

Applying the Net Realizable Value Approach to Vacant Property

Estimated market value assuming normal market conditions and procedures through a URA-compliant appraisal

Less Saved holding costs of insurance, real estate taxes and maintenance

Less Avoided transaction costs of brokerage and sellers internal supervision and administration

Less Savings in capital costs due to early receipt of proceeds

Less Possible decline in value over the holding period

Less Rehabilitation required for code compliance and marketing

Equals Net Realizable Value

Valuation Worksheet Example

Valuation Worksheet

Nominal Basis

Market Assumptions

Total Extended Time on Market	120 days	Extended time on market in excess of Seller/Service 30 day hold
Estimated House Price Appreciation/Depreciation	-1.00% per month	
Discount Rate / Interest Rate	10.00%	For the purposes of the NPV calculations.
Current Market Value	\$ 100,000	Either Seller/Service or Buyer commissioned appraisal.

Holding Cost Assumptions

Interest	10.00%	\$ (3,333)	Carrying Costs in excess of Seller/Service 30 day hold
House Price Appreciation/Depreciation (per month)		\$ (4,000)	Market fluctuations per local conditions
Real Estate Taxes	3.00%	\$ (1,000)	Payments necessary to keep property current
Insurance		\$ (1,000)	Payments necessary for appropriate insurance coverage
Maintenance		\$ (3,000)	Payments necessary to keep property sales ready
Interim Repairs		\$ (3,000)	Payments necessary for repairs prior to sale
Total Holding Costs Assumptions		\$ (15,333)	

Seller/Service Savings

Third Party Costs		\$ (1,000)	Miscellaneous additional third party costs
Administrative Costs		\$ (1,000)	Miscellaneous additional administrative Seller/Service costs
Brokerage Fee/Cost of Sale	6.00%	\$ (6,000)	
Seller/Service Savings of Interest on Protective Advances	0.00%	\$ -	
Total Seller/Service Savings		\$ (8,000)	

Total Adjustments 23% \$ (23,333)

Net Realizable Value \$ 76,667