

DECISION**THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548**

FILE: B-185863

DATE: AUG 25 1976

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MATTER OF: Reimbursement of real estate expenses -
Mr. William I. Massengale**DIGEST:** Where seller customarily pays closing costs on sale of residence where VA guaranteed loan is involved, transferred employee may be reimbursed for such expenses even though local custom may differ for FHA and conventional type financing. Requirement in FTR for customary payment of costs should be applied with reference to particular type of transaction involved.

This action is in response to a request by an authorized certifying officer for our determination regarding the propriety of payment of the claim of Mr. William I. Massengale for reimbursement of real estate expenses incident to a transfer.

The record shows that in August 1974, Mr. Massengale, an employee of the Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, was transferred from Americus, Georgia, to Columbus, Georgia. The sale of the employee's former residence was completed on May 13, 1975, to a buyer who used a Veterans Administration (VA) guaranteed loan to make the purchase. Mr. Massengale's claim for reimbursement included the following expenses in the sum of \$592.75 which were denied by the agency on the basis that they represented costs not customarily borne by the seller under other, e.g., non-VA, types of loans:

Legal and related costs	\$342.50
Recording fees	17.50
Lender's appraisal fee	50.00
Credit report	25.00
Transfer taxes	26.50
Survey	60.00
Title insurance	71.25

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The record contains letters from the settlement attorney and the realtor and a notation on the employee's original travel voucher indicating a contact with the local Department of Housing and Urban Development office which indicate that it is customary in the Americus, Georgia area for the seller to pay closing costs on a VA loan.

The regulations governing the reimbursement to employees of real estate expenses incident to a transfer are set forth in Chapter 2, part 6, of the Federal Travel Regulations (FTR) (FPMR 101-7) (May 1973). These regulations state a general requirement that the expense for which reimbursement is claimed be one which is customarily borne in the transaction locality by the seller in the case of a sale, or by the buyer if incident to purchase of a residence. However, we do not believe that these regulations require the application of the customary expense criteria without regard to the nature of the transaction involved. We are of the opinion that the customs of the area involved with respect to VA financing should be controlling when it is involved even though other customs may be followed in connection with Federal Housing Administration and conventional financing. B-179054, September 14, 1973.

The employee's original claim included \$413.75 for legal and related fees, consisting of \$342.50 for title examination and report and \$71.25 for title insurance. It also included \$115.00 covering warranty deed (\$15), security deed (\$15), securing of release of liens (\$25), plus a survey fee (\$60). Of the above, our analysis indicates that only the \$55.00 for deeds and release of liens was administratively allowed. While in his reclaim the employee claims \$71.25 by including \$16.25 in his legal fee and \$55.00 for deeds and release of liens, we assume he meant the \$71.25 to be for reclaim of title insurance. Paragraph 2-6.2c

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of the FTR provides in pertinent part that fees for either a title examination and report or for title insurance may be reimbursed to the extent they do not exceed amounts customarily paid in the locality. Accordingly, since we presume Mr. Massengale would want to claim the greater of the two charges, the amount for title insurance, \$71.25 (shown in reclaim by \$16.25 as part of the legal costs and as separate items totaling \$55.00 for deeds and release of liens) should be deducted from the amount otherwise allowable. The remaining items claimed are reimbursable under the FTR.

Since it is the custom of the location where the employee sold his residence for the seller to pay all the costs incurred incident to the closing where a VA guaranteed loan is involved the voucher may be certified for payment in accordance with the foregoing.

We note in addition, however, that certification should be accompanied by a prior determination by the certifying officer of the reasonableness of the charges claimed. See 54 Comp. Gen. 827 (1975).

Comptroller General
of the United States