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Emotional Recovery After a Disaster

HOW FAMILIES AND NEIGHBORS CAN HELP ONE ANOTHER COPE

PHASES OF DISASTER

Disasters bring with them an incredible range of emotions, from disbelief and anger to a euphoric spirit of teamwork. Temporary homelessness, damaged personal items, lost crops and an uncertain future weigh heavily on survivors. Unfortunately, the need to talk about one's losses, fears and anxieties may be forgotten in the wake of clean-up efforts.

Mental health professionals have identified a number of post-disaster phases that survivors may experience, as well as guidelines for managing disaster-related stress. The most common coping tools are our abilities to listen, talk and actively support one another during this time.

It is important to recognize the emotional phases we may experience after disaster. There is often overlap between phases.

- ◆ *Historic phase.* This period usually occurs at the time of impact and in the period immediately after. Emotions are strong and direct. People find themselves being called upon and responding to demands for heroic action to save their own and others' lives and property. Altruism is prominent, and people expend major energy in helping others survive and recover. The most important resources during this phase are family groups, neighbors and emergency teams of various sorts.
- ◆ *Honeymoon phase.* This period generally extends from one week to six months after the disaster. For survivors, even with the loss of loved ones and possessions, there is a strong sense of having shared with others a dangerous, catastrophic experience and having lived through it. Supported and often encouraged by the influx of official and governmental staff who promise many kinds of help, the victims begin clean-up. There is anticipation that more help soon will be available. Pre-existing community groups and emergency community groups are especially important resources during this period.
- ◆ *Disillusionment phase.* This phase generally lasts from about two months to one or even two or more years. Strong feelings of disappointment, anger, resentment and bitterness may appear if failures occur and the promises of aid are not fulfilled. Outside agencies may need to leave, and some of the local community groups may weaken. Also contributing to this stage may be the gradual loss of the feeling of "shared community" as victims concentrate on rebuilding their own lives and solving their individual problems.
- ◆ *Reconstruction phase.* The survivors come to realize they will need to solve the problems of rebuilding their own homes, businesses, farms and lives largely by themselves and gradually assume responsibility for the tasks. This phase generally lasts for several years after the disaster. The appearance of new buildings replacing old ones, the beginnings of new construction and the development of new programs and plans all serve to reaffirm residents' belief in their community and their own capabilities. If these signs of progress are delayed, however, the emotional problems that appear may be serious and intense. Community groups with a longer-term investment in the community and its people become key players during this phase.

SUPPORTING YOUR FAMILY

- ◆ Tell family members when they have done a good job.
- ◆ Laugh! Laughter can help relieve tension.
- ◆ Be considerate of other family members.
- ◆ Express love and concern often.

Additional resources:

Your county family living agent; Farmers Assistance Hotline (for Wisconsin farm families), (800) 942-2474; health and human service workers; clergy; school personnel; financial and legal assistance agencies; UW-Extension video "Managing During Tough Times," (VB0052)

Related publications:

UW-Extension publications—

"Managing Between Jobs — Controlling Stress," (B3459-11);

"Managing Farm Stress," (B2744-1).

COPING SKILLS

- ◆ *Let people give you a hand.* Take advantage of people who are willing and able to help. Volunteers may be available for sand-bagging or clean-up of debris. Relief agencies may offer food and cleaning supplies. The additional help can make a critical difference between coping and suffering.
- ◆ *Take care of your physical and emotional needs.*
 - a) See that you and your family members eat a balanced diet to fuel your energy.
 - b) Try to get enough sleep. Fatigue slows you down during an emergency and makes you prone to accidents and injury.
 - c) Talk with others about your feelings and listen to theirs. Together, look for positives in the situation.
- ◆ *Be patient with one another.* Realize that when we suffer losses, it is natural to express disbelief, anger, sadness, anxiety and depression afterwards. Emotions will rollercoaster and moods can change suddenly. Spouses' viewpoints may vary considerably.
- ◆ *Don't overlook the feelings of children as you deal with the disaster.* They need to feel they can count on you for extra attention, love and support. Reassure them, making sure they understand they are not responsible for the problems you face (See fact sheet, "Helping Your Child Cope With Disaster").
- ◆ *Refocus on the big picture, instead of little details and the little problems.* Don't expect things to instantly restore themselves.
- ◆ *Remember that a support network is essential.* In addition to family members and friends, you may wish to speak with clergy members and professional counselors. In some cases, you may need to refer a family member or friend for help (See fact sheet, "Identifying Stress in Family or Others").
- ◆ *Show by words and actions that you care.* A friendly arm around troubled shoulders or a few words of support can help tremendously. Offer specific types of help or ask how you can help. Don't be afraid of saying or doing the wrong thing. And keep helping. Even small, kind deeds will mean a lot to others.

Surviving a Financial State of Emergency

STRATEGIES FOR FAMILIES AFTER A DISASTER

Disasters can create serious financial crises for families. Insurance may not cover as much as anticipated. Homes and jobs may be lost. Family members may be out of work due to injuries. In an ideal world, families have adequate cash reserves or credit to draw on for disasters. But reality is often far from ideal.

Making decisions about repairs and purchases, and developing resources to maintain your home can be difficult. However, some basic financial tools and household saving strategies can help you survive an emergency. In some cases, you may be able to make ends meet by making changes in the way money is handled every day.

FINANCIAL TOOLS

- ◆ *Cut back on current spending* as much as possible.
- ◆ *Use cash reserves* if you have them. When the emergency passes, rebuild your reserves.
- ◆ *Use unsecured credit*, such as a credit card, but use it wisely. Whenever possible, pay your balance in full to avoid finance charges. If you know that you will need several months to repay, consider taking out a loan rather than charging things on a credit card. Finance charges are likely to be lower for the loan than for the credit card. If you think you will be late making payments or you have missed payments, contact your creditors immediately to make special arrangements.
- ◆ *Borrow against your assets*. If your home survived the disaster, you may be able to borrow against a portion of the equity through refinancing, a second mortgage or a home equity line of credit. Or you may be able to borrow against your equity in an employee pension plan or whole life insurance policy.
- ◆ *Liquidate assets*. You may want to consider selling major assets to generate cash. This will require making some difficult decisions about your priorities.
- ◆ *Discuss options for reducing interest charges on outstanding loans* with your creditors.

LOOK FOR WAYS TO SAVE

- ◆ Look at each monthly bill to see if you can make reductions and still keep the item or service. Telephone bills are a good place to start, especially if you have additional services that could be dropped temporarily, such as a second line or call waiting. Try lowering long distance charges by making fewer calls, shorter calls or calling when rates are lowest.
- ◆ Examine bills for cable TV, electricity, water and car maintenance for places to save. Utilities, such as the electric company, will help you with ideas to reduce costs, including use of balanced billing plans to even out expenses.
- ◆ Talk to insurance agents about ways to reduce costs. In some cases, deductibles can be raised, coverage lowered, life insurance converted to lower cost plans, or life insurance on children discontinued.

- ◆ Consider bartering. If you need repairs done in your home, consider exchanging your skills for the repair service you need. Some communities have bartering networks and groups, but you may be able to barter with a relative, neighbor or friend. Some examples are exchanging wallpapering for lawn mowing, fixing leaks for car repair, resume preparation for appliance repair.

LOOK FOR WAYS TO DO WITHOUT

- ◆ What things could you do without for a few months? Consider such overlooked expenses as newspaper or magazine subscriptions, hair care and/or beauty treatments, clothing, classes or lessons, sports leagues, nights out, vending machine snacks or buying meals at work.
- ◆ Learn nice ways to say no. It may be to a salesperson on the phone, a friend asking to do something that costs more than you care to pay, or a child saying, "Everybody has one." Some easy ways of saying no are:
 - a) "That's something we've decided not to buy right now."
 - b) "That's a great price, (product, offer, idea) but I'm afraid I have to pass for now."
 - c) "Let me think about it."

To children, suggest, "That's something you can buy with your allowance," or "Let's think of some ways for you to earn or save the money to buy it."

- ◆ Shop less often and with a written list. Time spent in stores encourages spending money, especially when shopping trips are not essential. Take only as much cash as you can reasonably spend. Don't carry credit cards or ATM cards.
- ◆ Look for alternatives to making new major purchases. Borrow an appliance from a family member or friend. Or buy an inexpensive used model through the newspaper, a friend or a garage sale.

Additional resources:

Your county family living agent, your local emergency government office, the American Red Cross, the Federal Emergency Management Agency

Related publications:

UW-Extension publications—

"Managing Between Jobs — Deciding Which Bills to Pay First," (B3459-3);

"Managing Between Jobs — Strategies for Spending less," (B3459-2);

"Managing Between Jobs — Talking with Creditors," (B3459-4);

"Making Ends Meet: Our Spending Plan," (B7760313).

ADDITIONAL SOURCES OF INCOME

If physical damage to your home was minor, you might consider temporary room rental as an additional source of income. Be sure your local regulations and zoning laws permit room rental. Garage sales may be a good way to bring in extra cash if you have undamaged items that you no longer need. Consider a cooperative garage sale with family, friends or neighbors.

Restructuring Debt After a Disaster

ESTABLISHING PRIORITIES AND ADJUSTING DEBT

You are obligated to pay all of your creditors, even after a disaster has shaken your financial status. However, debt adjustments can ease a difficult financial period by reducing the amount paid to creditors, or extending the time period for payments.

Before contacting creditors, take a hard look at your finances and evaluate how much and when you can pay. Consider:

- ◆ **Your monthly income**
- ◆ **Essential monthly living expenses**
- ◆ **Number of creditors and total amount owed**
- ◆ **How long your present financial circumstances will last**
- ◆ **Assets (savings, items that could be sold) that could help pay off loans**
- ◆ **High-priority debts**
- ◆ **Debts that could be satisfied by voluntarily surrendering, or giving back, an item**

DECIDING WHICH DEBTS TO PAY FIRST

If you can't pay all your bills, you must decide how much to pay to which creditors. One way is to divide available money and pay every creditor a share of what you owe. This is probably the fairest way, but it doesn't always work because each creditor must agree to reduce the amount they receive and extend the payment period.

Another creditor payment strategy involves setting priorities. Ask yourself these questions:

- ◆ *What will affect my family's health and security the most?* Usually the house, utilities, food, transportation and medical insurance take priority. Don't be tempted to let medical insurance slide when money is tight. If anyone in your family becomes ill, uninsured medical costs could be devastating. Pay high-priority bills or contact creditors at once to work out smaller payments.
- ◆ *What will we lose if the bills aren't paid?* You can lose your purchases if the creditor holds the title of the property as security for the loan: a home mortgage or car loan, for example. Sometimes furniture and large appliance loans are secured loans. If you aren't sure which loans are secured, check the credit contract. Unsecured debts may have to take lower priority, although you are obligated to pay them too.
- ◆ *How much do we still owe on the loan?* Determine how much you have paid on each loan and how much you owe. If you have only one or two payments to make on a loan, it's probably a good idea to finish paying it. Getting out from under some of your debts can reduce the pressure you feel. You may be able to return newer items or sell them to pay off the debt. If you choose to voluntarily surrender an item, you'll still be required to pay the difference between its market value and the amount remaining on the loan.
- ◆ *What interest rate are we paying?* Credit card firms charging 1.5% interest per month would receive 18% interest per year on the unpaid balances. If you have a loan with a lower interest rate, you may decide to pay off a higher interest credit card balance first, to reduce the amount of finance charges you are paying. Until your financial situation improves, watch credit card purchases carefully. Consider putting cards away in a safe place so you are not tempted to use them.

MAKING IT WORK

Remember — no matter how bad your situation may be, don't ignore your bills and creditors. Prompt action is very important; let your creditors know you are having trouble before you miss payments and the situation becomes worse.

◆ **Once you have worked out a repayment plan, follow through with it and make the payments you promised to make. If you fall behind on your new commitments, creditors will be less understanding. If you fail to make the payments, creditors may hire a collection agency to make you pay.**

◆ **Openly discuss spending decisions with all family members. This will help everyone realize that changes and sacrifices must be made for your family's plan to be successful.**

- ◆ *Is consolidation a good idea?* Personal finance companies want you to think so, but generally a consolidation loan charges a higher interest rate, often 20% or more. And refinancing to smaller monthly payments will extend the number of payments you must make, adding to the total cost. If you are facing a temporary financial crisis because of disaster, the ease of a single payment may be worth the higher interest rate if you can pay back the loan early with no penalty.
- ◆ *What about our credit record?* Nonpayment of debts is recorded on your credit record and can damage your ability to get credit in the future. That's why you should contact all of your creditors immediately if you cannot pay your bills.

YOUR REPAYMENT PLAN

Once you have calculated how much money your family has for monthly living expenses and for paying off debts:

- ◆ Decide how much you can pay to each creditor, based on priorities you determined while answering the previous questions.
- ◆ Work out a repayment plan that shows how much you plan to pay each creditor. Put this plan in writing.
- ◆ Contact each of your creditors to explain your family situation. You will need to tell them how much you are able to pay and when you will be able to pay it. (See the fact sheet, "Communicating With Creditors," in this series.)
- ◆ Some businesses, such as utility companies, have counselors to help you budget even payments during the year. They also can tell you if you qualify for fuel assistance or any available programs.

Additional resources:

Your county family living agent, your local emergency government office, the American Red Cross, the Federal Emergency Management Agency

Related publications:

UW-Extension publications—

"Managing Between Jobs — Deciding Which Bills to Pay First, (B3459-3);

"Managing Between Jobs — Strategies for Spending less," (B3459-2);

"Managing Between Jobs — Talking with Creditors," (B3459-4);

"Making Ends Meet: Our Spending Plan," (B7760313).

Communicating With Creditors

WHEN YOU FACE MISSING PAYMENTS AFTER A DISASTER

After a natural disaster, you may face temporary loss of income and steep bills for clean-up and repair not covered by insurance. If you realize you can't pay all your bills, it is important to face your debts and know how to talk to creditors.

Your past experiences with creditors are important. If you have consistently paid bills when due, your creditors will be more cooperative than if you were late or didn't make regular payments. Creditors want to keep your business, but as businesses they also need to be paid.

Contact your creditors immediately; don't wait for them to contact you. Explain your current situation. Tell them your family income is reduced and you are not able to keep up with your payments. Frankly discuss your future income prospects so you and your creditors can figure out solutions to the problem. Most creditors would prefer to receive smaller payments on a regular basis than to begin expensive collection procedures.

WHERE TO BEGIN

Before you and your creditors agree on a reduced payment or some other solution, determine how much money you have to pay off your debts. Figure out how much income you can count on each month and how much you need to pay for your essential monthly living expenses.

Once you have gathered this information, contact each creditor explaining your family's situation and work out a solution. Be prepared to explain:

- ◆ The reason you cannot pay.
- ◆ Your current income and prospects for future income.
- ◆ Other obligations.
- ◆ Your plans to bring this debt up-to-date and keep it current, including the amount you will be able to pay each month.

Visit local creditors in person. Contact out-of-town creditors by phone or letter. If you phone, write down the name and title of the person to whom you talked. Follow the conversation with a letter summarizing the agreement between you and the creditor. Keep copies of your correspondence as well as any replies.

As you negotiate with each of your creditors, don't agree to any loan simply to get off the hook. Be sure you will be able to follow through on the agreement. Establish a payment rate that is realistic and acceptable to both you and the creditor.

RENEGOTIATION OPTIONS

Here are some alternatives to consider when negotiating with your creditors:

- ◆ Reducing the monthly payment
- ◆ Refinancing the loan
- ◆ Consolidating your loans
- ◆ Deferring a payment for a short time if you expect your income will increase soon
- ◆ Reducing or dropping late charges
- ◆ Paying only interest on the loan until you can resume making monthly payments

WHEN THEY CALL...

If you receive a call from a creditor or a collection agency:

◆ Ask the name of the caller. Get the name of the creditor and the name, address and telephone number of the collection agency. Get the exact amount of the account that is claimed to be due. Write down the date and time of each call.

◆ Don't get angry. Remain calm in order to obtain the information noted above.

◆ Dispute debts in writing. If you believe you do not owe the amount claimed or disagree in other ways, make your reasons known promptly in writing to both the creditor and the collection agency. Request a written statement of your account.

Additional resources:

Your county family living agent

Related publications:

UW-Extension publications--

"Managing Between Jobs — Deciding Which Bills to Pay First," (B3459-3);

"Managing Between Jobs — Strategies for Spending less," (B3459-2);

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"Making Ends Meet: Our Spending Plan," (B7760313).

- ◆ Voluntarily surrendering or giving back an item purchased on credit
- ◆ Selling the item and using the cash to satisfy, or partially satisfy, the debt (you are still responsible for any remaining balance)

Not all creditors will be willing to accept alternatives. However, they will be more likely to work with your family if you contact them before they contact you. If you fail to follow the plan that you and your creditor agreed upon, you may hurt your chances of getting future credit. Tell your creditors about anticipated changes that may affect your payment agreement.

IF YOU DON'T PAY YOUR BILLS

If you miss a payment, you will face increasing pressure to pay. First you will receive a letter reminding you that you missed a payment and asking you to pay promptly. After that, you may receive a more direct letter demanding payment, or you may get a phone call.

If the bills are still not paid, they will probably be turned over to an independent collection agency.

CREDITOR'S OPTIONS

Creditors can take several kinds of legal action against you if you fail to make payments:

- ◆ *Acceleration.* The entire debt is payable at once if you miss a payment. The courts can force you to pay by seizing your property and selling it.
- ◆ *Repossession.* The creditor can seize the item you bought or the property you used as collateral. If the sale of the property brings less than the amount you owe, you must pay the difference.
- ◆ *Wage garnishment.* A court order requires your employer to withhold part of your wages and pay your creditor.
- ◆ *Foreclosure.* The lender may start proceedings to take possession of your home/business and sell it to recover the remaining balance of the loan. You are responsible for the legal fees of foreclosure and the difference between the selling price of the property and the amount owed on the loan.

All of these actions are very serious and could jeopardize your ability to get credit in the future. To avoid such problems, work out solutions for debt repayment early and stick with the plan unless it is renegotiated.

Talking as a Family About Money

OPENING UP COMMUNICATION AFTER A DISASTER

No matter what damage a disaster leaves in its wake, the common denominator is often a money crunch. While money problems may seem too painful to discuss, they may only get worse if you don't talk about them.

Overcoming financial difficulties takes honest and candid communication. It also takes time and effort. Coming together as a family can help members, both young and old, work together to get through the difficult times. Children who are included in family decisions usually welcome the opportunity to figure out how they can contribute. Even a 4-year-old can help turn off lights to save on energy costs.

Additional resources:

Your county family living agent, your local emergency government office, the American Red Cross, the Federal Emergency Management Agency

Related publications:

UW-Extension publications—

"Managing Between Jobs — Deciding Which Bills to Pay First," (B3459-3);

"Managing Between Jobs — Strategies for Spending less," (B3459-2);

"Managing Between Jobs — Talking with Creditors," (B3459-4);

"Making Ends Meet: Our Spending Plan," (B7760313).

GATHER AS A FAMILY

When families work on financial issues together, the result is often new solutions and a new appreciation for the strengths and resources each member has to offer. Here are a few guidelines:

- ◆ Family members, including children old enough to understand, should be involved in decisions. Family members will be more satisfied with decisions if they have input.
- ◆ Remember that disasters bring with them a range of emotions. Each of you may be at different stages in dealing with losses and new hardships. Try to be calm, patient and supportive of one another.
- ◆ Set a specific time to have a family discussion. Choose a location where you won't be interrupted.
- ◆ Clearly identify the issue at hand. Don't drag other points into the discussion that don't address the problem, concern or dissatisfaction.
- ◆ Let each family member freely state his or her wants, needs and personal feelings. Avoid judging or criticizing.
- ◆ Be willing to negotiate for a realistic settlement of differences. In many cases, family members must compromise. Making a contract or written agreement may help avoid misunderstandings. Solutions also can be accepted on a trial basis, and changed if the results aren't satisfactory.

ONE THING AT A TIME

As a family, focus on ways to tackle one problem area at a time. During one gathering you might talk about ways the family can spend less money. At another session, tackle methods for record keeping as a way to control spending.

When discussing new purchases or services, ask:

- ◆ Can we do without it?
- ◆ Can we postpone it?
- ◆ Can we substitute something less expensive?
- ◆ Can we shop around for a better deal?
- ◆ Can we make or do it ourselves?

Talking to Children About Money

GUIDELINES FOR PARENTS AFTER A DISASTER

GET CHILDREN INVOLVED

Disaster-related financial stress can take a toll on young children, especially when parents are busy with day-to-day recovery and clean-up.

While children's complaints may seem trivial in light of other problems at home, they often signal the need to talk about why the family must cut spending. Each family has to decide how much to tell their children about the family's financial situation. If children know how the family stands financially, they can better cooperate with the family spending plan. They also can better handle their own money.

Additional resources:

Your county family living agent, your local emergency government office, the American Red Cross, the Federal Emergency Management Agency

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UW-Extension publications—

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"Making Ends Meet: Our Spending Plan," (B7760313).

Children can't help but be affected when the family cuts back on spending. So it makes sense that they are included in discussions about changes that will affect them.

- ◆ *Have family meetings to talk about money concerns.*
 - a) Offer information that children can understand without overwhelming them.
 - b) Encourage children to discuss their personal feelings and suggestions for handling the crisis.
 - c) Avoid judging and criticizing.
- ◆ *Explain financial issues in terms your children can understand.* For example, you can tell your daughter that you aren't spending \$100 to buy a new video game system because that same \$100 is needed for family groceries. Help children learn they can't buy everything they want, and that there is a difference between what they want and what they need.
- ◆ *Find ways that your children can help the family cut expenses.* Children can learn to comparison shop if parents point out unit prices, store brands and generic brands. At home, they can help compare prices in advertising flyers from different stores. Even young children can learn to turn off lights and appliances to save on energy costs. Older children can choose "free" activities with their friends, like going for a bike ride or to a park or library, rather than going places where money is needed, like a shopping center, video arcade or roller skating rink.
- ◆ *Refer to your family as a team.* Agree that together you can get through these tough financial times.

Income Tax Deductions For Property Loss

STEPS TO TAKE AFTER A DISASTER

Property losses from natural disaster are tax deductible. Such deductions, which are allowed for partial or total loss of personal or business property, could greatly reduce the amount of federal income taxes owed for the year the disaster occurred.

RECORDS

If you claim a theft or casualty loss resulting from a disaster you may be asked to show:

- ◆ The kind of disaster and when it occurred;
- ◆ That the damage was a direct result of the disaster;
- ◆ That you were the owner of the property;
- ◆ Your income tax basis in the property. In general, this is the original cost of the property plus the cost of any improvements before the loss, minus depreciation claimed for income tax purposes (for business and rental property);
- ◆ Fair market value before and after the disaster;
- ◆ Any insurance benefits or other compensation received including free repairs, restoration and clean-up from any disaster relief agencies.

Before-and-after photographs, receipts, canceled checks, deeds, purchase contracts and professional appraisals are good supporting evidence for casualty claims.

APPRAISAL

If either personal or business property has been damaged extensively, you should have the property appraised as soon as possible following the disaster. A professional estimate of value will serve as evidence for casualty loss claims. The fee charged is also a deductible item.

ITEMIZING TAX DEDUCTIONS

If you itemize your tax deductions, you may deduct casualty losses from fire, storm, theft or property destroyed by some sudden external force. However, you must reduce the deduction by any reimbursements or payments received to rebuild or restore property.

Specifically, homeowners can claim a casualty loss deduction for the difference between the fair market value of their property before the disaster and after, subtracting insurance proceeds (or other reimbursements they receive to rebuild or restore a home), 10 percent of adjusted gross income and \$100 per disaster event. To document the before- and after-market value of your home, use the most recent assessed value from property taxes for the before-disaster market value and a current appraisal for the after-disaster market value.

If renters make repairs on the property or offer repayment for part of the loss, that too is considered reimbursement and must be subtracted to determine the amount of casualty loss that can be claimed. Grants or other gifts that are specifically designed to repair or replace property must be deducted as well. Homeowners who haven't received a reimbursement, but expect to, will be required to make an estimate of the reimbursement and subtract it. Those who find they overestimated their reimbursements can amend their casualty loss claim in another tax year.

HOW TO FIGURE DEDUCTIONS

The rules for figuring deductions on business or non-business property losses are the same.

Subtract the reduced market value after the disaster from the fair market value before the disaster. For example, on personal property:

Fair market value before	\$75,000
Fair market value after	30,000
Reduction in value (Line 1 minus Line 2)	45,000
Income tax basis (the original cost of property, \$40,000, plus the cost of any pre-disaster improvements, \$15,000)	55,000
Casualty loss (lesser of Line 3 or 4)	\$45,000

The casualty loss deduction is the lesser of the reduction in value or the income tax basis. In the above example, the casualty loss deduction would be \$45,000.

If a business or income-producing property is completely destroyed by a casualty, special rules apply. In such cases, the loss is the income tax basis reduced by any salvage value, insurance or other compensation. If insurance is more than the income tax basis, a taxable gain results.

For more details, contact your local tax representative for advice on figuring these tax loss deductions. To file for casualty loss, use IRS Tax Form 4684 and request an instruction sheet.

Additional resources:

Your county Extension office; the Internal Revenue Service, (800) 829-3676 for forms, (800) 829-1041 for the Casualty Loss Department; your local emergency government office, the American Red Cross, the Federal Emergency Management Agency

Related publications:

IRS Tax Form 4684 and instruction sheet

Mold in your home: Cleaning options

Before you clean

Before cleaning mold in your home, first understand why it's there and **fix the problem causing the mold growth**. This will require a thorough inspection. Fungi (or mold) need a source of moisture, a source of organic matter, and proper temperature. Areas inside your home that have poor air movement and a source of moisture are likely areas for mold growth.

Once the source of the water intrusion and the food source have been found, they should be addressed to prevent future mold growth. If this is not done, mold may return. You must either eliminate or ventilate the source of water or moisture. Affected building materials, such as carpets or drywall, may need to be replaced.

If I see mold in my home, should it be tested?

Testing for mold is generally not necessary. If you can see and smell it, you have a mold problem. **However, it is recommended that you do have a thorough inspection to determine the cause of the mold growth.** DHFS recommends that you hire a consultant specializing in building assessments to evaluate your entire house. For a list of Home Performance Consultants, contact the Wisconsin Focus on Energy Program at 1-800-762-7077 or go to: <http://www.focusonenergy.com> and follow the links for *Your Home, Tools*, and *Find a Home Performance Consultant*. These specialists conduct indoor air quality (IAQ) investigations, and can determine when structural issues exist that may be causing mold problems (such as ice dams, moisture, and heating and cooling complaints). They can help you understand why mold is growing in your home and what actions you will need to take to prevent mold growth. There are also IAQ consultants and mold remediation contractors whose primary focus is mold. For lists of these, go to <http://www.dhfs.state.wi.us/eh>, follow the link for *Human Health Hazards* and then click on *Mold*.

How can I clean up mold in my home?

Occasionally, mold can be found in the bathroom, on a windowsill, shower curtain, or wall. This mold can be wiped off the surface with a damp cloth and cleaning agent (e.g. window or bathroom cleaner). Preventing mold growth requires controlling the moisture source. This may be as simple as using a dehumidifier or fixing a simple leak. For larger mold problems (about 10 square feet), follow the three (3) phases below: *(If you feel that the following guidelines are too vigorous, you should contact a mold contractor to complete the clean-up.)*

A. Preparation phase

Gather the following items:

- Plastic sheets to cover door openings, windows floors and vents (the plastic should be at least 4 mm in thickness)
- A breathing respirator (to cover mouth and nose) with HEPA cartridges (available at most home fix-it stores)
- 3 spray bottles/plant misters
- Paper towels or disposable rags
- Heavy duty plastic garbage bags

- General household cleaner (**only use cleaners without ammonia**) Household bleach (5% chlorine)
- Latex (non-latex if you are allergic to latex) or rubber gloves and goggles
- A one-cup measuring container
- 3 buckets that will hold at least a gallon of water each
- Commercial grade HEPA-Vacuum. Do not use a home vacuum since it is not designed for this type of work. Contact your Local Health Department to find out where to rent a HEPA-Vacuum in your area.
- Dehumidifier. Do not use a fan since it can cause mold spores to be released.

B. Mixing phase

WARNING: Do not mix bleach with other household cleaners. Some household cleaners contain ammonia. If ammonia is mixed with chlorine bleach, a toxic gas can form, causing serious injury or death.

1. Mix general household cleaner and water in a bucket and transfer to a spray bottle (follow manufacturer's instructions).
2. If bleach use is desired due to a gray (laundry) or black (sewage) water release, prepare a bleach solution in a separate bucket. Using gloves and goggles, add one cup (8 ounces) bleach for every gallon of hot water. Bleach (the active ingredient is chlorine) can reduce mold and bacteria on treated surfaces.
3. Transfer the bleach solution into the 2nd spray bottle (use gloves and goggles).
4. Pour clean, warm, rinse water (no bleach or household cleaner added) into the 3rd spray bottle.

C. Application and cleaning phase

CAUTION: The bleach solution is irritating and harmful to the skin, eyes, and clothing. Avoid direct contact with the bleach by wearing rubber gloves, respirator and goggles during the entire mixing and cleaning process.

Before you begin:

- Seal off the room from the rest of the house with the plastic and tape.
- Keep children and animals out of the work area during the cleaning procedure.
- Do not eat, drink, chew gum/tobacco or smoke at any time during cleaning.
- Use a dehumidifier prior to, during, and after the clean-up to keep areas dry and prevent mold from reoccurring.

Clean-Up:

1. Spray and remove visible mold with general household cleaner solution. Start from the top and work down. Change towels frequently. Discard towels in plastic bag. Rinse the same area with clean water on a damp towel or lightly spray with warm rinse water in a spray bottle and wipe with a clean towel.
2. Repeat the above step until all visible mold is gone. Note: There may be some discoloration of the surface from both the mold and the cleaning solution. Take care to avoid damaging the surface by cleaning too hard.

3. If a bleach solution is to be used, wipe the affected area and let set for 15 minutes (for fungicides other than bleach, follow the manufacturer's instructions). Rinse the area with a damp towel using clean warm water or by lightly spraying with warm rinse water in a spray bottle and wiping with a clean towel.

Once Complete:

1. Once the surface is dry to the touch, HEPA Vacuum for at least 1 minute per square foot of affected area. Dead mold and spore bodies can still be highly allergenic to susceptible individuals, so thorough HEPA-vacuuming is necessary to remove all mold fragments. Place HEPA-vacuum bag into a garbage bag (follow manufacturers guidelines for using a HEPA-Vacuum).
2. Tightly tie the garbage bag and dispose of it as you would your everyday household garbage.
3. Flush wastewater down a toilet, utility sink, or floor drain.
4. Change out of your cleaning clothes. Wash your hands and face.
5. Wash your cleaning clothes separate from your family's laundry.
6. At this point, you can apply paint or other coating to the surface. You may wish to use a paint/coating that contains a mildewcide or fungicide to prevent future mold growth. Be sure to follow the manufacturer's instructions and recommendations when using any mildew resistant paint or paint additive. Remember, these are also pesticides, and may have adverse health effects on some individuals.

Note on Use of Ozone Air Cleaners

Do not use ozone air cleaners to kill mold. Ozone air cleaners generate ozone: a known respiratory irritant. The USEPA does not recommend using ozone generating air cleaners for treating indoor mold problems (<http://www.epa.gov/iaq/pubs/ozonegen.html>). If a contractor or a consultant recommends the use of an ozone generating air cleaner to treat a mold problem in your home, please file a complaint with the Wisconsin Department of Agriculture, Trade and Consumer Protection at 1-800-422-7128, or on the web at <http://datcp.state.wi.us> and click on ***File Consumer Complaint***. Be sure to include as much information as possible.

For more information on mold

- For health related questions, contact the Division of Public Health, Bureau of Environmental Health, PO Box 2659, Madison, WI 53701-2659, (608) 266-1120.
- For other environmental health resources, including contacting your local public health agency, visit: www.dhfs.state.wi.us/eh

