Big Bank seeking to “strip” the Big Bank second mortgage from their home. The complaint alleged that § 506(a) of the Bankruptcy Code permits the Smiths to strip the second mortgage from their home and have Big Bank’s claim treated solely as an unsecured claim in their Chapter 13 bankruptcy case because the value of their home is less than the outstanding balance owing on their first mortgage to First Bank of Fernwood. In support of their complaint, the Smiths attached an appraisal that they had obtained from Louise Lasser, one of Fernwood’s finest residential appraisers. Ms. Lasser’s appraisal valued the Smiths’ home at \$104,500.00. Ms. Lasser’s appraisal was dated January 15, 2012.

Big Bank vigorously defended the complaint, hiring the most prestigious silk stocking law firm in Fernwood, and hiring one of the top corporate appraisers in Fernwood, Mary Kay Place. Ms. Place performed her own appraisal, dated April 7, 2012, which valued the Smiths’ home at \$130,000.00.

The adversary proceeding is now ready for trial. The pivotal issue is the value of the Smiths’ home. In order for Mr. and Mrs. Smith to be successful at trial, they must prove that the second mortgage held by Big Bank is completely unsecured. In other words, they must prove that the value of their home does not exceed, by even \$1.00, the outstanding balance of \$108,500.00 owed by them on their first mortgage to First Bank of Fernwood.

DEBTORS' EXHIBIT 1

Resume of appraiser, Louise Lasser

Resume of Louise Lasser

Education:

Bachelor of Fine Arts degree, Fernwood University, 1977

Professional affiliations:

Residential Appraiser Institute

Advocates for Affordable Homes Agency

Certifications:

Licensed real estate broker, State of Michigan

Certified residential home real estate appraiser

Employment experience:

1977-1994, Real Estate One, residential home sales, Fernwood, Michigan

1994-2012, Owner and managing member, Louise Lasser, LLC, offering residential real estate sales, brokerage services and appraisals for homeowners, Fernwood, Michigan

Publications:

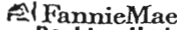
“Reaching the Right Result,” The Residential Report, 2005

“New Methodologies for Devaluing Residential Properties in Michigan” The Fernwood Bankruptcy Journal, 2009

Awards:

Lifetime achievement award, Fernwood Consumer Bankruptcy Association, 2011

DEBTORS' EXHIBIT 2
Appraisal by Louise Lasser



Desktop Underwriter Quantitative Analysis Appraisal Report

File No.

THIS SUMMARY APPRAISAL REPORT IS INTENDED FOR USE BY THE LENDER/CLIENT FOR A MORTGAGE FINANCE TRANSACTION ONLY.

Property Address: 1976 WILLARD AVE City: FERNWOOD State: MI Zip Code: _____

Legal Description: Lengthy Metes & Bounds County: _____

Assessor's Parcel No: 5802-005-043-00 and 5802-005-042-00 Tax Year 2011 R.E. Taxes \$ 1,948 Special Assessments \$ 0

Borrower: TIM & MARY SMITH Current Owner: THE SMITHS Occupant: Owner Tenant Vacant

Neighborhood or Project Name: _____ Project Type: PUD Condominium HOA \$ _____ /Mo.

Sales Price \$ _____ Date of Sale _____ Description / \$ amount of loan charges/concessions to be paid by seller _____

Property rights appraised: Fee Simple Leasehold Map Reference: 33780 Census Tract: 26115-8331-00

Note: Race and the racial composition of the neighborhood are not appraisal factors.

Location: Urban Suburban Rural Property values: Increasing Stable Declining

Built up: Over 75% 25-75% Under 25% Demand/supply: Shortage In balance Over supply

Growth rate: Rapid Stable Slow Marketing time: Under 3 mos. 3-6 mos. Over 6 mos.

Neighborhood boundaries: To the North by Rauch Road, to the East by Lewis Avenue, to the South by Temperance Road, and to the West by Seor Road.

Dimensions: 175.0' x 760.0' Site area: 3.05 Acres Shape: Rectangular

Specific zoning classification and description: AG - Agricultural

Zoning compliance: Legal Legal nonconforming (Grandfathered use) Illegal, attach description No zoning

Highest and best use of subject property as improved (or as proposed per plans and specifications): Present use Other use, attach description.

Utilities: Public Other _____ Public Other _____ Off-site Improvements: Type _____ Public _____ Private _____

Electricity: _____ Water: Well _____ Street: Concrete _____ Alley: _____

Gas: Sanitary sewer: Septic _____

Are there any apparent adverse site conditions (assessments, encroachments, special assessments, slide areas, etc.): Yes No If Yes, attach description.

Source(s) used for physical characteristics of property: Interior and exterior inspection Exterior inspection from street Previous appraisal files

M/S Assessment and tax records Prior inspection Property owner Other (Describe): _____

No. of Stories: 2 Type (Det/Apt): Det. Exterior Walls: Frame/Vinyl Roof Surface: Asp. Shingle Manufactured Housing: Yes No

Does the property generally conform to the neighborhood in terms of style, condition and construction materials?: Yes No If No, attach description.

Are there any apparent physical deficiencies or conditions that would affect the soundness or structural integrity of the improvements or the feasibility of the property? Yes No If Yes, attach description.

Are there any apparent adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property? Yes No If Yes, attach description.

I researched the subject market area for comparable listings and sales that are the most similar and proximate to the subject property.

My research revealed a total of 9 sales ranging in sales price from \$ 109,900 to \$ 149,900.

My research revealed a total of 19 listings ranging in list price from \$ 90,000 to \$ 147,500.

The analysis of the comparable sales below reflects market reaction to significant variations between the sales and the subject property.

Feature Subject SALE 1 SALE 2 SALE 3

Address: 1976 WILLARD FERNWOOD MI 48182 1636 W Dean Rd FERNWOOD MI 48182 7006 Doucise Rd FERNWOOD MI 48144 1119 Filits Dr FERNWOOD MI 48182

Proximity to Subject: _____ 3.27 miles SE _____ 4.53 miles S _____ 3.55 miles SE

Sales Price: \$ _____ 118,500 \$ _____ 98,000 \$ _____ 118,500

Price/Gross Living Area: \$ _____ 64.85 \$ _____ 60.09 \$ _____ 78.37

Data & Verification Sources: #3433840 #3433937 #3434141

VALUE ADJUSTMENTS DESCRIPTION DESCRIPTION +/- Adjust. DESCRIPTION +/- Adjust. DESCRIPTION +/- Adjust.

Sales or Financing Concessions: FHA Terms Seller Concess. -7,100 FHA Terms Seller Concess. -5,880 Conv. Terms None

Date of Sale/Time: 1/5/12 12/18/2011 11/23/2011 -2,370

Location: Ave./Rural Resid. Ave./Rural Resid. -5,900 Ave./Resid/Traffic Ave./Rural Resid. -5,800

Site: 3.05 Acres 2 Acres +/- +2,000 52' x 2067' Ave +8,000 60' x 1977' Ave +8,000

View: Resid./Farmland Resid./Farmland Ave. Resid. Ave. Resid. -5,800

Design (Style): Vinyl/Cape Cod Brick/Ranch -7,000 Vinyl/Cape Cod Vinyl/Cape Cod

Actual Age (Yrs.): 22 Years 50 Years +8,400 22 Years 22 Years

Condition: Average to Good Average to Good Good -5,000 Good -5,000

Above Grade: Total: Bdrms: Baths Total: Bdrms: Baths Total: Bdrms: Baths

Room Count: 6 4 2 8 4 2 7 3 2 6 4 2

Gross Living Area: 1,720 Sq. Ft. 1,827 Sq. Ft. -2,800 1,631 Sq. Ft. +2,300 1,512 Sq. Ft. +5,400

Basement & Finished: Crawl Space Crawl Space Crawl Space Crawl Space Crawl Space

Rooms Below Grade: N/A N/A N/A N/A N/A

Garage/Carport: 1 Car Att. 2 Car Det. -3,000 1 Car Att/2 Det. -5,000 2.5 Car Det. -4,500

Heat/Cool: FWA/C.Air HW Bdrd/None +2,000 FWA/C.Air FWA/C.Air

Miscellaneous: KIL Btl-ins/Porches KIL Btl-ins/Porches KIL Btl-ins/Porches KIL Btl-ins/Porches KIL Btl-ins/Porches

Net Adj. (total): + - : \$ -13,400 + - : \$ -5,580 + - : \$ -4,370

Adjusted Sales Price of Comparables: \$ _____ 105,100 \$ _____ 92,420 \$ _____ 114,130

Date of Prior Sale: N/A No Sale in Past 3 years. No Sale in Past 3 years. No Sale in Past 3 years.

Price of Prior Sale: \$ _____ \$ _____ \$ _____

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of the prior sales of subject and comparables: The subject has not been listed for sale in the past 3 years. All 3 sales used have not been sold in the past 3 years other than indicated.

Summary of sales comparison and value conclusion: Due to the economic conditions in the area, locating good recent sales of homes similar in size, age and condition to the subject, that were not short sales or foreclosed homes is difficult. Sale #1 is the most recent sale and is a slightly larger older home. Sale #2 is most similar in size and age but is superior in condition and is located on a smaller lot also has an additional 2 car garage. Sale #3 is similar in age and is superior in condition, but is a smaller home on a smaller lot.

Due to the market conditions in the area value is taken from the middle to lower end of the range.

This appraisal is made "as-is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, or subject to the following repairs, alterations or conditions _____

BASED ON AN EXTERIOR INSPECTION FROM THE STREET OR AN INTERIOR AND EXTERIOR INSPECTION, I ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT TO BE \$ 104,500 , AS OF 01/18/2012

PAGE 1 OF 3 Fannie Mae Form 2055 9-96

DETROIT CONSUMER BANKRUPTCY CONFERENCE 2013

Desktop Underwriter Quantitative Analysis Appraisal Report

File No. _____

Project Information for PUDs (if applicable) -- is the developer/builder in control of the Home Owners' Association (HOA)? Yes No
 Provide the following information for PUDs only if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit:
 Total number of phases _____ Total number of units _____ Total number of units sold _____
 Total number of units rented _____ Total number of units for sale _____ Data Source(s) _____
 Was the project created by the conversion of existing buildings into a PUD? Yes No If yes, date of conversion: _____
 Does the project contain any multi-dwelling units? Yes No Data Source: _____
 Are the common elements completed? Yes No If No, describe status of completion: _____
 Are any common elements leased to or by the Home Owners' Association? Yes No If yes, attach addendum describing rental terms and options.
 Describe common elements and recreational facilities: _____

Project Information for Condominiums (if applicable) -- is the developer/builder in control of the Home Owners' Association (HOA)? Yes No
 Provide the following information for all Condominium Projects:
 Total number of phases _____ Total number of units _____ Total number of units sold _____
 Total number of units rented _____ Total number of units for sale _____ Data Source(s) _____
 Was the project created by the conversion of existing buildings into a condominium? Yes No If yes, date of conversion: _____
 Project Type: Primary Residence Second Home or Recreational Row or Townhouse Garden Midrise Highrise
 Condition of the project, quality of construction, unit mix, etc.: _____
 Are the common elements completed? Yes No If No, describe status of completion: _____
 Are any common elements leased to or by the Home Owners' Association? Yes No If yes, attach addendum describing rental terms and options.
 Describe common elements and recreational facilities: _____

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report based on a quantitative sales comparison analysis for use in a mortgage finance transaction.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.
 * Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

- CONTINGENT AND LIMITING CONDITIONS:** The appraiser's certification that appears in the appraisal report is subject to the following conditions:
1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
 2. The appraiser has provided any required sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
 3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
 4. The appraiser has noted in the appraisal report any adverse conditions (such as, but not limited to, needed repairs, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
 5. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
 6. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
 7. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower, the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the report to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
 8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.
 9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

AMERICAN BANKRUPTCY INSTITUTE

Desktop Underwriter Quantitative Analysis Appraisal Report

File No. _____

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I performed this appraisal by (1) personally inspecting from the street the subject property and neighborhood and each of the comparable sales (unless I have otherwise indicated in this report that I also inspected the interior of the subject property); (2) collecting, confirming, and analyzing data from reliable public and/or private sources; and (3) reporting the results of my inspection and analysis in this summary appraisal report. I further certify that I have adequate information about the physical characteristics of the subject property and the comparable sales to develop this appraisal.
2. I have researched and analyzed the comparable sales and offerings/listings in the subject market area and have reported the comparable sales in this report that are the best available for the subject property. I further certify that adequate comparable market data exists in the general market area to develop a reliable sales comparison analysis for the subject property.
3. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware, have considered these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them, and have commented about the effect of the adverse conditions on the marketability of the subject property. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
4. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
5. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
6. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
7. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
8. I estimated the market value of the real property that is the subject of this report based on the sales comparison approach to value. I further certify that I considered the cost and income approaches to value, but, through mutual agreement with the client, did not develop them, unless I have noted otherwise in this report.
9. I performed this appraisal as a limited appraisal, subject to the Departure Provision of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of the appraisal (unless I have otherwise indicated in this report that the appraisal is a complete appraisal, in which case, the Departure Provision does not apply).
10. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value. The exposure time associated with the estimate of market value for the subject property is consistent with the marketing time noted in the Neighborhood section of this report. The marketing period concluded for the subject property at the estimated market value is also consistent with the marketing time noted in the Neighborhood section.
11. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. I further certify that no one provided significant professional assistance to me in the development of this appraisal.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have examined the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 5 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

<p>APPRAISER: <u> Louise Lasser </u></p> <p>Signature: _____ Name: <u> LOUISE LASSER </u> Company Name: _____ Company Address: _____ 48117</p> <p>Date of Report/Signature: <u> January 22, 2012 </u> State Certification #: _____ or State License #: _____ State: <u> MI </u> Expiration Date of Certification or License: <u> 07/31/2012 </u></p>	<p>SUPERVISORY APPRAISER (ONLY IF REQUIRED):</p> <p>Signature: _____ Name: _____ Company Name: _____ Company Address: _____</p> <p>Date of Report/Signature: _____ State Certification #: _____ or State License #: _____ State: _____ Expiration Date of Certification or License: _____</p>
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<p>ADDRESS OF PROPERTY APPRAISED:</p> <p style="text-align: center;"><u> MI 48182 </u></p> <p>APPRAISED VALUE OF SUBJECT PROPERTY \$ <u> 104,500 </u> EFFECTIVE DATE OF APPRAISAL/INSPECTION <u> 01/18/2012 </u></p> <p>LENDER/CLIENT: Name: _____ Company Name: _____ Company Address: _____</p>	<p>SUPERVISORY APPRAISER:</p> <p>SUBJECT PROPERTY</p> <p><input type="checkbox"/> Did not inspect subject property <input type="checkbox"/> Did inspect exterior of subject property from street <input type="checkbox"/> Did inspect interior and exterior of subject property</p> <p>COMPARABLE SALES</p> <p><input type="checkbox"/> Did not inspect exterior of comparable sales from street <input type="checkbox"/> Did inspect exterior of comparable sales from street</p>
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Summary of Deposition Testimony of Louise Lasser, Debtors' Appraiser

Ms. Lasser testified that she inspected the Smiths' home on one occasion, both outside and inside. She spent about 30 minutes altogether. Ms. Lasser described it as being in average to poor condition, and located on a very high traffic road that is in very bad shape. After inspecting the Smiths' home, Ms. Lasser then looked to find sales of comparable homes in the vicinity to ascertain a value for the Smiths' home. Ms. Lasser explained that when she looks at a sale of a comparable property, she makes an upward or a downward adjustment, depending upon how the comparable property compares to the subject property. If the comparable property has some attribute that is better than the subject property, Ms. Lasser makes a downward adjustment to the sales price of the comparable property. For example, if the comparable property is in better condition than the subject property, she makes a downward adjustment to the sales price that was paid for the comparable property. By the same token, if there is some attribute about the comparable property that is not as attractive as the subject property, she makes an upward adjustment to the price of the sales comparable property.

Ms. Lasser testified that she looked at three different comparable properties that were recently sold. The first of them was a home located at 1636 W. Dean Road that sold for \$118,500.00. Ms. Lasser then made several upward adjustments and downward adjustments to the sales price. She adjusted the sales price downward by \$7,100.00 to reflect the fact that the sale of the Dean property involved the sellers making a concession by paying \$7,100.00 of closing costs for the purchasers to obtain FHA financing. She also adjusted the sales price downward by \$5,900.00 because the Dean property was in a better location, on a less busy road than the Smiths' home. Similarly, she adjusted the price downward by \$7,000.00 because the Dean property is an all brick property, whereas the Smiths' home is a vinyl home. On the other

hand, Ms. Lasser adjusted the sales price for the Dean property upward by \$8,400.00 because it is a much older home than the Smiths' home. There were other upward and downward adjustments made as well. After making these adjustments, Ms. Lasser testified that the adjusted sales price of the Dean property was \$105,100.00.

The second sales comparable property described by Ms. Lasser was at 7006 Douglas Road, which sold for \$98,000.00 on December 16, 2011. Once again, Ms. Lasser made an adjustment downward of \$5,880.00 because of the seller's agreement to pay for the purchasers to obtain FHA financing for their purchase. Ms. Lasser testified that the Douglas property was similar in design to the Smiths' home, but was in much better condition. Like the Smiths' property, it had an attached 1 car garage. However, it also had an extra detached 2 car garage, for a total of 3 cars. As a result, Ms. Lasser made another downward adjustment of \$5,000.00. Because the Douglas property was on a much smaller lot than the Smiths' home, Ms. Lasser made an \$8,000.00 upward adjustment to the sales price. Similarly, because the square footage of the Douglas property was smaller than the square footage of the Smiths' home, Ms. Lasser made another upward adjustment of \$2,300.00. There were other adjustments too. After making all of her upward and downward adjustments, Ms. Lasser testified to an adjusted sales price of the Douglas home of \$92,420.00.

The third comparable that Ms. Lasser looked at was the sale of 1119 Feltis Drive for \$118,500.00 on November 23, 2011. Ms. Lasser testified that she made a downward adjustment of \$2,370.00 because the market in the area was changing since this sale took place on November 23, 2011. Ms. Lasser also made a downward adjustment of \$5,900.00 to reflect the fact that the Feltis property was in a much better location and not located on a busy road. However, because the size of the Feltis property was so much smaller than the Smiths' home,

Ms. Lasser made an \$8,000.00 upward adjustment. Ms. Lasser adjusted the sales price downward by \$5,000.00 because the Feltis property was in better condition than the Smiths' property. She then made a couple of other adjustments to reflect the fact that the Feltis home was a smaller home, but it did have an extra 2-1/2 car detached garage. After making all of her adjustments, both upward and downward, Ms. Lasser arrived at an adjusted sales price of \$114,130.00.

Out of any of the three sales comparables, Ms. Lasser testified that the Feltis property is probably most comparable to the Smiths' home in size and age. However, the Douglas property is similar in one very important respect in that it sits on a very busy road with a less attractive location. Ms. Lasser also testified that she personally inspected each of the three sales comparables described in her appraisal, and that she spoke with each of the brokers who handled the sales for them to verify the information she found in the multilist. Finally, Ms. Lasser testified that she averaged all of her sales comparables to arrive at the value of the Smiths' home.

BANK'S EXHIBIT A

Resume of appraiser, Mary Kay Place

Resume of Mary Kay Place

Education:

Bachelor of Business degree, Fernwood University, 1977

Professional affiliations:

Fernwood Chamber of Commerce

Fernwood Bankers Association

Certifications:

Licensed real estate broker, State of Michigan

Certified residential home real estate appraiser

Employment experience:

1997-2002, Special Assets Group Manager for First Bank of Fernwood

2003-present, Owner and manager of Mary Kay Place Properties Group, offering commercial and residential real estate valuations and other related services to businesses and individuals, Fernwood, Michigan

Publications:

“What Housing Bubble?,” Megabank Journal, 2010

“Rising Fast: Hot Properties in Fernwood,” The Fernwood Financier, 2012

Awards:

Lifetime achievement award, Mortgage Lenders Trial Lawyers Association, 2012

BANK'S EXHIBIT B
Appraisal by Mary Kay Place

DETROIT CONSUMER BANKRUPTCY CONFERENCE 2013

Fannie Mae Desktop Underwriter Quantitative Analysis Appraisal Report

THIS SUMMARY APPRAISAL REPORT IS INTENDED FOR USE BY THE LENDER'S SERVING AS A MORTGAGE FINANCE TRANSACTION ONLY. File No.:

Property Address: **1976 WILLARD** City: **FERNWOOD** State: **MI** Zip Code: _____
 Legal Description: See Attached Addendum
 Assessor's Parcel No. **02-1MK-043-00 & 02-005-042-00** Year: **2011** R.E. Taxes \$ **1,948.89** Special Assessments \$ **0**
 Borrower: **TIM & MARY SMITH** Current Owner: **SMITHS** Project Type: **1** / **POD** Occupant: Owner Tenant Vacant
 Neighborhood or Project Name: _____ HOAs: _____

Sales Price \$ **N/A** Date of Sale **N/A** Description's amount of less charges/concessions to be paid by seller **N/A**
 Note: Race and the racial composition of the neighborhood are not appraisal factors. Census tract: **331.00**

Location: Urban Suburban Rural
 Built up: Over 75% 25-75% Under 25%
 Growth rate: Rapid Stable Slow
 Property values: Increasing Stable Declining
 Demand/Supply: Shortage In balance Over supply
 Marketing time: Under 3 mos. 3-6 mos. Over 6 mos.
 Neighborhood boundaries: The subject's neighborhood boundaries are Rauch Rd. to the North, State Line Rd. to the South, Telegraph Rd. to the East, Whitford Center Rd. to the West.
 Dimensions: See Attached Legal Description. Site area **3.05 +/- Acres**
 Specific zoning classification and description: **AG - Agricultural**
 Zoning compliance: Legal Legal nonconforming (Grandfathered use) Illegal, attach description No zoning
 Highest and best use of subject property as improved (or as proposed per plans and specifications): Present use Other use, attach description.
 Utilities: Public Other Water Public Well Other Off-site improvements Type: Public Private
 Electricity: Gas: Sanitary sewer: Septic: Street: **Asphalt** Alley: **None**

Are there any apparent adverse site conditions (sewerage, encroachments, special assessments, side areas, etc.)? Yes No If Yes, attach description. See Add'n.
 Source(s) used for physical characteristics of property: Interior and exterior inspection Exterior inspection from street Previous appraisal files
 MLS Assessment and tax records Prior inspection Property owner Other (Describe): _____
 No. of Stories: **1.5** Type: (Det./Apt.) **Detached** Exterior Walls: **Wood/ Vinyl-Avg** Roof Surface: **Asphalt-Avg** Manufactured Housing: Yes No
 Does the property generally conform to the neighborhood in terms of style, condition, and construction materials? Yes No If No, attach description.
 Are there any apparent physical deficiencies or conditions that would affect the soundness or structural integrity of the improvements or the livability of the property?
 Yes No If Yes, attach description. See Attached Addendum.
 Are there any apparent adverse environmental conditions (hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property?
 Yes No If Yes, attach description. See Attached Addendum.

I researched the subject market area for comparable listings and sales that are the most similar and proximate to the subject property.
 My research revealed a total of **10** sales ranging in sales price from \$ **98,000** to \$ **185,000**.
 My research revealed a total of **6** listings ranging in list price from \$ **129,000** to \$ **184,900**.
 The analysis of the comparable sales below reflects market reaction to significant variations between the sales and the subject property.

FEATURE	SUBJECT	SALE 1	SALE 2	SALE 3
Address	1976 WILLARD FERNWOOD, MI 48182	7006 Douglas Rd FERNWOOD, MI 48144	1119 Feltis Rd FERNWOOD, MI 48182	2019 W Samaria Rd FERNWOOD, MI 48182
Proximity to Subject		4.64 miles S	3.65 miles SE	0.04 miles E
Sales Price	N/A	98,000	118,500	133,000
Price/Gross Liv. Area	0.00	60.09	78.37	85.75
Data & Verif. Sources		MCAR ML# 3433837 / DOM: 101 / LP: 3100,900	MCAR ML# 3434141 / DOM: 67 / LP: 3110,800	MCAR ML# 3431988 / DOM: 172 / LP: 3144,800
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or Financing Concessions	FHA Financing	None Noted	Conventional	FHA Financing
Date of Sale/Time	N/A	12/16/2011 SD	11/23/2011 SD	08/04/2011 SD
Location	N: Bsy Rd: Res	Equal N: Res	N: Res	N: Bsy Rd: Res
Site	3.05 +/- Acres	0.25 +/- Acre	0.27 +/- Acre	0.60 +/- Acre
View	Residential	Residential	Residential	Residential
Design (Style)	Cape Cod	Cape Cod	Cape Cod	Ranch
Actual Age (Yrs.)	23 Years	21 Years	25 Years	20 Years
Condition	Average	Average	Average	Average
Above Grade	6 / 4 / 2.00	6 / 3 / 2.00	6 / 4 / 2.00	6 / 3 / 2.00
Room Count	6 / 4 / 2.00	6 / 3 / 2.00	6 / 4 / 2.00	6 / 3 / 2.00
Gross Living Area	1,830 Sq. Ft.	1,631 Sq. Ft.	1,512 Sq. Ft.	1,651 Sq. Ft.
Basement and Finished Rooms Below Grade	Crawl Space	Crawl Space	Crawl Space	Crawl Space
Garage/Carport	1 Car Garage	3 Car Garage	2 Car Garage	2 Car Garage
Fireplace(s)	None	None	None	None
Outbuilding(s)	None	None	None	None
Net Adj. Total	2,600	2,600	6,800	2,900
Adjusted Sales Price of Comparables	100,600	100,600	125,400	135,900
Date of Prior Sales	N/A	N/A	N/A	N/A
Price of Prior Sales	N/A	N/A	N/A	N/A

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of the prior sales of subject and comparables:
 Summary of sales comparison and value conclusion:
 This appraisal is made "as-is", or subject to completion of repairs and improvements on the basis of a hypothetical condition that the improvements have been completed, or subject to the following repairs, alterations or conditions:
 BASED ON AN EXTERIOR INSPECTION FROM THE STREET OR AN INTERIOR AND EXTERIOR INSPECTION, I ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT TO BE \$ **130,000**, AS OF **04/07/2012**

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File No.:

Project Information for PUDs (if applicable)—is the developer/builder in control of the Home Owners' Association (HOA)? Yes No
 Provide the following information for PUDs only if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit:

Total number of phases: _____ Total number of units: _____ Total number of units sold: _____
 Total number of units rented: _____ Total number of units for sale: _____ Data Source(s): _____

Was the project created by the conversion of existing buildings into a PUD? Yes No If yes, state date of conversion: _____
 Does the project contain any multi-dwelling units? Yes No Data Source: _____

Are the common elements completed? Yes No If No, describe status of completion: _____

Are any common elements leased to or by the Home Owners' Association? Yes No If yes, attach addendum describing rental terms and options.
 Describe common elements and recreational facilities: _____

Project Information for Condominiums (if applicable)—is the developer/builder in control of the Home Owners' Association (HOA)? Yes No
 Provide the following information for all Condominium Projects:

Total number of phases: _____ Total number of units: _____ Total number of units sold: _____
 Total number of units rented: _____ Total number of units for sale: _____ Data Source(s): _____

Was the project created by the conversion of existing buildings into a condominium? Yes No If yes, date of conversion: _____
 Project Type: Primary Residence Second Home or Recreational Row or Townhouse Garden Midrise Highrise
 Condition of the project, quality of construction, unit mix, etc.: _____

Are the common elements completed? Yes No If No, describe status of completion: _____

Are any common elements leased to or by the Home Owners' Association? Yes No If yes, attach addendum describing rental terms and options.
 Describe common elements and recreational facilities: _____

PURPOSE OF APPRAISAL: The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report based on a quantitative sales comparison analysis for use in the mortgage finance transaction.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

CONTINGENT AND LIMITING CONDITIONS: The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided any required sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
4. The appraiser has noted in the appraisal report any adverse conditions (such as, but not limited to, needed repairs, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
5. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
6. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
7. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the report to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.
8. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.

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Fannie Mae Form 2055 9-96

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APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that: File No.:

1. I performed this appraisal by (1) personally inspecting from the street the subject property and neighborhood and each of the comparable sales (unless I have otherwise indicated in this report that I also inspected the interior of the subject property); (2) collecting, confirming, and analyzing data from reliable public and/or private sources; and (3) reporting the results of my inspection and analysis in this summary appraisal report. I further certify that I have adequate information about the physical characteristics of the subject property and the comparable sales to develop this appraisal.
2. I have researched and analyzed the comparable sales and offerings/listings in the subject market area and have reported the comparable sales in this report that are the best available for the subject property. I further certify that adequate comparable market data exists in the general market area to develop a reliable sales comparison analysis for the subject property.
3. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware, have considered these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them, and have commented about the effect of the adverse conditions on the marketability of the subject property. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
4. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
5. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
6. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
7. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
8. I estimated the market value of the real property that is the subject of this report based on the sales comparison approach to value. I further certify that I considered the cost and income approaches to value, but, through mutual agreement with the client, did not develop them, unless I have noted otherwise in this report.
9. I performed this appraisal as a limited appraisal, subject to the Departure Provision of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in the place as of the effective date of the appraisal (unless I have otherwise indicated in this report that the appraisal is a complete appraisal, in which case, the Departure Provision does not apply).
10. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value. The exposure time associated with the estimate of market value for the subject property is consistent with the marketing time noted in the Neighborhood section of this report. The marketing period concluded for the subject property at the estimated market value is also consistent with the marketing time noted in the Neighborhood section.
11. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. I further certify that no one provided significant professional assistance to me in the development of this appraisal.

SUPERVISORY APPRAISER'S CERTIFICATION: If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have examined the appraisal report for compliance with the Uniform Standards of Professional Appraisal Practice, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 5 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

APPRAISER: Mary Kay Place
 Signature: _____
 Name: MARY KAY PLACE
 Company Name: _____
 Company Address: _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED):
 Signature: _____
 Name: _____
 Company Name: _____
 Company Address: _____

Date of Report/Signature: 04/09/2012
 State Certification #: _____
 or State License #: _____
 State: Michigan
 Expiration Date of Certification or License: 07/31/2012
 State Licensed Appraiser

Date of Report/Signature: _____
 State Certification #: _____
 or State License #: _____
 State: _____
 Expiration Date of Certification or License: _____

PROPERTY APPRAISED:
MI 48182
 APPRAISED VALUE OF THE SUBJECT PROPERTY \$ 130,000
 EFFECTIVE DATE OF APPRAISAL/INSPECTION 04/07/2012

SUPERVISORY APPRAISER:
 SUBJECT PROPERTY
 Did not inspect subject property
 Did inspect exterior of subject property from street
 Did inspect interior and exterior of subject property
 COMPARABLE SALES
 Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street

LENDER/CLIENT:
 Name: No AMC
 Company Name: _____
 Company Address: _____

Summary of Deposition Testimony of Mary Kay Place, Bank's Appraiser

Ms. Place testified that she was hired by Big Bank to provide an appraisal of the Smiths' home. She was not told what the purpose of the appraisal was, nor was she given any other instructions except that she was to appraise the fair market value. Ms. Place testified that she conducted two separate inspections of the Smiths' home, both interior and exterior. All told, Ms. Place spent over two full hours inspecting the home. She described the property as being in average, or even good, condition. She also testified that she used a sales comparison approach to try to ascertain the value of the home. She looked at three specific sales comparables.

The first sales comparable is the same property that Ms. Lasser looked at on Douglas Road. Again, this property sold for \$98,000.00 on December 16, 2011. Like Ms. Lasser, Ms. Place testified that she too makes upward or downward adjustments to ascertain an adjusted sales price of a particular comparable. Unlike Ms. Lasser, Ms. Place did not make any adjustments to the Douglas property sales price to reflect that the sellers paid the closing costs to enable the purchasers to obtain FHA financing. Ms. Place explained that the reason she did not do that is because she did not actually speak with the broker who handled the sale and therefore had no independent verification that there already was an FHA financing concession made by the seller. Like Ms. Lasser, Ms. Place also made an adjustment upward to reflect the fact that the Douglas property was on a much smaller lot than the Smiths' home. Ms. Lasser adjusted the sales price upward by \$5,500.00 to account for this. Ms. Place also made a downward adjustment of \$4,000.00 because the Douglas property had a 3 car garage in comparison to the 1 car garage at the Smiths' home. After making all of her adjustments both upward and downward, Ms. Place came up with an adjusted sales price of \$100,600.00 for the Douglas property.

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Ms. Place also looked at the Feltis property as her second sales comparable. Again, this property sold for \$118,500.00 on November 23, 2011. Unlike Ms. Lasser, who adjusted the price downward for purposes of comparison, Ms. Place adjusted the sales price for the Feltis property upward. One of the biggest differences in Ms. Place's view of the Feltis property compared to Ms. Lasser's view of it was the condition of the property. Ms. Place made no adjustment for the condition of this property. After making her adjustments, Ms. Place concluded that the adjusted sales price for the Feltis property was \$125,400.00.

The third comparable looked at by Ms. Place was 2619 W. Samaria Road. This property was very close in proximity to the Smiths' home. It sold for \$133,000.00 on August 4, 2011. Because the market has changed since that time, Ms. Place made a downward adjustment of \$5,500.00. She also made another downward adjustment because the Samaria property had a 2 car garage. On the other hand, she made some upward adjustments to reflect the fact that this property is not on a large lot like the Smiths' home, and because the actual square footage of the Samaria property is smaller than the Smiths' home. After making her adjustments to the Samaria property, Ms. Place concluded that its adjusted sales price was \$135,900.00.

Ms. Place did a drive by inspection of each of her three comparables and took other information from the Multilist. She did not speak to the sales agents who handled the transactions although she did try unsuccessfully to reach them by phone and by email.

The average adjusted sales price for the three comparables looked at by Ms. Place was \$120,633.33.

Summary of Trial Testimony of Tom and Mary Smith

Tom and Mary Smith both testified at trial. They testified that because of their financial circumstances, they had not spent very much money maintaining their home for the last several years. They described a number of problems with the home that needed attention, but they just didn't have the money to do it. Although they said that they loved their home very much, they testified that it was, at best, in only average condition.

They also testified that they were not sure how much their home was worth when they went to their bankruptcy lawyer, but one of their neighbors had told them that there was an appraiser in town, Louise Lasser, who had been very helpful for individuals trying to get rid of a second mortgage in a bankruptcy case. When they asked their bankruptcy lawyer about Ms. Lasser, he told them that she would be a very good choice.