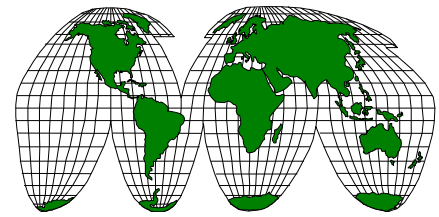


## **A Guide for CPAs to Providing Disaster Assistance (Texas)**

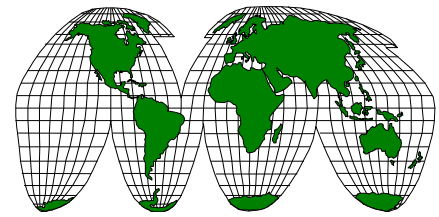
**Updated as of July 23, 2020**



## A Guide for CPAs to Providing Disaster Assistance

### Contents

	<b>Page</b>
<b>Introduction</b>	<b>3</b>
<b>The Disaster Declaration Process</b>	<b>4</b>
<b>Tax Implication of Disasters</b>	<b>11</b>
<b>IRS Filing Relief</b>	<b>17</b>
<b>What's Next</b>	<b>19</b>
<b>Texas Resource List</b>	<b>21</b>
<b>Insurance Company Claims Numbers</b>	<b>23</b>
<b>Section 139 Payment</b>	<b>30</b>
<b>FAQs on Charitable Contribution Questions for Aid Given to Disaster Victims</b>	<b>32</b>
<b>Quick Answer Brochure</b>	<b>41</b>
<b>How to Help after a Disaster</b>	<b>43</b>
<b>What to expect after you apply for FEMA aid</b>	<b>44</b>
<b>Separating your Debris</b>	<b>45</b>
<b>Debris removal guidelines</b>	<b>46</b>



## **A Guide for CPAs to Providing Disaster Assistance**

### **Introduction**

**Natural disasters are occurring more frequently and CPA offices are having to deal with the consequences in personal, business, and client matters.**

**This guide is a compilation of information I have accumulated and is intended to provide assistance for CPAs in working thru the maze of disaster related matters that will be affecting their personal and professional lives.**

**The information included herein has been compiled from previous disasters in the US. The Federal, State, and Local rules and regulations associated with disaster matters are constantly changing and CPAs should review the most current rules and regulations to determine how they impact their individual circumstances.**

**The Quick Answer Brochure is available to all who desire it. It can be customized with your name and address to be passed out to clients and all those affected by disasters.**

**The posters and diagrams included should be furnished to clients and to all who have been affected by disasters. These are intended to assist the public in the recovery process.**

**Special thanks to my good friends, Valrie Chambers, PhD, CPA and Joe Marchbein, CPA, CGMA for their assistance in accumulating the information contained herein.**

## The Disaster Declaration Process

Natural disasters are occurring more frequently and are affecting more of the population. The governmental disaster declaration process is complex and adds to the emotional distress and financial hardships experienced by disaster victims who are looking for relief and assistance.

This is an abbreviated explanation of the disaster declaration process after a natural disaster occurs. There are many applicable federal, state, and local laws and procedures and this will not deal with all of them. These laws and procedures are being constantly updated and changed. Further research into these may be necessary to answer your particular inquiry.

Included here are excerpts from various governmental agency publications to help explain the process.

Local and State governments share the responsibility for protecting their citizens from disasters, and for helping them to recover when a disaster strikes. In many cases, a disaster is beyond the capabilities of the State and local government to respond.

In 1988, the Robert T. Stafford *Disaster Relief and Emergency Assistance Act*, 42 U.S.C. §§ 5121-5206, was enacted to support State and local governments and their citizens when disasters overwhelm them. This law, as amended, establishes a process for requesting and obtaining a Presidential disaster declaration, defines the type and scope of assistance available from the Federal government, and sets the conditions for obtaining that assistance. The Federal Emergency Management Agency (FEMA), now part of the Emergency Preparedness and Response Directorate of the Department of Homeland Security, is tasked with coordinating the response.

The Stafford Act (§401) requires that: “All requests for a declaration by the President that a major disaster exists shall be made by the Governor of the affected State.” A State also includes the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. The Marshall Islands and the Federated States of Micronesia are also eligible to request a declaration and receive assistance. The Governor’s request is made through the regional FEMA/EPR office. State and Federal officials conduct a preliminary damage assessment (PDA) to estimate the extent of the disaster and its impact on individuals and public facilities. This information is included in the Governor’s request to show that the disaster is of such severity and magnitude that effective response is beyond the capabilities of the State and the local governments and that Federal assistance is necessary. Normally, the PDA is completed prior to the submission of the Governor’s request. However, when an obviously severe or catastrophic event occurs, the Governor’s request may be submitted prior to the PDA.

Nonetheless, the Governor must still make the request. As part of the request, the Governor must take appropriate action under State law and direct execution of the State’s emergency plan. The Governor shall furnish information on the nature and amount of State and local resources that have been or will be committed to alleviating the results of the disaster, provide an estimate of the amount and severity of damage and the impact on the private and public sector, and provide

an estimate of the type and amount of assistance needed under the Stafford Act. In addition, the Governor will need to certify that, for the current disaster, State and local government obligations and expenditures (of which State commitments must be a significant proportion) will comply with all applicable cost-sharing requirements.

Based on the Governor's request, the President may declare that a major disaster or emergency exists, thus activating an array of Federal programs to assist in the response and recovery effort.

## **ASSISTANCE AVAILABLE**

Not all programs, however, are activated for every disaster. The determination of which programs are activated is based on the needs found during damage assessment and any subsequent information that may be discovered.

FEMA/EPR disaster assistance falls into three general categories:

- **Individual Assistance** — aid to individuals and households;
- **Public Assistance** — aid to public (and certain private non-profit) entities for certain emergency services and the repair or replacement of disaster damaged public facilities;
- **Hazard Mitigation Assistance** — funding for measures designed to reduce future losses to public and private property. Some declarations will provide only individual assistance or only public assistance. Hazard mitigation opportunities are assessed in most situations. A summary of each of these programs follows. Because program complexities require lengthy explanations, the discussion that follows is simply an overview.

## **INDIVIDUAL ASSISTANCE**

### **Individuals and Households Program**

The Individuals and Households Program (IHP) is a combined FEMA/EPR and State program. When a major disaster occurs, this program provides money and services to people in the declared area whose property has been damaged or destroyed and whose losses are not covered by insurance. In every case, the disaster victim must register for assistance and establish eligibility. The toll-free telephone registration number is 1-800-621-FEMA (or TTY 1-800-462-7585 for the hearing or speech impaired). FEMA/EPR (or the providing agency) will verify eligibility and need before assistance is offered.

### **What Types of Assistance Are Provided?**

The IHP - Housing Assistance assures that people whose homes are damaged by disaster have a safe place to live. The IHP - Other Needs Assistance (ONA) provides financial assistance to individuals and households who have other disaster-related necessary expenses or serious needs and do not qualify for a low interest loan from Small Business Administration (SBA). These programs are designed to provide funds for expenses that are not covered by insurance. They are available only to homeowners and renters who are United States citizens, non-citizen nationals, or qualified aliens affected by the disaster.

The following is a list of the types of assistance available through this program and what each provides.

**Temporary Housing** - homeowners and renters receive funds to rent a different place to live or a temporary housing unit when rental properties are not available.

**Repair** - homeowners receive grants to repair damage from the disaster that is not covered by insurance. The goal is to make the damaged home safe and sanitary.

**Replacement** - under rare conditions, homeowners receive limited funds to replace their disaster damaged home.

**Permanent Housing Construction** - homeowners and renters receive direct assistance or a grant for the construction of a new home. This type of assistance occurs only in very unusual situations, in insular areas or remote locations specified by FEMA/EPR where no other type of housing is possible.

**Other Needs Assistance (ONA)** - applicants receive grants for necessary and serious needs caused by the disaster. This includes medical, dental, funeral, personal property, transportation, moving and storage, and other expenses that FEMA/EPR approves. The homeowner may need to apply for a SBA loan before receiving assistance.

### **Small Business Administration Disaster Loans**

The U.S. Small Business Administration (SBA) can make federally subsidized loans to repair or replace homes, personal property or businesses that sustained damages not covered by insurance. The Small Business Administration can provide three types of disaster loans to qualified homeowners and businesses:

- (1) **home disaster loans** to homeowners and renters to repair or replace disaster-related damages to home or personal property,
- (2) **business physical disaster loans** to business owners to repair or replace disaster-damaged property, including inventory, and supplies; and
- (3) **economic injury disaster loans**, which provide capital to small businesses and to small agricultural cooperatives to assist them through the disaster recovery period. For many individuals the SBA disaster loan program is the primary form of disaster assistance.

### **Disaster Unemployment Assistance**

The Disaster Unemployment Assistance (DUA) program provides unemployment benefits and reemployment services to individuals who have become unemployed because of major disasters. Benefits begin with the date the individual was unemployed due to the disaster incident and can extend up to 26 weeks after the Presidential declaration date. These benefits are made available to individuals not covered by other unemployment compensation programs, such as self-employed, farmers, migrant and seasonal workers, and those who have insufficient quarters to qualify for other unemployment compensation. All unemployed individuals must register with the State's employment services office before they can receive DUA benefits. However, although most States have a provision that an individual must be able and available to accept employment opportunities comparable to the employment the individual held before the disaster, not all States require an individual to search for work.

### **Legal Services**

When the President declares a disaster, FEMA/EPR, through an agreement with the Young Lawyers Division of the American Bar Association, provides free legal assistance to disaster victims. Legal advice is limited to cases that will not produce a fee (i.e., these attorneys work

without payment). Cases that may generate a fee are turned over to the local lawyer referral service.

The assistance that participating lawyers provide typically includes:

- Assistance with insurance claims (life, medical, property, etc.)
  - Counseling on landlord/tenant problems
  - Assisting in consumer protection matters, remedies, and procedures
  - Replacement of wills and other important legal documents destroyed in a major disaster.
- Disaster legal services are provided to low-income individuals who, prior to or because of the disaster, are unable to secure legal services adequate to meet their needs as a consequence of a major disaster.

### **Special Tax Considerations**

Taxpayers who have sustained a casualty loss from a declared disaster may deduct that loss on their federal income tax return for the year in which the casualty actually occurred, or elect to deduct the loss on the tax return for the preceding tax year. Individuals should consult a current version of the Internal Revenue Code to determine the applicable rules for deducting a casualty loss.

It should be noted the current Internal Revenue policy is to declare filing relief for areas qualified for Individual Assistance only.

The Internal Revenue Service (IRS) may also have additional relief available to disaster victims. The IRS website([www.irs.gov](http://www.irs.gov)) should be consulted to determine these.

### **Crisis Counseling**

The Crisis Counseling Assistance and Training Program (CCP), authorized by §416 of the Stafford Act, is designed to provide supplemental funding to States for short-term crisis counseling services to people affected in Presidentially declared disasters.

There are two separate portions of the CCP that can be funded: immediate services and regular services. A State may request either or both types of funding.

The **immediate services** program is intended to enable the State or local agency to respond to the immediate mental health needs with screening, diagnostic, and counseling techniques, as well as outreach services such as public information and community networking.

The **regular services** program is designed to provide up to nine months of crisis counseling, community outreach, and consultation and education services to people affected by a Presidentially declared disaster. Funding for this program is separate from the immediate services grant. To be eligible for crisis counseling services funded by this program, the person must be a resident of the designated area or must have been located in the area at the time the disaster occurred. The person must also have a mental health problem which was caused by or aggravated by the disaster or its aftermath, or he or she must benefit from services provided by the program.

## **PUBLIC ASSISTANCE**

Public Assistance, oriented to public entities, can fund the repair, restoration, reconstruction, or replacement of a public facility or infrastructure, which is damaged or destroyed by a disaster. Eligible applicants include State and local governments, any other political subdivision of the State, Native American tribes and Alaska Native Villages. Certain private nonprofit (PNP) organizations may also receive assistance. Eligible PNPs include educational, utility, irrigation, emergency, medical, rehabilitation, and temporary or permanent custodial care facilities (including those for the aged and disabled), and other PNP facilities that provide essential

services of a governmental nature to the general public. PNPs that provide “critical services” (power, water—including water provided by an irrigation organization or facility, sewer, wastewater treatment, communications and emergency medical care) may apply directly to FEMA/EPR for a disaster grant. All other PNPs must first apply to the Small Business Administration (SBA) for a disaster loan. If the PNP is declined for a SBA loan or the loan does not cover all eligible damages, the applicant may reapply for FEMA/EPR assistance.

As soon as practicable after the declaration, the State, assisted by FEMA/EPR, conducts the Applicant Briefings for State, local and PNP officials to inform them of the assistance available and how to apply for it. A Request for Public Assistance must be filed with the State within 30 days after the area is designated eligible for assistance. Following the Applicant’s Briefing, a Kickoff Meeting is conducted where damages will be discussed, needs assessed, and a plan of action put in place. A combined Federal/State/local team proceeds with Project Formulation, which is the process of documenting the eligible facility, the eligible work, and the eligible cost for fixing the damages to every public or PNP facility identified by State or local representatives. The team prepares a Project Worksheet (PW) for each project. Projects fall into the following categories:

- Category A: Debris removal
- Category B: Emergency protective measures
- Category C: Road systems and bridges
- Category D: Water control facilities
- Category E: Public buildings and contents
- Category F: Public utilities
- Category G: Parks, recreational, and other

For insurable structures within special flood hazard areas (SFHA), primarily buildings, assistance from FEMA/EPR is reduced by the amount of insurance settlement that could have been obtained under a standard NFIP policy. For structures located outside of a SFHA, FEMA/EPR will reduce the amount of eligible assistance by any available insurance proceeds.

FEMA/EPR reviews and approves the PWs and obligates the Federal share of the costs (which cannot be less than 75 percent) to the State. The State then disburses funds to local applicants.

Projects falling below a certain threshold are considered ‘small.’ The threshold is adjusted annually for inflation. For fiscal year 2005, that threshold is \$55,500. For small projects, payment of the Federal share of the estimate is made upon approval of the project and no further accounting to FEMA/EPR is required. For large projects, payment is made on the basis of actual costs determined after the project is completed; although interim payments may be made as necessary. Once FEMA/EPR obligates funds to the State, further management of the assistance, including disbursement to sub grantees is the responsibility of the State. FEMA/EPR will continue to monitor the recovery progress to ensure the timely delivery of eligible assistance and compliance with the law and regulations.



## Hazard Mitigation

Hazard Mitigation refers to sustained measures enacted to reduce or eliminate long-term risk to people and property from natural hazards and their effects. In the long term, mitigation measures reduce personal loss, save lives, and reduce the cost to the nation of responding to and recovering from disasters.

Two sections of the Stafford Act, §404 and §406, can provide hazard mitigation funds when a Federal disaster has been declared. In each case, the Federal government can provide up to 75 percent of the cost, with some restrictions.

Through the Hazard Mitigation Grant Program (HMGP), authorized by §404 of the Act, communities can apply for mitigation funds through the State. The State, as grantee, is responsible for notifying potential applicants of the availability of funding, defining a project selection process, ranking and prioritizing projects, and forwarding projects to FEMA for funding. The applicant, or sub grantee carries out approved projects. The State or local government must provide a 25 percent match, which can be fashioned from a combination of cash and in-kind sources. Federal funding from other sources cannot be used for the 25 percent non-federal share with one exception. Funding provided to States under the Community Development Block Grant program from the Department of Housing and Urban Development can be used for the non-federal share.

The amount of funding available for the HMGP under a disaster declaration is finite and is limited to 7.5 percent of FEMA/EPR's estimated total disaster costs for all other categories of assistance (less administrative costs). Section 322 of the Disaster Mitigation Act of 2000 emphasizes the importance of planning in reducing disaster losses. States will be required to develop a State Mitigation Plan that provides a summary of the hazards facing them, an assessment of the risks and vulnerabilities to those hazards, and a strategy for reducing those impacts. These plans will be required by November 1, 2004 as a condition of non-emergency assistance under the Stafford Act, and must be reviewed and updated every three years. States may choose to develop an Enhanced State Mitigation Plan in order to receive an increased amount of 20 percent for Hazard Mitigation Grant Program funding. By November 1, 2004, local jurisdictions also must develop mitigation plans in order to be eligible for project grant funding under the Hazard Mitigation Grant Program. In addition, States may use a set-aside of up to five percent of the total HMGP funds available for mitigation measures at their discretion. To be eligible, a set-aside project must be identified in a State's hazard mitigation plan and fulfill the goal of the HMGP, this is, to reduce or prevent future damage to property or prevent loss of life or injury.

Eligible mitigation measures under the HMGP include acquisition or relocation of property located in high hazard areas; elevation of floodprone structures; seismic rehabilitation of existing structures; strengthening of existing structures against wildfire; dry floodproofing activities that bring a structure into compliance with minimum NFIP requirements and State or local code. Up to seven percent of the HMGP funds may be used to develop State and/or local mitigation plans. must comply with the National Environmental Policy Act and all relevant Executive Orders. HMGP grants cannot be given for acquisition, elevation, or construction purposes if the site is located in a designated SFHA and the community is not participating in the NFIP.

FEMA/EPR's primary emphasis for HMGP funds, where appropriate, is the acquisition and demolition, relocation, elevation, or flood proofing of flood damaged or flood prone properties (non-structural measures).

- **Acquisition and demolition:** Under this approach, the community purchases the flood-damaged property and demolishes the structure. The property owner uses the proceeds of the sale to purchase replacement housing on the open market. The local government assumes title to the acquired property and maintains the land as open space in perpetuity.

- **Relocation:** In some cases, it may be viable to physically move a structure to a new location. Relocated structures must be placed on a site located outside of the 100-year floodplain, outside of any regulatory erosion zones, and in conformance with any other applicable State or local land use regulations.
- **Elevation/Flood proofing:** Depending upon the nature of the flood threat, elevating a structure or incorporating other flood proofing techniques to meet NFIP criteria may be the most practical approach to flood damage reduction. Flood proofing techniques may be applied to commercial properties only; residential structures must be elevated. Communities can apply for funding to provide grants to property owners to cover the increased construction costs incurred in elevating or flood proofing the structure.

Funding under §406 that is used for the repair or replacement of damaged public facilities or infrastructure may be used to upgrade the facilities to meet current codes and standards. It is possible for mitigation measures to be eligible for funding under both the HMGP and §406 programs; however, if the proposed measure is funded through §406, the project is not eligible for funds under the HMGP as well.

## Tax Implications of Disasters

by Gerard H. Schreiber, Jr., CPA, and Valrie Chambers, CPA, Ph.D

Natural disasters bring about unique circumstances never seen before. We are accustomed to hurricanes as recently experienced with Allison, Katrina, Rita, Wilma, Gustav, Ike, Isaac, Harvey, Irma, and Maria. The catastrophic damage and flooding from recent national disasters are seemingly happening more frequently.

This will review topics associated with the filing of returns for taxpayers affected by disasters:

- Basics of a casualty loss
- Individual casualty losses
- Business casualty losses
- Involuntary conversions for personal residences and business property
- Code Section 121 exclusion
- Personal belongings
- FEMA payments
- Code Section 165(i) election

### Casualty Losses

Casualty losses result from damage, destruction or loss of property resulting from an identifiable event that is sudden, unexpected or unusual. Some common examples include fire, hurricane, earthquake, tornado, auto accident and drought. There are unusual instances also like a diamond ring that was lost when falling in a sink. The most important item in computing a casualty loss is the taxpayer's basis in the property. For individuals, this can be a difficult amount to determine. For businesses, the basis should be in the taxpayer's records because generally they are claiming depreciation on the business asset. Insurance reimbursements and other similar payments like payments from an employer's emergency disaster fund that must be used to replace damaged property are also used in calculating casualty losses. However, payments from social welfare agencies and in-kind services such as free meals, medical supplies and shelter are generally not taxable.

### Individual Casualty Losses

Individual casualty losses will generally include the taxpayer's personal residence, vacation home or homes, and the personal property owned by the taxpayer located in and around the personal residence or vacation home. ***Importantly, individual casualty losses are only deductible on a federal income tax return when tied to a federally declared disaster.*** However, this restriction took affect after December 31, 2017, and the rules for individuals deducting casualty losses are constantly changing. The most recent version of the Internal Revenue Code should be consulted to determine the available tax deduction from the event.

The AICPA *Casualty Loss Practice Guide* and the *IRS FAQs for Disaster Victims* (<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/FAQs-for-Disaster-Victims>) are the two most important resources in assisting clients to compute their casualty losses.

In addition, a complete listing of property and casualty insurance companies and contact information is available at: <http://www.iii.org/articles/insurance-company-claims-filing-telephone-numbers.html>.

A personal casualty loss is the smaller of the adjusted basis in the property or the decrease in fair market value of the property as a result of the casualty. The loss must be reduced by the amount of insurance the taxpayer expects to receive and other proceeds (including FEMA payments) which may convert the loss into a gain in some instances. An example would be insurance paying replacement cost instead of depreciated value. In addition, an insurance claim must be filed for loss of personal use property. If there is an additional recovery in another year, the recovery is taken in the year of recovery. The taxpayer may have a Code Section 111 tax benefit calculation, where reimbursements received in a subsequent year are actually taxable to the extent that they reverse a casualty loss deduction in a prior year.

The starting point in determining any casualty loss is generally the insurance adjuster's reports. The adjuster's reports will have information detailing the damage to the taxpayer's real and personal property. These reports contain information including the total square feet of the residence, square feet of each damaged room and adjacent buildings, damage to the structure as a whole, and damage room by room. There should also be detailed computations of the nature of repairs required to restore the property to pre-disaster condition.

It should be noted the adjuster's reports are generated by computer software. The computer software takes into consideration the location of the property damaged and costs and prices are indexed according to zip code.

It is beneficial for the homeowner to provide a floor plan, if available. The adjuster and homeowner will then know the exact measurements to be used in the report since many amounts are computed based on square footage. Some parish tax appraiser offices also maintain records of square footage. Another consideration is to have a contractor, architect, engineer or other building professional available when meeting with the adjuster. These professionals will be able to show the adjuster features of the residence that may not be available at first glance and result in larger restoration amounts reported by the adjuster. While these services cost money, they have the potential to increase both the insurance reimbursement and the allowable casualty loss deduction.

The calculation starts with determining the taxpayer's basis in the residence and personal property. Basis is understandable to the CPA but is foreign to the taxpayer. It will be necessary to explain items that increase basis and then continue working with the taxpayer to assemble the necessary information to have the basis amount required for the casualty loss computation. This can be challenging depending on the client's comprehension of the process during this stressful time.

All practitioners assisting taxpayers in casualty loss calculations should have a copy of Code Section 165 and the related regulations and have familiarity with them and the terms used.

Important items to remember are:

- Regulation 1.165-7(a)(2), “the change in fair market value as determined by a competent appraisal that recognizes the effects of any general market decline which may occur simultaneously with the casualty,”
- Regulation 1.165-7(a)(2)(i), “an independent appraisal by a qualified appraiser is mandatory in most situations,” and
- Regulation 1.165-7(b)(1)(i), “the decrease in fair market value is the difference between the property’s value immediately before and immediately after the casualty.”

The concept of “fair market value immediately before and immediately after” has caused difficulties in all disasters and continues to cause problems for practitioners. After Hurricane Katrina, it was especially difficult to determine these amounts since the property was not accessible for a period of time after the disaster occurred. Also, Katrina damage came from three sources:

- the hurricane,
- widespread, post-hurricane looting, and
- flood damage from the breaking of the levees.

These incidents occurred on different days, but in close proximity and were considered one event.

In the absence of a competent appraisal, the cost of the repairs will serve as evidence of the amount of the loss. This is called the “cost to cure.” If this method is used, the repairs should restore the property to its condition immediately before the disaster, the amount spent must not be excessive, the repairs do not affect more than was damaged, and the value of the property after the repairs does not as a result of the repairs exceed the value of the property immediately before the disaster.

The personal casualty loss will be reported on page one of *Form 4684, Casualties and Thefts*. The residence will be reported on one line of Form 4684. The improvements are considered an integral part of the property with no separate basis apportioned to the improvements.

There also can be casualty gains as a consequence of a disaster. The personal residence exclusion under Code Section 121 may be applicable. If the taxpayer has met the residency requirements under Code Section 121, the gain may be excluded.

There would be no Code Section 121 exclusion on casualty gains on second and vacation homes. Code Section 1033 may be applicable for second and vacation homes. The taxpayer would have two years from the end of the disaster gain year to reinvest the insurance proceeds for these.

If both Code Sections 121 and 1033 apply, it is normally advantageous to use the maximum (Section 121) exclusion first, then defer the rest (under Section 1033).

### **Businesses Casualty Losses**

Business casualty losses should not provide the valuation issues as those associated with individual casualty losses since business assets should be recorded on the entity’s tax returns and

cost and depreciation figures are available. Even in the absence of double entry books, business assets such as those reported on Schedules C, E and F have the basis generally maintained on a depreciation schedule associated with the tax return.

In instances where double entry books are maintained, the insurance payment is generally put into a suspense account and as repairs are made, the account is reduced.

It should also be noted that the “repair regulations” may enter into calculation of a business casualty loss and should be reviewed.

### **Involuntary Conversions**

When taxpayers receive an insurance payment for the damage to the property in excess of the basis, Code Section 1033 will be applicable and the taxpayer will have two years in the case of business property and four years for a personal residence to reinvest the insurance proceeds in the property or be taxed on the payment. Code Section 1033 is automatic by not reporting the payment on the tax return.

Generally, a statement is included with the return indicating Code Section 1033 treatment is elected. The statement will include the location of the property, date and amount of the insurance payment, and name of the incident causing the casualty. It is a good idea to have the taxpayer sign this statement so the taxpayer understands the requirement for both the amount to be reinvested and the time period for reinvesting.

The IRS has the power to extend these periods upon request by the taxpayer.

### **Code Section 121 Exclusion**

Personal residences damaged in a casualty are covered by the Code Section 121 exclusion of gain available to homeowners who have lived in the residence for two of the last five years. This may be applicable if there is an insurance gain from the casualty. While the gain may be excluded depending on the facts and circumstances, the taxpayer’s basis in the residence would be reduced by the amount of the gain.

### **Personal Belongings**

The IRS issued *Publication 584, Casualty, Disaster and Theft Loss Workbook (Personal-Use Property)* (<https://www.irs.gov/pub/irs-pdf/p584.pdf>), which uses a workbook approach to assist taxpayers in assembling the information necessary to determine their loss for personal belongings.

In addition, the IRS issued *Publication 584-B, Business Casualty, Disaster and Theft Loss Workbook* (<https://www.irs.gov/pub/irs-pdf/p584b.pdf>), which is also a workbook to assist taxpayers with assembling information for businesses and offices.

The Publication 584 workbook is arranged according to the rooms in a house and provides a list of items that homeowners would normally have in these rooms. For example, the living room page lists blinds, bookcase, chair, chest, coffee table, curtains, desk, drapes, lamps, sofa, TV, stereo, etc., as all the items that would normally be in a living room. This is the same for the other rooms normally in a personal residence.

The Publication 584-B workbook follows the same format as the Publication 584 workbook except it is separated according to the items that would normally be in an office.

The issue of the valuation of the personal belongings is a difficult one and practitioners should exercise professional judgment.

### **FEMA Payments**

All FEMA payments are made under authority of Code Section 139. Generally, FEMA payments have no tax consequences.

Practitioners should be familiar with Code Section 139 and the various subsections since it covers not only the payments received immediately after a disaster but also includes additional payments that may be made subsequent to a disaster (such as elevating a residence).

### **Code Section 165(i) Election**

Another consideration available to taxpayers who have experienced a casualty loss is to deduct the loss on the preceding year tax return. Again, the current version of the Internal Revenue Code and Regulations should be consulted to determine the relief available for the date of the disaster.

Practitioners should be familiar with the procedural aspects of claiming this deduction and make the necessary calculation to determine if it is beneficial for the taxpayer.

The IRS recently issued Revenue Procedure 2016-53 (<https://www.irs.gov/pub/irs-drop/rp-16-53.pdf>) liberalizing the period available for taxpayers to claim a Code Section 165(i) deduction.

### **Lost Records**

Frequently, taxpayer's records are lost as a consequence of a disaster. IRS has information for taxpayers in reconstructing records after a disaster at: <https://www.irs.gov/newsroom/reconstructing-records-after-a-disaster-irs-provides-tips-to-help-taxpayers>.

In addition, CPAs should consult SSTS 4, *Use of Estimates* at: <https://www.aicpa.org/content/dam/aicpa/interestareas/tax/resources/standardsethics/statementsonstandardsfortaxservices/downloadabledocuments/ssts-no.4-use-of-estimates.pdf>. Professional judgment should be exercised in the use of estimates.

## **Summary**

The tax implications of documenting and claiming a casualty loss is a challenging and difficult process for both taxpayers and practitioners.

The loss of a residence, personal belongings and business can be overwhelming.

Practitioners serve an important role in assisting taxpayers to recover from these disasters.



## IRS Filing Relief

The authority for the Internal Revenue Service (IRS) to grant disaster relief is found in 26 U.S.C. § 7508A – *Authority to postpone certain deadlines by reason of Presidentially declared disaster or terrorist or military actions*. Also, 26 U.S.C. § 165(i)(5)(A)– *Losses*, defines a federally declared disaster as “any disaster subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.” After the President authorizes disaster assistance, the Federal Emergency Management Agency (FEMA) identifies counties as qualifying for Individual or Public Assistance. Individual Assistance allows individuals and businesses to request financial assistance from FEMA. Public Assistance allows for a partial reimbursement from FEMA to a government entity for expenses incurred because of a disaster but does not provide direct assistance to the general public.

The IRS will generally issue a News Release indicating the filing relief available listing the counties covered by the filing delay. It should be noted IRS notes the filing with an “O Freeze” described below on the taxpayer’s Individual Master File or Business Master File depending on the type of taxpayer. The applicable zip codes in the affected counties are used to identify the taxpayers covered.

The IRS generally extends systemic tax relief to “affected taxpayers” in a “covered disaster area” as described in the Internal Revenue Manual (IRM) 25.16.1.3, *Identification of “Covered Disaster Area”, Postponement Period and “Affected Taxpayers.”* IRM 25.16.1.3 specifically provides that:

- IRS will grant relief to the areas identified by FEMA for its Individual Assistance to Households and Families Program

However, as IRM 25.16.1.5.2, *Determining the Appropriate Level of IRS Disaster Tax Relief Under IRC 7508A*, states:

- The IRS has considerable discretion and flexibility in providing disaster relief under IRC 7508A.

Therefore, when determining if systemic tax relief is appropriate in areas identified for Public Assistance only, the IRS evaluates factors such as the following:

- Nature of the event/expected impact
- Number of states affected
- Time of year when the disaster occurred
- Imminent major filing dates
- Efficiency of FEMA’s declaration process

For taxpayers who experienced a disaster related hardship and did not receive systemic disaster assistance, IRM 25.16.1.5, *Disaster Tax Relief Options*, provides:

- The IRS, under Internal Revenue Code sections 6081 and 6161, may abate failure to file or failure to pay penalties for up to six months based on reasonable cause criteria. To receive the penalty abatement, a taxpayer must call the IRS at the toll-free number listed on their penalty notice and explain the situation to the assistor. If the taxpayer qualifies for the abatement, the assistor will manually adjust the tax account.

#### **IRM 21.5.6.4.30 (10-01-2016)**

##### **-O Freeze**

The -O (Disaster Indicator) freeze will only be input systemically by Information Technology Services (IT) at the request of the Disaster Program Office or on a case-by-case basis by Compliance personnel. Employees outside of Compliance will no longer input the -O freeze.

##### **Reminder:**

Taxpayers will no longer self-identify for disaster relief by writing a disaster designation in red at the top of their tax return.

The -O freeze allows for special penalty and interest calculations

The -O freeze suppresses some Master File and IDRS notices

The -O freeze does not freeze the module from refunding

The -O freeze may be systemically set on identified taxpayer accounts in presidentially declared disaster areas

The -O freeze is released when the current date is beyond the secondary date (disaster ending date) of the TC 971 AC 087

When performing account research the -O freeze is seen on CC ENMOD, CC IMFOLE or CC BMFOLE.

If a Practitioner calls, is located in a covered disaster area and maintains records for several taxpayers located outside the disaster area, inform the Practitioner to:

Call the Special Service line 1-866-562-5227

**What's Next-Now That the Disaster Has Passed?**  
By Gerard H. Schreiber, Jr., CPA and Valrie Chambers, Ph.D., CPA

You are looking at the devastation and aftermath of the recent disaster river flooding and wonder how we are ever going to recover.

**Take a deep breath and pace yourself!**

This has happened before and the communities have recovered. I know it is easier said than done. Everyone's comfort zone has disappeared.

Everyone is working to get you the resources to assist in the recovery and get all the tax returns filed. . Seminars and other resources will be presented to provide the necessary information for filing casualty loss returns and assisting clients with other recovery matters.

**Personal Matters**

First, get a plan to have a place to live and start the recovery phase of your personal life. If your home flooded, register with FEMA, contact your insurance company, and start the remediation process by limiting the damage and getting 3 contractor bids. Get a large envelope or plastic freezer bag that you can use to keep the many small receipts for clean-up and repair supplies that are already adding up. This is the most important part of restoring a comfort zone for your life.

**Business Matters**

Second, start the recovery phase of your practice. Contact all clients and assure them that you are there to assist them in the recovery phase of their businesses, and will be available to help with recovery and the filing of the necessary tax forms to claim a casualty loss deduction.

Communicate to clients that an important part of the recovery process and tax deduction is to have good records. These will be needed for income tax purposes and may be needed for insurance and FEMA purposes. Many CPAs and insurance professionals recommend having a claims diary or workbook. One method we have used in the past is to have notebook or binder with zippers and a tablet that can be purchased at any retail source. In the front of the book, keep track of claims numbers, contact information on contractors, other important items, and reference material accumulated. In the back of the book, receipts for out of pocket expenses (cleaning supplies, food, travel, etc.) can be kept for future reference. Substantiation will be needed for tax deductions and could be needed for insurance purposes.

**IRS Matters**

**The IRS will be issuing News Releases detailing filing delays and other relief available to CPAs and taxpayers.**

The IRS issued Notice XXXXX to provide relief for victims of the spring flooding that took place starting on (date). (States included) counties included in the notice are: (list)

There will/could be additional counties added as they are included for individual assistance by FEMA.

The IRS uses zip codes to code taxpayer accounts as affected by the disaster. All taxpayers with addresses that include zip codes in the counties specified by FEMA will have their account coded with a freeze until (date).

CPAs with clients on extension with zip codes outside of the disaster area but whose records are located in the disaster area also qualify for relief under Code Section 7508A. CPAs must call the IRS disaster hotline at 866-562-5227 to request this tax relief. Without a Form 2848, *Power of Attorney and Declaration of Representative*, for the taxpayer, IRS disaster hotline assistants can record information on up to ten taxpayers per call. They cannot discuss any particular issues with the taxpayer's account without a Form 2848 on file. They can only record information you provide. It may be an idea to get a Form 2848 for these taxpayers not in the disaster area for future use in dealing with IRS.

Additional information on the IRS procedure is available in the Internal Revenue Manual 21.5.6.4.30.

### **Use of Social Media**

Social media is the fastest way to communicate information today. If you don't have a Facebook page, then get one. You can post information as it comes out. Nearly everyone has a PDA capable of accessing Facebook. Encourage clients to make use of social media resources. It is the fastest way to communicate necessary information after a disaster. Church groups, neighborhood groups and associations, condo associations should all consider using it to inform their members.

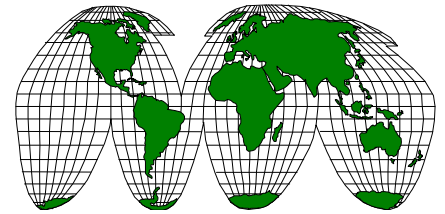
The recovery phase will be constantly changing. Examples of items communicated in previous disasters are:

- When FEMA resources show up in the neighborhood
- Changes in FEMA programs that affect you
- Where building and cleaning supplies are available
- Who is and isn't a trusted contractor or other clean up resource
- How and where other aid may be being provided.

***Good Luck!***

# Schreiber & Schreiber

Certified Public Accountants



## **Texas Resource List by Gerard H. Schreiber, Jr., CPA (Update as of Thursday, July 23, 2020 6:29 AM)**

### **American Red Cross**

[www.redcross.org](http://www.redcross.org)

### **FEMA**

[www.fema.gov](http://www.fema.gov)

### **Disaster Assistance and Recovery**

[www.disasterassistance.gov](http://www.disasterassistance.gov)

### **Small Business Administration**

[www.sba.gov](http://www.sba.gov)

### **Disasters and Financial Planning: A Guide for Preparedness and Recovery**

[http://www.redcross.org/images/MEDIA\\_CustomProductCatalog/m52040082\\_DisastersandFinancialPlanningGuide\\_FINAL.pdf](http://www.redcross.org/images/MEDIA_CustomProductCatalog/m52040082_DisastersandFinancialPlanningGuide_FINAL.pdf)

### **Picking Up the Pieces After a Disaster**

[http://www.redcross.org/images/MEDIA\\_CustomProductCatalog/m7540319\\_picking-up-the-pieces-A5076.pdf](http://www.redcross.org/images/MEDIA_CustomProductCatalog/m7540319_picking-up-the-pieces-A5076.pdf)

### **AICPA's 360 Degrees of Financial Literacy: Disaster Planning for Small Businesses**

[http://www.360financialliteracy.org/Topics/Owning-a-Business/Business-Planning-Basics/Natural-Disaster-Planning-for-Small-Businesses/\(language\)/eng-US](http://www.360financialliteracy.org/Topics/Owning-a-Business/Business-Planning-Basics/Natural-Disaster-Planning-for-Small-Businesses/(language)/eng-US)

### **Get a Game Plan (prep tips for Louisiana families and businesses, download app)**

<http://www.getagameplan.org/>

### **Texas Department of Transportation (road closures, traveler information)**

<https://www.txdot.gov/>

### **National Hurricane Center (latest news advisories, marine safety)**

<http://www.nhc.noaa.gov/>

### **Texas Emergency Management**

<https://www.dps.texas.gov/dem/>

### **Ready.gov (before, during and after a hurricane)**

<https://www.ready.gov/hurricanes>

### **Texas Attorney General**

<https://texasattorneygeneral.gov/>

### **Texas Insurance Commissioner**

<http://www.tdi.texas.gov/>

**Texas Licensing Board for Contractors**

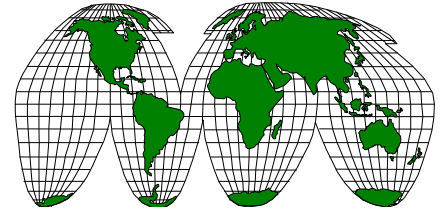
<https://generalcontractorlicenseguide.com/texas-contractors-license/>

**United Policyholders**

[www.uphelp.org](http://www.uphelp.org)

# Schreiber & Schreiber

Certified Public Accountants



## **Insurance Company Claims Numbers by Gerard H. Schreiber, Jr., CPA (Update as of 7/2/2019 10:09 AM)**

### **Insurance Company Claims Filing Telephone Numbers Find Your Insurance Company**

Policyholders with questions regarding their coverage for damage caused by a disaster should call the number provided on their policies or contact their insurance agent. Those policyholders unable to get to their policies can contact special toll-free numbers set up by insurance companies.

Keep in mind that due to high call volume in the wake of a disaster, it may take some time to get through on some numbers—please be patient.

Flood insurance policyholders who don't know who their insurer or administrator is can contact the [National Flood Insurance Program](#) (888-379-9531). The only information required is your name, the state where you live and your zip code.

Here is a list of claim contact numbers:

## **A**

AAA Insurance (Auto Club Family Insurance Company) 800-222-7623 ext. 5000  
Acadia Insurance Company 800-444-0049, ext. 2600  
ACE Private Risk Services 800-945-7461  
ACE USA Clients receive individual 800 numbers or call 800 945-7461 (ACE USA/ACE Recreational Marine claims); 800 234-7354 (Disaster Mortgage Protection claims)  
Acuity 800-242-7666  
AGCS Marine 800-558-1606  
Alabama Department of Insurance 334-269-3550  
Alabama Municipal Insurance Corporation 866-239-AMIC  
Alfa Insurance Group 888-964-2532  
Allied Insurance 800-421-3535  
Allmerica 800-628-0250  
Allstate 800-54-STORM (800-547-8676)  
Allstate Floridian Insurance Company 800-54-STORM (800-547-8676)  
America First Insurance 877-263-7890  
America's Health Insurance Plans (AHIP) 800-644-1818  
American Bankers Insurance Company 800-245-1505  
American Family Insurance 1-800-MY-AMFAM  
American Federation Insurance Company 800-527-3907  
American General Property Insurance Company of Florida 800-321-2452  
American International Group, Inc. (AIG) 877-244-0304  
American National Property & Casualty Company & Affiliates 800-333-2860  
American Reliable Insurance Company 800-245-1505

ONE GALLERIA BOULEVARD SUITE 1821 METAIRIE, LOUISIANA 70001  
(504)832-1819 FAX(504)832-1897 E Mail:[ghschreiber@bellsouth.net](mailto:ghschreiber@bellsouth.net)

American Security Insurance Company 800-326-2845  
American Skyline Insurance Company 888-298-5224  
American States Insurance Company 888-557-5010  
American Strategic Insurance 866-ASI-LOSS (274-5677)  
American Superior Insurance 954-577-2202  
Arch Insurance 800-817-3252  
Argus Fire & Casualty 866-291-4609  
Armed Forces Insurance Exchange 800-828-7736  
Atlantic Mutual Insurance Company (New York Liquidation Bureau) 212-341-6814  
Atlantic Preferred Insurance Company 800-673-4952  
Auto Club Family Insurance Company (ACFIC) 800-222-7623 ext. 5000  
Auto-Owners Insurance Group 888-252-4626  
Avemco Insurance Company 800-874-9124  
AXA Re Property and Casualty 800-216-3711

## B

Bankers Insurance Company 800-765-9700  
Bankers Security Insurance Company 800-765-9700  
Berkley Mid-Atlantic Group 866-262-4178  
Bituminous 800-475-4477  
Bristol West Insurance Group 800-BRISTOL (800-274-7865)

## C

Capital Preferred 800-734-4749 or 888-388-2742  
Catawba Insurance 800-711-9386  
Catlin US 800-216-0652  
Century Surety Insurance Company 800-850-0432  
Chartis Commercial and Personal customers call 877-399-6442  
Chartis' Private Client Group call 888-760-9195  
Chubb Group of Insurance Cos 800-252-4670 (800-CLAIMS-0); [Online Claim Reporting](#)  
Church Mutual Insurance 800-554-2642  
Citizens Property Insurance Corp. 866-411-2742 (866-411-CPIC)  
Cincinnati Insurance Company (call your local agent first and then 877-242-2544)  
Clarendon National Insurance Company 800-216-3711  
Clarendon Select Insurance Company 800-509-1592  
CNA (First Notice Systems) 877-CNA-ASAP (877-262-2727); (non-toll-free, for those experiencing difficulties accessing the FNS number) 413-858-4137  
Coast National General Agency 800-BRISTOL (800-274-7865)  
Colony Insurance Company 800-577-6614 ext. 1715  
Colorado Casualty 888-298-3778  
Companion Property & Casualty 800-649-2948  
Connecticut FAIR Plan 860-528-9546  
Continental Western Insurance Company 800-444-0049, ext. 2600  
COUNTRY Financial 1-866-COUNTRY  
CUNA Mutual 800-637-2676  
Cypress 888-352-9773

## D



Dairyland Insurance Company (see Sentry Insurance)  
Drive Insurance from Progressive 800-925-2886

## E

EMC Insurance Companies 888-362-2255  
Encompass Insurance Company 800-588-7400  
Erie Insurance Group 800-367-3743

## F

Farmers 800-435-7764; iClaim App: <http://www.farmers.com/iclaim.html> Farmers:  
Spanish Language Line 877-732-5266  
FCCI (first report of injury) 800-226-3224  
Federal Mutual 888-333-4949  
Federated National Insurance Company 800-420-7075  
FEMA 800-427-4661  
Fidelity & Casualty Insurance Company 800-725-9472  
Fidelity National Insurance Company 800-220-1351  
Fidelity National Indemnity Insurance Company 800-725-9472  
Fidelity National Property and Casualty Insurance Company 800-725-9472  
Fireman's Fund 888-347-3428 (888-FIREHAT); Mobile App First Floridian 800-252-4633 (800-CLAIM33) (personal); 800-238-6225 (business)  
First Premium Insurance Group (Lloyd's Mobile Home) 800-432-3072  
First Protective Insurance Company 877-744-5224  
First Trenton 800-468-7341  
Florida Department of Insurance 800-342-2762  
Florida Family Insurance Company 888-486-4663 or 888-850-4663  
Florida Farm Bureau Insurance Companies 800-330-3327  
Florida Peninsula Insurance Company 877-994-8368  
Florida Select 888-700-0101  
Florida Preferred Property Insurance Company 800-673-4952  
FM Global 877-639-5677 (877-NEWLOSS)  
Foremost Insurance Company 800-527-3907  
Forest Insurance Facilities, Inc 888-892-4381

## G

GE Employers Re 866-413-8978  
GEICO 800-841-3000; Claims site  
General Casualty (QBE) 888-737-8256  
General Star Indemnity Company 800-624-5237  
General Star National Insurance Company 800-624-5237  
Georgia Casualty & Surety 800-279-8279 (claim reporting); 866-458-7506 (claim dept.)  
Georgia Farm Bureau 866-842-3276  
Germania Insurance 877-437-6264  
GMAC Insurance (Auto Claims) 800-468-3466  
Golden Eagle Insurance 800-238-3085  
Granada Insurance Company 800-392-9966

Great American 800-221-7274  
Guardian Life Insurance Company of America 866-367-4077; (610-807-7954)  
Guide One 888-748-4326

## H

The Hanover Insurance Company 800-628-0250  
Harbor Insurance Company 800-216-3711  
Harleysville Insurance 800-892-8877; Flood claims – 800-759-8656  
The Hartford 800-243-5860 ONLINE: [www.thehartford.com/heretohelp](http://www.thehartford.com/heretohelp)  
Hartford Steam 800-HSB-LOSS  
Holyoke Mutual 800-225-2533  
Horace Mann 800-999-1030  
Hull & Company 800-241-4855

## I

ICAT 866-789-4228  
IDS Life Insurance Company (Ameriprise Financial) 800-862-7919  
IDS Life Insurance Company of New York (Ameriprise Financial) 800-541-2251  
Imperial Fire & Casualty Insurance Company 800-960-5677  
Indiana Insurance 800-279-7221  
Industrial Risk Insurers 860-520-7347 (Business claims)  
Infinity Insurance Companies 800-334-1661  
Insurance Placement Facility of Delaware 800-462-4972  
Insurance Placement Facility of Pennsylvania 800-462-4972  
Interstate Fire & Casualty 800-456-8458, ext. 770

## K

Kemper Auto and Home 888-252-2799

## L

Liberty Mutual Insurance 800-2-CLAIMS (800-225-2467);  
Apps: [iPhone](#) or [Android](#) Liberty Northwest 800-289-0930  
Lloyd's America Helpline 866-264-2533  
Louisiana Citizens Property Insurance Corporation 800-931-9548  
Louisiana Department of Insurance 800-259-5300 (toll-free inside Louisiana only);  
225-342-5423  
Louisiana Farm Bureau 866-275-7322

## M

Main Street America Group 877-282-3844  
Maryland Joint Insurance Association 800-492-5670  
Massachusetts Bay Insurance Company 800-628-0250; or 508-855-2288  
Massachusetts Property Insurance Underwriting Association 800-851-8978  
Mercury Insurance Group 800-987-6000  
MetLife Auto & Home 800-854-6011; f: 866-743-1546;  
email: [MET\\_CAT@metlife.com](mailto:MET_CAT@metlife.com) MiddleOak Insurance p: 800-225-2533 option 7; f: 866-

514-9861 or  
email: [stormclaims@middleoak.com](mailto:stormclaims@middleoak.com) or [firstreports@middleoak.com](mailto:firstreports@middleoak.com) Middlesex  
Insurance Company (see Sentry Insurance)  
Mississippi Farm Bureau 866-275-7322  
Mississippi Residential Property Insurance Association 800-931-9548  
Mississippi Windstorm Underwriting Association 800-931-9548  
Montgomery Insurance 800-561-0178

## N

National Automotive Insurance 800-577-9471  
National Casualty Company 800-423-7675  
**National Farmers Union (QBE) 866-638-5677**  
National Flood Insurance Program (NFIP) 800-621-3362  
National Insurance Company 800-239-2121  
National Security Underwriters 800-256-8277 (Alexandria); 800-738-8555 (South  
Bunkie)  
Nationwide 800-421-3535  
New Jersey Insurance Underwriting Association 973-297-5235  
New York Property Insurance Underwriting Association 212-208-9701; Outside NYC  
800-522-3372  
North Pointe Insurance Company 877-878-1991

## O

Ohio Casualty 866-255-5530  
Ohio Casualty and West American Insurance Company 888-701-8727  
Old Dominion Insurance Company 877-425-2467 or 800-606-7992  
Omaha Property & Casualty 800-638-2592 (Flood only)  
Omega Insurance Company 800-216-3711  
OneBeacon 877-248-3455 (Commercial Claims only); f: 866-213-2802;  
email: [claims@onebeacon.com](mailto:claims@onebeacon.com)

## P - Q

Patriot General Insurance Company (see Sentry Insurance)  
Peerless Insurance 800-522-7152  
Pharmacists Mutual Insurance Company 800-247-5930  
Poe Financial Group 800-673-4952  
Progressive 800-PROGRESSIVE (776-4737); or 719-432-0264  
QBE Agri 800-777-0078 or 425-562-5264  
QualSure Insurance Corp. 877-563-0150

## R

Regency (Tower Hill) 800-216-3711  
Republic Fire & Casualty (Homeowners, Dwelling Fire, Auto & Commercial) 800-451-  
0286  
Republic Group (Republic Fire & Casualty, Republic Underwriters Southern Ins Co,  
Southern Underwriters Ins) 800-451-0286

Republic Underwriters (Commercial) 800-451-0286  
Rhode Island Joint Reinsurance Association 617-723-3800; 800) 851-8978  
RLI Insurance Company 800-84-ROYAL (800-444-0406)  
Royal & SunAlliance 800-847-6925

## S

Safeco Insurance 800-332-3226; iPhone App Safeway Insurance Company 800-252-3251  
Scottsdale Insurance Company 800-423-7675  
Security National Insurance Company 800-BRISTOL (800-274-7865)  
Selective 866-455-9969  
Sentry Casualty Company (see Sentry Insurance)  
Sentry Insurance a Mutual Company (Transportation claims) 800-638-8763; (Life claims) 800-533-7827; (Other claims) 800-638-8763  
Sentry Life Insurance Company (see Sentry Insurance)  
Sentry Select Insurance Company (see Sentry Insurance)  
Service Insurance Company 800-780-8423  
Shelter Insurance Group 800-SHELTER (800-743-5837)  
Sompo Japan 800-444-6870  
South Carolina Wind & Hail Association 803-744-4319  
Southern Family Insurance Company 800-673-4952  
Southern Fidelity 866-874-7342  
Southern Insurance Company (Commercial) 800-451-0286  
Southern Underwriters (Commercial) 800-451-0286  
Southwest Business Corp. (Lloyd's Excess Flood) 800-527-0066 ext. 7389  
St. Johns Insurance Company 800-748-2030  
State Farm Insurance 800-SF-CLAIM (800-732-5246)  
Sunshine State Insurance Company 877-329-8795

## T

TAPCO 888-437-0373  
Texas Department of Insurance Consumer Help Line 800-252-3439  
Texas Farm Bureau 800-266-5458  
Texas Select Lloyds Insurance Company 866-887-7276  
Texas Windstorm Insurance Association 800-788-8247  
The Timbermen Fund (Louisiana Safety Association of Timbermen-SIF) 877-628-6730  
Tower Hill Insurance Companies 800-216-3711 or 800-509-1592  
Travelers Personal Insurance 800-252-4633 (800-CLAIM33)  
Travelers Business Insurance 800-238-6225  
21st Century Insurance 888-244-6163

## U

Unemployment Insurance 866-4-USA-DOL (866-432-0264)  
Unigard (QBE) 800-777-0078  
Union Insurance Company 800-444-0049, ext. 2600  
United Fire Insurance Company 800-343-9131  
United Property and Casualty Company 800-861-4370

Universal Insurance Company 888-846-7647  
USAA 800-531-8722; Mobile App; Online Claims USF&G 800-787-2851; 800-631-6478 (homeowners claims); 407-660-9000 (customer service)  
USLI 800-523-5545  
Utica National 800-216-1420

## V - Z

Valley Forge Life Insurance (Subsidiary of CNA) 800-437-8854  
Vanguard Fire & Casualty Company 888-343-5585  
Virginia Property Insurance Association 804-591-3700  
Westfield Insurance 866-937-2663  
Willis Group 877-725-9679  
XL Insurance 800-688-1840  
Zenith (first report of injury) 800-440-5020  
Zurich Insurance Company 800-987-3373 or email [usz\\_carecenter@zurichna.com](mailto:usz_carecenter@zurichna.com)

## Tax Treatment of “Qualified Disaster Payments”

By Gerard H. Schreiber, Jr., CPA and Valrie Chambers, PhD, CPA

Hurricanes Harvey and Irma have caused unprecedented damage not seen before in a single year and effected millions of individuals.

Individuals and businesses want to help individuals affected by the disasters and may not realize there are “Qualified Disaster Payments” that allow disaster victims not to include as income some assistance payments they receive.

The Victims of Terrorism Tax Relief Act of 2001 added Section 139 to the Internal Revenue Code, excluding from income qualified disaster relief payments to individuals. The various components of Section 139 are listed below.

Section 139(a) provides gross income does not include amounts received by an individual for a qualified disaster payment.

Section 139(b) defines “qualified disaster payments” as amounts paid for the benefit of an individual to:

1. Reimburse or pay ***reasonable and necessary*** personal, family, living, or funeral expenses incurred as a result of a disaster
2. Reimburse or pay ***reasonable and necessary*** expenses to repair or rehabilitate a personal residence or repair or replacement of contents to the extent that the need for such is due to a disaster
3. Payments by a Federal, State, or local government in connection with a qualified disaster in order to promote the general welfare.

Section 139 (c) defines the term “qualified disaster” as:

1. A disaster resulting from terrorist or military action
2. A Federally declared disaster
3. A disaster resulting from any event the Secretary determines to be of a catastrophic nature
4. A disaster determined by applicable Federal, State, or local authority that warrants assistance from Federal, State, or local authority governmental agencies.

Revenue Ruling 2003-12 (<https://www.irs.gov/pub/irs-drop/rr-03-12.pdf>) offers guidance indicating individuals who are disaster victims will generally not have to pay income tax on assistance payments they receive. The revenue ruling provides taxpayers in a Federally declared disaster area who receive grants from state programs, charitable organizations or employers to cover medical, transportation, or temporary housing expenses do not include these grants in their income.

Prior to the issuance of this 2003 revenue ruling, there was only a 1953 revenue ruling on this subject (Rev. Rul. 131, 1953-2 C.B. 112). This revenue ruling concluded that payments made by

an employer to employees who were victims of a disaster do not come “within the concept of gross income.”

It is important to note the following terms in interpreting the relief available to disaster victims:

- Qualified disaster payments
- Reasonable and necessary personal, family, living, or funeral expenses
- Reasonable and necessary expenses for repairing a personal residence or contents
- Other disaster payments for a Federal, State, or local authority (FEMA payments).

This is a means of assisting disaster victims, not a blank check for unlimited spending without tax consequences.

This 2003 revenue ruling and the applicable sections of Code Section 139 provide a means for employers to be able to assist their employees in restoring normality in their lives and also provide assurance to disaster victims there will not be income tax consequences on the qualified disaster payments they receive.

**Frequently Asked Charitable Contribution Deductions Questions for Aid Given  
to Disaster Victims**

**By Sonia Chang, Stetson University**

**Valrie Chambers, Stetson University**

**Gerard H. Schreiber, Jr., CPA**

**1Q: Do I get a deduction for clothes, toys, and other items that I donated to churches, organizations, or neighbors?**

A: Maybe. If you donated clothes, toys, and other supply items, the donation is only tax deductible if it is made to a qualified charitable organization. And, you must have a receipt from the qualified charitable organization and keep records showing the organization's name and description of the gift. No charitable deduction is allowed for any cash or property contribution of \$250 or more unless you can provide a written acknowledgement, made on near the time of donation, from the qualified charitable organization. In general, the written acknowledgement must state: 1) the amount of cash and/or a description of any property other than cash contributed; 2) whether the qualified charitable organization provided any goods or services in return for the donation, or if it did, a description and good-faith estimate of their value what the charitable organization gave back; and 3) if the goods or services consist entirely of intangible religious benefits, a statement to that effect. No charitable deduction is allowed for any clothing or household items that aren't in good or better condition. However, a deduction may be allowed if amounts claimed for an item exceeds \$500 and the taxpayer includes a qualified appraisal of that item with the tax return. Note that the IRS may also deny a deduction for any contribution of clothing or a household item with minimal monetary value such as used socks.

**2Q: Do I get a deduction if I donated money on a GoFundMe page or other similar site to help to assist victims?**

A: Probably not. If you donated cash, it must be to a qualified charitable organization that fits into one of the specified categories and for which the IRS has ruled is eligible to receive deductible contributions. Because most GoFundMe accounts are set up by individuals and small groups, not qualified charitable organizations, donations of this kind generally are not tax deductible. However, donations made through your phone or webpage directly to a qualified organization would be deductible. For cash contributions, taxpayers must keep either a cancelled



check, receipt or other reliable evidence. You can't deduct *any* contribution of a cash, check, or other monetary gift unless you maintain as a record of the contribution, a bank record or a written communication from the donee organization showing its name, plus the date and amount of the contribution.

**3Q: Do I get a deduction if I donated my time to volunteer for an organization/church? A:**

No. No deduction is allowed for the value of services you the taxpayer renders to charity. You are only allowed a deduction for your unreimbursed out-of-pocket expenses for a charity. The services must primarily benefit the charity and not you, your family, or others.

**4Q: Do I get a deduction if I donated some of my vacation time or sick leave through work? A:**

No. You neither get taxed on, nor get a tax deduction for donated vacation or sick leave.

**5Q: Do I get a deduction if I opened up my rental property/second home to shelter**

**victims? A:** No. You are not allowed to take a charitable deduction for your rental property or second home even if you gave a qualified charitable organization the right to use the property rent-free since you still retain the property itself.

**6Q: Do I get a deduction if I donated food to an organization or church?**

A: Maybe. If you donated food, the donation is only tax deductible if it is made to a qualified charitable organization. And, you must have a receipt from the qualified charitable organization and keep records showing the organization's name and description of the gift. No charitable deduction is allowed for any cash or property contribution of \$250 or more unless you can provide a written acknowledgement, made on or near the time of donation, from the qualified charitable organization. In general, the written acknowledgement must state: 1) the amount of cash and/or a description of any property other than cash contributed; 2) whether the qualified charitable organization provided any goods or services in return for the donation, or if it did, a description and good-faith estimate of their value what the charitable organization gave back; and 3) if the goods or services consist entirely of intangible religious benefits, a statement to that effect.

**7Q: Do I get a deduction if I allowed victims to stay in my house?**

A: Probably not. Since you are donating to an individual, not a charitable organization, no deduction can be taken. However, if the stay was a service to a qualified charitable organization, you can deduct your out-of-pocket expenses. You will want to have those documented, which can be difficult to do, and confirmed by the charity though.

**8Q: What if my business made extra food to donate to an organization?**

A: If you donated food inventory that is contributed to a qualified organization or private operating foundation, you can deduct the expense of that food as a qualified charitable contribution. Corporations are able to deduct the cost to produce the food and half the difference between the cost and full fair market value of the food donated. This is limited to 15% of the corporation's taxable income, but any excess contributions are carried forward in each of the five succeeding tax years.

**9Q: Do I get a deduction if I opened my business up as a shelter for people to stay in during and after the storm?**

A: Yes. If the stay in the property was a service to a qualified charitable organization, you can document and deduct your out-of-pocket expenses. However, if you can show that you were building goodwill, what is disallowed as a charitable deduction may be deductible as an ordinary and necessary business expense, so consult your tax adviser.

**10Q: Do I get a deduction if I allowed victims to use my shower, laundry, water, energy? A:**

Technically, maybe. In theory, you can deduct these usages if they were a service provided to a qualified charitable organization. However, in practice, the problem is proving the burden of amount of utilities consumed.

**11Q: What kind of organizations are normally qualified charitable organizations?**

A: Normally, qualified charitable organizations include:

- A state or possession of the United States (or any subdivision).

- A corporation, trust, community chest, fund, or foundation located in the United States and organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals.
- A veterans' organization.
- A fraternal organization operating under the lodge system.
- A cemetery association.

It is commonly understood that contributions to a church, synagogue, or other religious organization are allowed. But for less well-known organizations, you can consult an IRS list of organizations that have applied for and received tax-exempt status under Section 501 of the Internal Revenue Code.

Gifts made to individuals ***are not*** deductible such as a needy family or a homeless individual.

**12Q: May I deduct anything if I assisted in helping to clean up public roads and properties after the storm?**

A: Maybe. Unfortunately, no deduction is allowed for the value of services you render to a qualified charity or governmental organization. However, you are allowed a deduction for your unreimbursed out-of-pocket expenses necessary to perform services, like commuting to the road site and travel expenses. However, the services must primarily benefit the charity or government and not the taxpayer, the taxpayer's family, or others. Travel costs, including the cost of meals and lodging, will be deductible where the trip primarily benefits the government or charity. The charitable deduction is limited to amounts necessarily incurred for meals and lodging while away from home overnight in rendering these services. If you use a car to perform these services, you may deduct 14¢ per mile as a contribution, or, alternatively deduct the actual (unreimbursed) expenses for items like gasoline. Parking fees and tolls are deductible in either case, as are deductions otherwise allowable for interest or taxes connected with the car, but depreciation, insurance, and repairs on the car are not deductible. Note that if there's a significant element of personal pleasure or vacation to the travel, the costs won't be deductible.

**13Q: Do I get a deduction if I gave money to needy strangers?**

A: No. No charitable deduction is allowed for a donation made to or for an individual because they are not a qualified organization.

**14Q: Do I get a deduction if I went to another state to assist people in need?**

A: Maybe. To be deductible, you must be assisting through a qualified charitable organization or government. And, unfortunately, no deduction is allowed for the value of services a taxpayer renders to charity. However, you are allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a qualified charitable organization. However, the services must primarily benefit the charity and not the taxpayer, the taxpayer's family, or others. Travel costs, including the cost of meals and lodging, will be deductible where the trip primarily benefits the charity. The charitable deduction is limited to amounts necessarily incurred for meals and lodging while away from home overnight in rendering these services. If you use a car to perform these services, you may deduct 14¢ per mile as a contribution, or, alternatively deduct the actual (unreimbursed) expenses for items like gasoline. Parking fees and tolls are deductible in either case, as are deductions otherwise allowable for interest or taxes connected with the car, but depreciation, insurance, and repairs on the car are not deductible. Note that if there's a significant element of personal pleasure or vacation to the travel, the costs won't be deductible.

**15Q: Do I get a deduction if I used my boat to rescue victims?**

A: Maybe. If you used a boat to perform services for a local government or qualified charitable organization, you may deduct your reasonable, out-of-pocket costs (for example gasoline) incurred as a contribution. Depreciation and insurance on your boat is not deductible. You are also allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a qualified charitable organization. The services must primarily benefit the charity and not the taxpayer, the taxpayer's family, or others. Unfortunately, no deduction is allowed for the value of services a taxpayer renders to charity.

**16Q: Do I get a deduction if I used my boat to rescue pets or other animals?**

A: Maybe. If you used a boat to perform services for a local government or qualified charitable organization, you may deduct your reasonable, out-of-pocket costs (for example gasoline) incurred as a contribution. Depreciation and insurance on your boat is not deductible. You are also allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a qualified charitable organization. The services must primarily benefit the charity and not the taxpayer, the taxpayer's family, or others. Unfortunately, no deduction is allowed for the value of services a taxpayer renders to charity.

**17Q: Do I get a deduction if I donated food to a neighbor or friend?**

A: No. No charitable deduction is allowed for a donation made to or for an individual unless that individual is an agent for a qualified organization.

**18Q: Do I get a deduction if I purchased gas for someone to get out of the storm?**

A: No. No charitable deduction is allowed for a donation made to or for an individual unless that individual is an agent for a qualified organization.

**19Q: Do I get a deduction if I helped a local government rescue others?**

A: Maybe. Unfortunately, no deduction is allowed for the value of services a taxpayer renders to a local government entity. However, you are allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a local government entity. The services must primarily benefit the local government entity and not the taxpayer, the taxpayer's family, or others. Travel costs, including the cost of meals and lodging, will be deductible where the trip primarily benefits the local government. The charitable deduction is limited to amounts necessarily incurred for meals and lodging while away from home overnight in rendering these services. If you use a car to perform these services, you may deduct 14¢ per mile as a contribution, or alternatively deduct the actual (unreimbursed) expenses for items like gasoline. Parking fees and tolls are deductible in either case, as are deductions otherwise allowable for interest or taxes connected with the car, but depreciation, insurance, and

repairs on the car are not deductible. Note that if there's a significant element of personal pleasure or vacation to the travel, the costs won't be deductible.

**20Q: Do I get a deduction if I donated to a shelter run by a local government, charitable organization, or private business?**

A: Maybe. If you donated clothes, toys, and other supply items, the donation is only tax deductible if it is made to a qualified charitable organization which includes local government entities. And, you must have a receipt from the qualified charitable organization and keep records showing the organization's name and description of the gift. No charitable deduction is allowed for any cash or property contribution of \$250 or more unless you can provide a written acknowledgement, made on near the time of donation, from the qualified charitable organization. In general, the written acknowledgement must state: 1) the amount of cash and/or a description of any property other than cash contributed; 2) whether the qualified charitable organization provided any goods or services in return for the donation, or if it did, a description and good-faith estimate of their value what the charitable organization gave back; and 3) if the goods or services consist entirely of intangible religious benefits, a statement to that effect. No charitable deduction is allowed for any clothing or household items that isn't in good or better condition. However, a deduction may be allowed if amounts claimed for an item exceeds \$500 and the taxpayer includes a qualified appraisal of that item with the tax return. Note that the IRS may also deny a deduction for any contribution of clothing or a household item with minimal monetary value such as used socks. No deduction is allowed for donations to a private business unless that business is considered a qualified charitable organization as identified by the IRS.

**21Q: Do I get a deduction if a business that I own made a donation?**

A: Maybe. If you own a sole proprietorship, the only way you can deduct your charitable contributions is on Schedule A, *Itemized Deductions*, of your personal tax return if you choose to itemize your deductions.

If you own an interest in a partnership, you will take your percentage share of the deductions on your personal tax return on Schedule A, *Itemized Deductions*.

If you own shares in an S corporation, you will take your percentage share of the deductions on your personal tax return on Schedule A, *Itemized Deductions*.

If you own shares in a regular corporation, the corporation itself takes deductions for those contributions.

**22Q: If I do qualify for a deduction, where do I deduct these expenses?**

A: On Schedule A, *Itemized Deductions*, of your Form 1040 individual income tax return, under the section gifts to charity. You would then attach the Schedule A to your Form 1040 and put the amount of your total itemized deduction amount on line 40 of your Form 1040. You may elect to take the standard deduction if your total itemized deduction is less than the standard deduction. The draft 2020 Schedule A can be seen here: <https://www.irs.gov/pub/irs-dft/f1040sa--dft.pdf> Note: If you personally have made non-cash contributions of over \$500, you must file Form 8283, *Noncash Charitable Contributions* <https://www.irs.gov/pub/irs-pdf/f8283.pdf> with your tax return providing information on the donated property.

**23Q: How does the Tax Reform law passed in 2017 affect the deductibility of my contributions?**

A: It generally doesn't. The passing of the Tax Cuts and Jobs Act does not affect the deductibility of your 2017 charitable contributions. Beginning in 2018, the percentage deductibility for individual taxpayers of cash to public charities and certain other organizations increases from 50% to 60%. For 2020, non itemizers may deduct charitable contributions up to \$300 on page 1 of Form 1040.

**24Q: Do I get a deduction if my business collects money to provide to affected employees?**

A: If you collect funds from third party sources to provide to affected employees, you cannot deduct the money paid to you for this purpose.

**25Q: Do I get a deduction if my business pays my employees for the days we were closed due to the hurricanes?**

A: Those costs aren't charitable contributions but they can be taken as an ordinary business expense.

For more information on any of these questions, consult a CPA or other professional tax advisor.

Updated August 23, 2020

Sonia Chang is a senior accounting major, Vice President of Beta Alpha Psi, and a member of the Bonner Program at Stetson University.

Valrie Chambers is an Associate Professor of Accounting and Interim Chair of the M.E. Rinker, Sr. Institute of Tax and Accountancy at Stetson University, USA where her teaching includes federal taxation.

Gerard Schreiber, Jr. is a CPA, and partner at Schreiber & Schreiber, CPAs in Metairie, LA. He is the acknowledged national expert on casualty losses. More information can be found at: [www.cpamasterofdisaster.com](http://www.cpamasterofdisaster.com)



#### Resources

**American Red Cross**

[www.redcross.org](http://www.redcross.org)

**FEMA**

[www.fema.gov](http://www.fema.gov)

**Disaster Assistance and Recovery**

[www.disasterassistance.gov](http://www.disasterassistance.gov)

**Small Business Administration**

[www.sba.gov](http://www.sba.gov)

**Disasters and Financial Planning: A Guide for  
Preparedness and Recovery**

[http://www.redcross.org/images/MEDIA\\_CustomProductCatalog/m52040082\\_DisastersandFinancialPlanningGuide\\_FINAL.pdf](http://www.redcross.org/images/MEDIA_CustomProductCatalog/m52040082_DisastersandFinancialPlanningGuide_FINAL.pdf)

**Picking Up the Pieces After a Disaster**

[http://www.redcross.org/images/MEDIA\\_CustomProductCatalog/m7540319\\_picking-up-the-pieces-A5076.pdf](http://www.redcross.org/images/MEDIA_CustomProductCatalog/m7540319_picking-up-the-pieces-A5076.pdf)

**AICPA's 360 Degrees of Financial Literacy:**

**Disaster Planning for Small Businesses**

[http://www.360financialliteracy.org/Topics/Ownning-a-Business/Business-Planning-Basics/Natural-Disaster-Planning-for-Small-Businesses/\(language\)/eng-US](http://www.360financialliteracy.org/Topics/Ownning-a-Business/Business-Planning-Basics/Natural-Disaster-Planning-for-Small-Businesses/(language)/eng-US)

**Texas Department of Transportation (road  
closures, traveler information)**

<https://www.txdot.gov/>

**National Hurricane Center (latest news advisories,  
marine safety)**

<http://www.nhc.noaa.gov/>

**Texas Emergency Management**

<https://www.dps.texas.gov/dem/>

**Ready.gov (before, during and after a hurricane)**

<https://www.ready.gov/hurricanes>

**Texas Attorney General**

<https://texasattorneygeneral.gov/>

**Texas Insurance Commissioner**

<http://www.tdi.texas.gov/>

**United Policyholders**

[www.uphelp.org](http://www.uphelp.org)



**CPA**

America counts on CPAs®

## Quick Answers to Questions for Individual Disaster Victims

Information for clients of CPA Firms  
affected by disasters



**Prepared by:**

**Valrie Chambers, PhD, CPA, M.E. Rinker,  
Sr. Institute of Tax and Accountancy**

**and**

**Gerard H. Schreiber, Jr. CPA**

1. **If I receive relief money or services, is it taxable?** Not if it's for food, shelter, medical supplies, or other general welfare money during the crisis. If it is for reimbursement for property loss, then that money reduces the amount of your property loss, and in rare cases could cause a casualty gain.
2. **What are the most important steps to getting a tax deduction for my loss?**
  - a. File an insurance claim if you are insured. File on both your homeowner's insurance and your flood insurance if you have them both. Also file on your auto insurance if your car was affected. Tax breaks for losses covered by insurance are disallowed if the claim is not filed.
  - b. Keep careful records, even of small receipts. These small receipts add up fast.
3. **How much of a loss is tax deductible?**

The rules are a bit complicated, but the short rule of thumb is that if your property is not a total loss but the loss is large, you may be able to deduct the cost to replace your property to the condition that it was in immediately before the storm. This is sometimes called "cost to cure."
4. **What advice do you have for dealing with contractors?** Get 3 full bids from licensed, local contractors. Even if you think that you can do some of the work yourself, have them bid the whole job. They are quantifying the loss for you, and you can re-negotiate the work you wish to do yourself out of the final contract that you accept.
5. **What advice do you have for dealing with insurance companies?** Keep good records and get an assessment quickly. These loss assessments can be re-negotiated as additional losses come to light, which if losses are big, nearly always happens. You will be working with these adjusters for several months and if they're local, they've had losses too so be patient. However, talk with your friends & neighbors. Is your service better or worse than theirs? This will become important when you want to renew insurance on your property.
6. **Can I get reimbursed for temporary living expenses while I am out of my home?** Sometimes yes, within reason, through your insurance company.
7. **What about changes in medical care during this time?** Your regular provider may not be accessible during this time, and you may have to go out of network. If this happens, document why for your health insurer. Ask for a manager if your claim is denied. Request the credentials of those making adverse decisions on your claim if this happens.
8. **I didn't have a loss, but I helped those that did. Is it deductible?** If you gave to a qualified charitable organization, then yes, it is probably deductible if you itemize. But, get documentation for your gifts if you want to deduct them. If you give directly to people, this is noble, but not tax deductible. There's also no break for the value of your volunteer services, but there may be for your mileage or other costs incurred while volunteering. Save those receipts.
9. **How soon can I get a tax refund to help me pay for damages?** As soon as you know the amount of the loss and expected reimbursement, you can file for a refund against your 2019 tax return. Even though the disaster happened in 2020, a special provision in the law allows you to choose to claim it against either 2019 or 2020. That's where your tax preparer comes in..

# HOW TO HELP AFTER A DISASTER

*The best way to help is with*  
**CASH DONATIONS to**  
**TRUSTED ORGANIZATIONS.**

- Cash is efficient, flexible to use, and requires no packaging or transport.
- Trusted organizations will ensure your money goes to help those in need.
- FEMA does not transport donations, please work with a trusted organization.



# WHAT to EXPECT

after YOU APPLY for FEMA AID

YOU MAY RECEIVE AN APPLICATION TO APPLY FOR A LOW-INTEREST LONG-TERM SBA DISASTER LOAN

Completing the SBA loan application is an important step in finding out what aid may be available to you.

As a homeowner you may borrow up to \$200,000 to repair/replace your primary residence, and up to \$40,000 to repair/replace personal property.



You are **not required to accept the loan** in order to receive FEMA assistance, but it may enable you to be considered for additional types of assistance.



## BE READY TO...

Keep your scheduled appointment.

- Appointments take 30-40 minutes and you must be present.
- Contact your insurance agent, if you have insurance.
- Prove your identity.

Show these documents:

- Photo ID: driver's license or passport.
- Proof of occupancy: lease or utility bill.
- Proof of ownership: deed, title, mortgage payment book, or tax receipts.

*\*This is not an exhaustive list*

## DURING THE INSPECTOR'S VISIT

### Inspectors will...

- wear official FEMA ID badges.
- confirm your disaster registration number.
- review structural and personal property damages.
- ask you to sign official documentation.
- verify ownership and occupancy.



### Inspectors won't...

- determine eligibility.
- cost any money.
- ask for credit card information.
- take the place of an insurance inspection.

You will be sent a decision letter.

### If approved for aid:

- You will receive a check or an electronic funds transfer.
- A follow-up letter will explain how the money can be used.

AFTER THE INSPECTOR'S VISIT

If you have questions regarding the letter, you can visit a Disaster Recovery Center in your area ([fema.gov/drc](http://fema.gov/drc)) or call us at 800-621-3362 (711/Video Relay Service). For TTY, call 800-462-7585.



# Separating Your Debris

Debris should be placed curbside, without blocking the roadway or storm drains.

## NO PICKUP ZONE

Any debris placed from the sidewalk toward your property will not be picked up.

## DEBRIS SEPARATION

Separate debris into the six categories shown below.

### DO NOT STACK OR LEAN

Placing debris near or on trees, poles, or other structures makes removal difficult. This includes fire hydrants and meters.

### UNSURE WHERE TO PLACE DEBRIS?

If you don't have a sidewalk, ditch, or utility line in front of your house, place debris at the edge of your property before the curb.



### Normal Household Trash

Normal household trash and bagged debris of any kind will not be picked up with disaster debris. You should continue to follow your normal garbage removal schedule.



### VEGETATIVE DEBRIS

- Leaves (do not put in bags)
- Logs
- Plants
- Tree branches



### CONSTRUCTION & DEMOLITION DEBRIS

- Building materials
- Carpet
- Drywall
- Furniture
- Lumber
- Mattresses
- Plumbing



### APPLIANCES & WHITE GOODS

- Air conditioners
- Dishwashers
- Freezers
- Refrigerators
- Stoves
- Washers, dryers
- Water heaters



### ELECTRONICS

- Computers
- Radios
- Stereos
- Televisions
- Other devices with a cord



### HOUSEHOLD HAZARDOUS WASTE

- Cleaning supplies
- Batteries
- Lawn chemicals
- Oils
- Oil-based paints and stains
- Pesticides



For information visit [www.brazoriacountytexas.gov](http://www.brazoriacountytexas.gov)

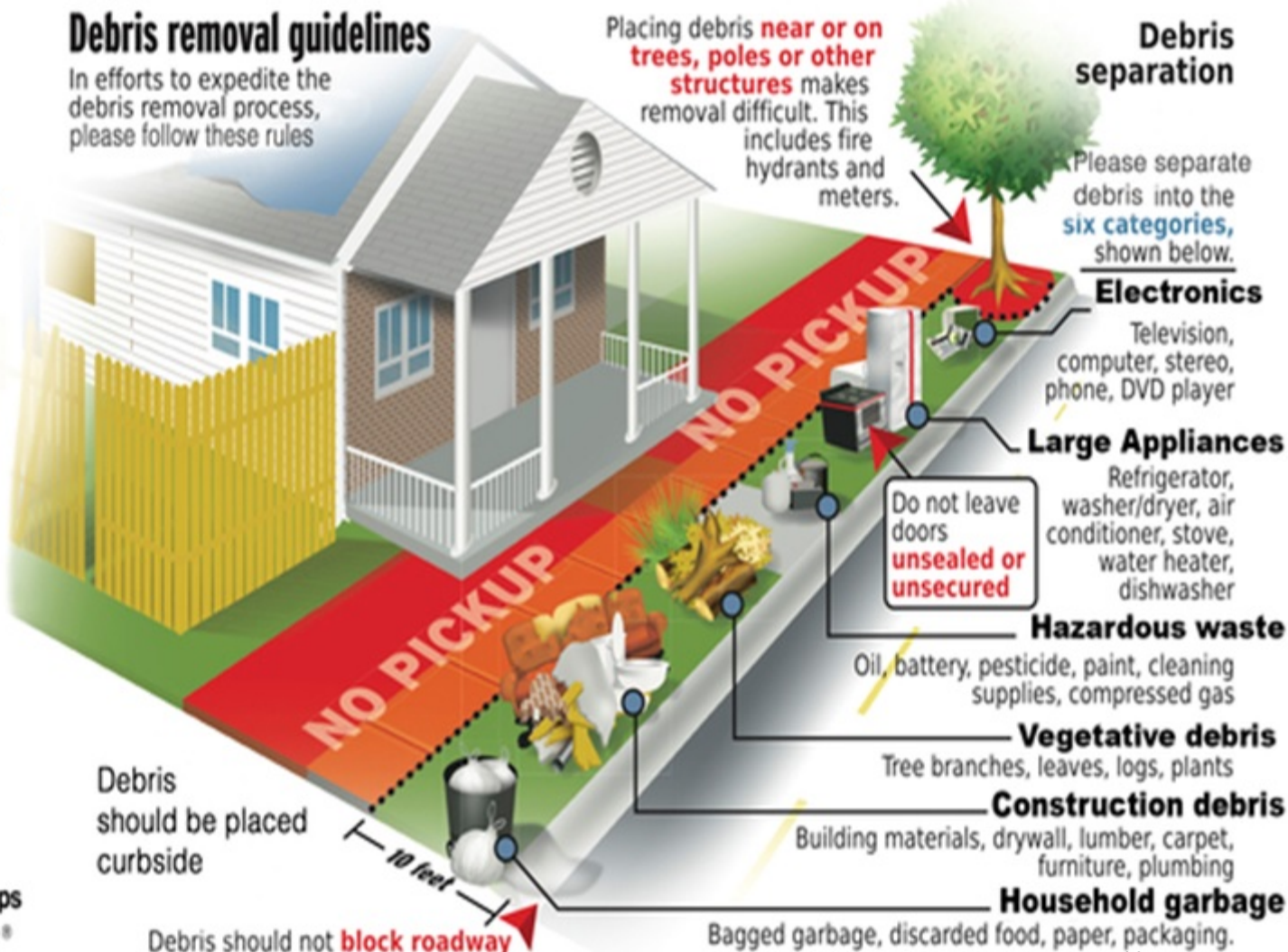


FEMA

www.fema.gov

## Debris removal guidelines

In efforts to expedite the debris removal process, please follow these rules



US Army Corps  
of Engineers®

www.usace.army.mil