



CITY OF CONWAY  
VOLUNTARY BUYOUT PROJECT

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***CITY OF CONWAY***

***VOLUNTARY ACQUISITION PROJECT***

# **PROPERTY OWNER HANDBOOK**



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## A. PURPOSE OF THE HANDBOOK

This Handbook has been developed to assist voluntary buyout participants in understanding the buyout process and the various procedures that must be followed in the voluntary purchase and sale of property under the City of Conway buyout project.

**It should be understood that the buyout is a VOLUNTARY process and either party may withdraw up to the point of settlement.**

The City may decide not to purchase, or the owner may decide not to sell his/her property, at any time during the process until an agreement is signed.

During the implementation of this voluntary acquisition program, the City will not take the Owner's property by eminent domain or other any other process designed to forcibly seize property.



## B. ELIGIBILITY FOR BUYOUT

It is important to understand that FEMA does not buy houses. Acquisitions are an eligible project under FEMA's Hazard Mitigation Grant Program (HMGP). Individuals may not apply directly to the State, but the community may sponsor an application on their behalf.

Buyouts, 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. 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.

The City submitted three applications to FEMA for homes that were damaged during Hurricane Matthew.

The process started with these steps:

- Flood-prone properties were identified and prioritized into three tiers.
- The City's applications were selected for funding by FEMA and the State of South Carolina.
- The City hired a flood-prone property acquisition expert (Consultant) to assist in the implementation of this voluntary program.
- The City has authorized the consultant to begin the process
- The Consultant hired a state certified, independent real estate appraisal firm to assist in estimating pre-flood fair market value.



## C. BUYOUT PROCESS AND TIMEFRAME

Here is how the buyout process will proceed:

1. The Owner will meet with the City for an introductory, joint meeting. This meeting will include a review of this Handbook.
2. The buyout of approved property begins with the Owner signing a “**Property Appraisal Permission and Release Form**”. This form authorizes the City to appraise the property and to make an offer to purchase.
3. The City’s consultant hires a State Certified, independent appraiser to perform a pre-event, full fair market appraisal of the property. The Owner will be contacted to arrange a meeting with appraiser.  
***This step may take approximately 4 weeks.***
4. Upon receipt and review of the appraisal, the City’s authorized representative will prepare a “**Contract for Sale**” and arrange to meet with the Owner to present the contract.  
***This step may take approximately 4 weeks.***
5. The Owner will meet the City’s authorized representative who will review the appraisal and present the City’s offer.  
***This step may take approximately 6 weeks.***
6. If the contract is acceptable to the Owner, the Owner will sign the contract agreeing to sell. The homeowner will have 45 days from the offer presentation date to accept or decline the offer. If there is no final determination given at the 45 day deadline, the offer from the City will be null and void.
7. The signed contract will be sent to a Settlement Attorney and funding will be requested for purchase.
8. This transaction shall be closed no later than one (1) year from the date of execution of the contract. Time is of the essence and this closing date may not be extended without the written authorization of the parties.
9. Closing will take place upon receipt of title work and funding.  
***This step may take approximately 90 to 120 days from start.***
- 10. The property must be vacant at least 24 hours prior to closing.**
11. The City will have the buildings demolished after closing.



## D. PROPERTY VALUE

The City's voluntary acquisition program will determine the offer based on the Pre-October 2016 Event "Fair Market Value" of property to be purchased. Market Value is an estimate of the amount of money that a property could sell for on the open market. The "Market Value" estimate used by the County Appraisal District for tax purposes is *not* used in determining the "Fair Market Value".

Pre-event Fair Market Value – Based on the condition of the property as of a date just prior to the flood event that triggered the buyout (not the date of the property inspection), the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**NOTE:** Pre-event valuation assumes the property was not damaged in the event and assumes the condition of the property is equal to the condition of the property before the property was damaged. Pre-event valuations require the consideration of Duplication of Benefits, described below: **(NOTE: KEEP ALL RECIEPTS FOR REPAIRS/CLEAN UP AND/OR TEMPORARY LIVING INCURRED AFTER THE OCTOBER 2016 FLOOD EVENT)**



What is “duplication of benefits”?

Various forms of assistance and programs (e.g., flood insurance, homeowner’s insurance, disaster repair grants, loans, etc.) help people whose properties have been damaged by natural disasters to rebuild and relocate. When the Jurisdiction offers to purchase your home for its pre-disaster value, it must check for duplication of benefits. The total assistance you receive from all programs and insurance combined cannot exceed the fair market value (FMV) of your property before the disaster occurred. That would be considered a duplication of benefits, or DOB. Consequently, if property owners have already received assistance to repair their property, the other voluntary buyout program must ensure they don’t provide assistance to cover the same loss.

Example of how DOB affect your offer

First, you and the Jurisdiction will agree on a fair and reasonable price for your property. If it is determined that you have received disaster assistance that is DOB, the Jurisdiction will then subtract the total amount of DOB from that price. The Jurisdiction will pay you the difference. For example, based on the Pre-event appraisal, you and the Jurisdiction agree that \$100,000 is a fair and reasonable price for your home and the Jurisdiction determines that you have received \$30,000 that qualifies as DOB, the Jurisdiction will deduct that amount from the \$100,000 and pay you \$70,000. Please note that only disaster assistance used for home (housing or real property) repairs and/or rent for alternative accommodations that you cannot document with receipts will be subtracted from the sale price of your home. If you have receipts for repairs, cleanup, or temporary living, these expenses can be credited against the deduction, up to but not exceeding the amount of the deduction. See possible scenarios to follow:

Here are the steps that will be taken to assess your property’s value:

1. The City’s authorized representative will order an appraisal of the property to be performed by a State Certified Real Estate Appraiser. The Appraiser will estimate the value of the property to include the land and all buildings and improvements located on the property.



2. The Owner of the property will receive a call from the Appraiser to schedule an appointment for the Appraiser to visit the property.
3. The Owner should be present at the time of the inspection and should provide information to the Appraiser describing the condition of the property immediately prior to the flood(s).
4. The Appraiser will prepare an appraisal report that meets the State requirements and will submit that report to the City's authorized representative for use in preparing a proposed Contract for Sale for the property.
5. The property Owner will be given a copy of the Appraisal when the Owner meets with the City's authorized representative and receive the proposed Contract for Sale of his/her property.
6. The property Owner may appeal the Appraiser's estimate of value by obtaining another appraisal, at his/her expense. This appraisal must be conducted by a State Certified Real Estate Appraiser.

#### Local Share requirement

As stated earlier in this handbook, buyouts are 75 percent funded by FEMA. This means there is a 25% local match requirement. The City will pass along to buyout participants all they receive from FEMA, but participation will require that you provide the local match. How is the accomplished.

- Owner pays to the City 25% of the cost of the Appraisal and offer fee, prior to the appraisal inspection
  - A cashier's check or certified check made payable to the City of Conway for \$500 will be required prior to the appraisal inspection being conducted
- The offer will be 75% of the Net offer amount after Duplication of Benefits (DOB) deductions and credits
  - No cash needed for this portion, will be covered as a reduction in net offer amount
- If the owner decides to sell
  - 25% of the closing costs will be withheld from owner's net proceeds at closing
  - An estimated 25% of demolition will be withheld from owner's net proceeds at closing
    - Placed into an escrow account and the balance, if any, refunded to the owner, after closing and after demolition amount is set





## CONTACTS DIRECTORY

### Buyout Counselor and Primary Point of Contract

Dan Ward..... 571-446-0443

### Appraiser

Thompson Appraisal Services ..... 843-626-7625

--- Website: ..... [www.Thompsonappraisals.com](http://www.Thompsonappraisals.com)

### Settlement Attorney

TBD.....