

Date-of-Death Appraisals Gain Attention as Key Step for Heirs Managing Inherited Property and Reverse Mortgages

LADERA RANCH, CA, UNITED STATES, May 7, 2026 /EINPresswire.com/ -- Industry professionals are drawing increased attention to the role of date-of-death appraisals as families navigate inherited property decisions, particularly in cases involving reverse mortgages and potential capital gains tax exposure.

When a homeowner with a reverse mortgage passes away, the loan becomes due and payable. Heirs are generally required to either refinance the reverse mortgage into a new loan to retain the property or sell the home to satisfy the outstanding balance.



“A lot of families are unaware of the options available when inheriting a home with a reverse mortgage,” said Paul E. Scheper, Reverse Mortgage Planner with Loangevity Mortgage. “Whether heirs decide to refinance or sell, having accurate property valuations is an essential part of the decision-making process.”

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A key component of this process is obtaining a retrospective appraisal, commonly referred to as a date-of-death appraisal. This appraisal determines the fair market value of the property as of the date the last borrower

passed away and is used to establish the stepped-up tax basis for heirs.

“The date-of-death appraisal plays a critical role in determining the tax basis of inherited property,” said James Finney, Certified Residential Appraiser. “This valuation is used when

calculating potential capital gains taxes if and when the property is sold.”

The stepped-up basis provision allows heirs to calculate capital gains based on the difference between the property’s value at the time of inheritance and the eventual sale price, rather than the original purchase price. Without proper documentation, heirs may face higher taxable gains.

Real estate professionals also note that understanding both historical and current property values can support more informed pricing and sale strategies.

“Having both a current market valuation and a date-of-death appraisal helps create a complete financial picture,” said Sarah M. Scheper, Realtor with Beverly Hills Estates. “It allows heirs to approach the sale of inherited property with greater clarity around pricing and potential proceeds.”

Experts recommend that heirs work with qualified appraisers, mortgage professionals, and real estate agents to ensure compliance with lending requirements and to better understand the financial implications tied to inherited real estate.

“Obtaining accurate valuations early in the process can help reduce uncertainty and support more informed financial decisions,” Scheper added.

As inherited property transfers continue to rise nationwide, awareness of tools such as date-of-death appraisals is becoming increasingly important for families managing real estate, reverse mortgages, and tax considerations.

Paul E Scheper, CRMP, CSA



Timing matters



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