

How Buyouts Work

It is important to understand that FEMA does not buy houses directly from the property owners. Acquisition or Buyout projects, while 75 percent funded by FEMA, are administered by the state and local communities. The state and local communities work together to identify areas where buyouts make the most sense. Individuals may not apply directly to the state but the community may sponsor an application on their behalf. Buyouts are an important way to reduce the risk of future disasters. Money is limited and in most cases, the amount of money set aside for mitigation cannot meet all the mitigation needs following a disaster. States prioritize mitigation programs with input from the communities.

Property acquisition is one of many forms of hazard mitigation, but it is the most permanent form. It removes people from harm's way forever. In a property acquisition project, the community buys private property, acquires title to it and then clears it. By law, that property, which is now public property, must forever remain open space land. The community can use it to create public parks, wildlife refuges, etc. but it cannot sell it to private individuals nor develop it. Property acquisitions work the same way as any other real estate transaction



Fair Compensation

Communities may offer homeowners who agree to participate in a buyout project up to the fair market value of the home BEFORE the disaster struck. A licensed appraiser hired by the community determines the fair market value.



Costs the Community Will Pay

If you choose to sell your property, the community will pay the costs usually associated with real estate transactions, including the appraisal, title search and, if necessary, lot survey . The community will also pay the

closing costs

. The property owner will be responsible for any mortgages, liens, etc., against their property...just like any other real estate sale.