

Wayne Jordan Auctions & Appraisals

How To Inventory and Value Estate Personal Property

A Guide For Executors and Personal Representatives

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There's an old saying that goes "What's the best way to eat an elephant? One bite at a time!"

Personal property is the "elephant" of an estate. It's the responsibility that can take up most of your time, and it provides the estate with the least amount of money for the effort involved. But, dealing with the personal property cannot be avoided. The property must be inventoried, valued, distributed, or sold. Let's start our analysis by looking at what property we have (inventory); then we will determine what it is worth (valuation). In a future post, we will determine what to do with it (distribution/sale).

When you go to the courthouse, the clerk will provide you with the form you will need to fill out for the inventory. The form will ask you to provide general categories and a value for each category you have listed. For example, you would list: "furniture, \$1500; office equipment, \$300, etc... You won't have to list the items separately, such as "sofa, \$100; chair, \$5; typewriter, \$25. I suggest that you do keep a list of the individual items, though. Although you won't have to go into a lot of detail for the court, you will likely want a more detailed inventory for yourself. You'll want this for two reasons: to track the sale of estate property, and to protect yourself against claims of heirs and/or creditors.

You don't have to get real fancy with the inventory; pencil and paper will do. If you are so inclined, there are "home inventory" record books available at office supply stores, or you can purchase software online. There are also companies that specialize in taking home inventories.

You'll need a helper. One person sorts and counts while the other writes. Start inside the house, and work your way from the top of the house to the bottom (or vice-versa). Go room to room with a consistent pattern so that you don't miss anything: always clockwise or counter-clockwise around the room. Write down what's on the walls as well, not just what's on the floor. For "small goods", write down identifiable groups of items such as "200 hardcover books, 100 paperback books, 42 nick-knacks, etc... On your list, put a star next to any item that you think may be valuable. If the nick-knacks are Hummels or Lladros, the vase is Heisey and the books are first editions, they are

valuable items. When you are finished, follow the same procedure for the outbuildings: the garage, shed, workshop, or whatever. If there is a rented self-storage unit, vacation home, recreational vehicle or boat, they will need to be inventoried as well.

When you file the inventory at the courthouse, you'll need to state a value for the personal property. For run-of-the-mill household items, a good resource for determining the value is the software program *It's Deductible* that comes bundled with the income tax program Turbo Tax. *It's Deductible* can also be purchased separately. The software lists the "thrift shop" value for most household items, and it's easy to use.

For the items that you have identified as being valuable, *It's Deductible* won't work. There are several ways to determine the value of single items or collections. A good place to start is eBay (www.ebay.com). To use eBay to help set your values, you will need to be a registered user. Registering for eBay is free; just follow the instructions when you get to the website. Once registered, type in the item you are researching, and eBay will search for the item. When the search results come up, scroll down and look on the left side of the page to where it says "Search Options", click on "completed listings", then scroll down further and click on "show items". The search results displayed will be for completed auctions, not for auctions in progress. The prices listed in green are items that actually sold; the prices in red are for items that did not sell. If you find your item listed, and the price is green, you have a good value. Compare the details of the item you found on eBay with the details of the item you have. Use the closest match as your value.

If you are unable to find your item listed on eBay, it's time to go to the library or bookstore. There you will find an assortment of price guides for every sort of antique or collectible. You will also find "blue books" for automobiles and equipment.

If you have lots of items and no time to research, then it's time to call in an expert. In your local phone book you will find jewelers, antique dealers, auctioneers, appraisers, and other professionals who will tell you what the property is worth. What they will offer you is an ***opinion of value***, not an appraisal. An appraisal is based on actual sales data, not an opinion. I'll cover appraisals below; for now, just be aware that there is a

difference. For probate valuation purposes, the value placed must be the fair market value at the time of the decedent's death. This is the value you should ask your expert to provide.

In my home state of Virginia, individual items or collections that are valued over \$500 must have an appraisal. Personal property appraisers are not licensed like real estate appraisers, but the content of their reports is regulated. For a personal property appraisal to be valid and accepted for tax purposes, it must be performed by a qualified expert and follow the federal guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP). Most real estate appraisers do not appraise personal property. You can find a personal property appraiser online by checking the websites of the Certified Appraisers Guild of America, the National Association of Auctioneers, or the American Society of Appraisers.

Estate Executors will find that the inventory and valuation of estate personal property is their most time-consuming task, but there are resources available to help.