Duplication of Benefits (DOB) Fact Sheet

What is "duplication of benefits"?

Various forms of assistance and programs (e.g., flood insurance, disaster repair grants, loans, etc.) help people whose properties have been damaged by natural disasters to rebuild and relocate. If your community is offering to purchase your home for its pre-disaster value with Federal grant funds, 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. By law, Federal assistance cannot duplicate the benefits provided by other sources. That would be considered a duplication of benefits, or DOB. Consequently, if property owners have already received assistance to repair their properties from one program, the other program (including the property acquisition program) must ensure they don't provide assistance to cover the same loss.

Who determines DOB?

The State and community will ensure that the buyout offer doesn't duplicate previous assistance. The community provides the State with a list of property owners who agree to voluntarily sell their properties to the community. The State then forwards the list to FEMA and requests information about grants and insurance paid to the owners. The community and property owners cannot close on the property until the DOB determination is made.

How will FEMA know if I have received other benefits?

Your community will ask you to provide a list of benefits you have received. FEMA will double-check the information you provided with its own records. When you applied for assistance, you were asked to sign a Privacy Act disclosure form. By signing that form, you have given FEMA permission to research and identify sources and amounts of federal assistance provided to you.

I want to sell my property, but I have received other benefits. How does DOB affect me?

First, you and the community 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 community will then subtract the total amount of DOB from that price. The community will pay you the difference. For example, if you and the community agree that $80,000 is a fair and reasonable price for your home and the community determines that you have received $5,000 that qualifies as DOB, the community will deduct that amount from the $80,000 and pay you $75,000. 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.

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Why subtract that $5,000?

To comply with federal law, FEMA considers assistance identified as **DOB** as funds already contributed by the federal government towards the pre-disaster fair market value (FMV) of your property. FEMA requires the community to subtract funds **that cannot be documented with receipts,** from the final price paid to you at closing.

Please note, if you used the disaster assistance provided to you for home (housing or real property) repairs and/or rent for alternative accommodations **and you have the receipts to document the use of the funds for those purposes,** FEMA **will not** consider the assistance DOB, and **will not** require the community to subtract that amount from the price of your property. Therefore, **please keep all receipts from purchases and services that were paid for with disaster assistance grant funds.**

What programs might duplicate HMGP benefits?

Assistance under the following programs might be considered DOB:

FEMA Disaster Housing Program	Disaster Housing (DH) Program home repair grants are awarded to property owners to repair the home to a habitable condition. DH rental assistance grants are awarded to property owners to rent accommodations in which the pre-disaster household can live. Both types of these grants are deducted from the purchase price **only if you cannot provide receipts that document the costs for the repairs to your home and/or rent for alternative accommodations.**
State Individual and Family Grant (IFG) Program	Grants for housing (or real property) repairs may be awarded by the State-administered IFG Program. IFG grant funds designated for **housing repairs only** are deducted from the purchase price **if you cannot provide receipts** that document the costs for the repairs. IFG grant funds used for any other eligible purpose **are not considered DOB and are not deducted** from the purchase price.

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Hazard Minimization Funds	Disaster Housing and IFG-eligible property owners may receive a grant to implement measures that help prevent repeated damage. Hazard Minimization funds will be deducted from the purchase price **only if you cannot provide receipts** that document the costs for the measures.
Small Business Administration (SBA) loans	SBA loans must be either repaid or rolled over to the new property.
National Flood Insurance Program (NFIP)	NFIP Settlements for real property will be deducted. NFIP settlements for personal property will not be deducted. (Real property is immovable property such as land for a building. All other property is considered personal property.)
Private Insurance	Private insurance claim payments for real property will be deducted. Personal property claim payments will not.

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Possible Scenarios

Mr. and Mrs. Mostovich own a single family home in the floodplain that was substantially damaged during a flood. They have decided to participate in their community's property acquisition project and sell their home to the community. The pre-flood fair market value (FMV) of their home is estimated to be $50,000, which Mr. and Mrs. Mostovich agree is fair and reasonable. Since the disaster, they have received an NFIP real property settlement for $15,000, a Disaster Housing Program grant for $10,000, and an IFG Program grant of $5,000 designated for housing repairs (real property) only.

Scenario 1

Mr. and Mrs. Mostovich decide to make no repairs to their home and save the $30,000 they have received in assistance to put toward a new home. Consequently, FEMA considers the $30,000 as a down payment on their damaged home. The community can offer them no more than an additional $20,000 ($50,000 FMV minus $30,000 DOB = $20,000) for their home.

Scenario 2

Mr. and Mrs. Mostovich decide to make enough repairs to their home to enable them to live in it until the community buys it. Of the $30,000, they spent $10,000 to clean and disinfect the house, remove debris from the house and yard, and make minimum repairs to the foundation. They save all the receipts for the work and, therefore, can prove they used the assistance for its intended purpose. Consequently, the community can offer them an additional $30,000 ($50,000 FMV minus $30,000 = $20,000 plus $10,000 worth of repairs for which they have receipts = $30,000).

Scenario 3

The National Guard evacuated Mr. and Mrs. Mostovich and their neighbors from their neighborhood. Their car, which was left in their garage, was damaged beyond repair by the floodwaters. They decide to use $7,000 of the $30,000 to pay cash for another car. They make no repairs to their home. Since the flood damaged their car, they assume that buying a replacement car is an appropriate expense for which to use their assistance. They saved the bill of sale and expect the community to offer them $27,000 ($50,000 FMV minus $30,000 DOB plus $7,000 = $27,000). A car is not real property and should be covered by an automobile policy. Despite having a bill of sale, replacing a car is not an appropriate real property assistance expense. The community can offer them no more than an additional $20,000 ($50,000 FMV minus $30,000 DOB = $20,000).