

You Need An Appraisal

A Tax Guide for 2010 Flood Victims- Issue 12

Federal disaster area counties: Benton, Cannon, Carroll, Cheatham, Chester, Clay, Crockett, Davidson, Decatur, Dyer, DeKalb, Dickson, Fayette, Gibson, Giles, Hardeman, Hardin, Haywood, Henderson, Hickman, Houston, Jackson, Humphreys, Lauderdale, Lawrence, Lewis, Macon, Madison, Marshall, Maury, McNairy, Montgomery, Obion, Perry, Putnam, Robertson, Rutherford, Shelby, Smith, Stewart, Sumner, Tipton, Trousdale, Wayne, Williamson and Wilson.

Special tax rules apply to everyone living in these 46 counties. This part may help you if you had storm or flood damage. Don't live in one of these counties? Then talk to a tax expert or go to the IRS web site at **www.irs.gov**.

Why You Need An Appraisal

For most of us, our home is the most valuable thing we own. When you bought your home, the mortgage company probably



wanted an appraisal. An **appraisal** is when an expert decides what the property is worth. If you refinanced your home, you probably had to have an appraisal. Now you want to claim a flood loss on your tax return. You will need an appraisal.

If your house had flood damage you can claim a loss on your tax return. But you have to prove how much the loss was. You can prove it with an appraisal. What if you don't get an appraisal? You can end up in a long battle with the IRS. You might end up in court. If you go to court without an appraisal, you will probably lose.

How To Find An Appraiser

Here are some things you can do to find an appraiser:

- Ask your mortgage company who does their appraisals
- Ask your insurance agent if he or she knows an appraiser

Go online to the Appraisal Institute, www.appraisalinstitute.org. You can find appraisers near you.

The Appraiser Needs To Give You 2 Numbers

The appraisal must include:

1. The value before the flood
2. The value after the flood

The before value is easier to find. The appraiser can often look at sales of houses like yours. This shows what your house was worth before the flood.

The after value is harder to find. For tax claims, it is what is needed to restore your property. **Restore** means to bring it back to what it was worth before the flood.

You can help the appraiser. Before he or she arrives, get detailed estimates from licensed contractors. **Detailed estimates** show how much will be spent on labor and materials. It says exactly what work will be done.

Does the Appraiser Have Experience?

Tell the appraiser you need an appraisal to prove a tax loss. Ask what kind of report he or she will give you. Does it include the before and after flood values? If not, they may not have done appraisals for tax losses. You may need to find another appraiser.

How Much Will An Appraisal Cost?

In Middle Tennessee, it costs about \$450 to \$500. The appraisal cost is not part of the casualty loss. But if you itemize your deductions you can claim it on Schedule A.



Legal Aid Society

of Middle Tennessee and the Cumberlands

1-800-238-1443 It's a free call.

On the internet at **www.las.org**

NOTE: This information was written by Robert B. Nadler, a lawyer with Legal Aid Society. It cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice.

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