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DECISION



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

FILE: B-190547

DATE: September 7, 1977

MATTER OF: Larry W. Day - Real Estate Expenses - Time
Limitation

DIGEST: Employee, incident to transfer of official station effective August 18, 1975, sold residence through "contract for deed" on February 27, 1976, and was reimbursed for expenses incident to transaction. His claim for additional expenses incurred incident to legal title transfer upon purchaser's payment of loan may be paid. Extension of time limit for settlement is not required since "contract for deed" date, which was within 1 year of employee's transfer, is settlement date under FTR para. 2-6.1c. Additional expenses were made "within a reasonable amount of time" since they were incurred within 2-year maximum time limitation of FTR para. 2-6.1c. However, payment for title search may not be made if it duplicates expenses for title insurance. B-188300, August 29, 1977, amplified.

This decision responds to a request dated October 17, 1977, from H. Larry Jordan, an authorized certifying officer of the U. S. Department of Agriculture. Mr. Jordan asks whether reimbursement may be made for certain expenses incurred by Mr. Larry W. Day, an employee of the Animal and Plant Health Inspection Service, in connection with the sale of his residence at his old official station incident to his transfer from Williamston, Michigan, to Fremont, Michigan, effective August 18, 1975.

On February 27, 1976, Mr. Day signed a contract for the sale of his residence at his old official station, with the purchase price to be " * * * paid in full within three (3) years from the date hereof." He was reimbursed for the \$2,716.50 real estate expenses he incurred in this transaction. His expenses were as follows:

Legal Fees for Land Contract	\$ 15.00
Closing Fee - 1/2	17.50
Title Insurance	101.00
Real Estate Commission	2,583.00
Total	<u>\$2,716.50</u>

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On August 11, 1977, the purchaser paid off the land contract executed on February 27, 1976, and assumed the existing mortgage on the real estate. Mr. Day seeks reimbursement for the expenses he incurred related to this portion of the transaction. The expenses claimed are as follows:

Abstract or Title Search	\$101.00
Document Preparation - Deed	25.00
State Tax/Stamps - Deed	40.70
Total	<u>\$166.70</u>

Mr. Jordan first inquires whether Mr. Day's claim for reimbursement is valid in the absence of an extension for the settlement date of the real estate transaction as required by the Federal Travel Regulations. Paragraph 2-6.1e of the FTR provides in part that a Government employee shall be reimbursed for expenses required to be paid by him in connection with the sale by him of one residence at his old station, provided that:

"The settlement dates for the sale and purchase * * * for which reimbursement is requested are not later than 1 (initial) year after the date on which the employee reported for duty at the new official station. Upon an employee's written request this time limit for completion of the sale and purchase * * * may be extended by the head of the agency or his designee for an additional period of time, not to exceed 1 year, regardless of the reasons therefor so long as it is determined that the particular residence transaction is reasonably related to the transfer of official station."

Our decision in Larry J. Light, B-188300, August 29, 1977, cited by Mr. Jordan, is a case similar to the instant one. In that case the employee claimed reimbursement of expenses incurred subsequent to the date on which the sale contract was executed. The decision states in part:

"The authority for reimbursement of real estate expenses incurred by an employee pursuant to a transfer of official duty station is contained in 5 U.S.C. § 5721a (1970) and the implementing travel regulations * * *. Our Office has held that under the statute (and prior regulations) an employee may be reimbursed for real

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estate expenses incurred in a transaction such as in the present case which is known as a 'contract for deed,' 46 Comp. Gen. 677, supra, and B-165146, September 16, 1968. Although legal title to the property was retained by the seller, the effect of the contract was to transfer equitable ownership of the property to the buyer and, for the purposes of meeting the 1-year 'settlement date' time limitation contained in FTR para. 2-6.1c, we would conclude that the 'settlement date' involved in this transaction was the date the contract was executed, 46 Comp. Gen. 667, supra, and B-165146, supra."

The instant case falls squarely within this ruling. A "contract for deed" is a "land installment contract" under which the purchaser pays the purchase price in installments, and obtains equitable title upon the execution of the contract but does not obtain legal title to the premises until the contract is fully paid. B-185095, August 13, 1976, citing B-165146, September 16, 1968. This is the nature of the contract in the present case.

Under the terms of the contract in the present case, title to the property remained in Mr. Day until the purchaser paid the full purchase price or, pursuant to the terms of the contract, Mr. Day executed and delivered a warranty deed to the purchaser subject to any mortgages assumed by the purchaser. Also, the purchaser had the right to immediate possession of the premises. Such provisions clearly meet the transfer of equitable ownership test set forth in 46 Comp. Gen. 677, supra, and B-165146, September 16, 1968.

In view of this and since the real estate agent's commission and various other closing costs were charged to Mr. Day on February 27, 1976, the date the contract was executed is considered the settlement date. Since settlement was effected within 1 year of Mr. Day's transfer, it was not necessary for him to obtain an extension under FTR para. 2-6.1c for his claim for additional expenses incident to the settlement to be considered.

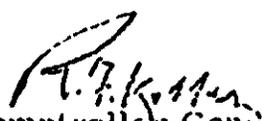
Mr. Jordan next inquires whether Mr. Day's expenses may be considered as being "within a reasonable amount of time" and "reasonably foreseeable" as to amount when contract was executed" as required by B-188300, supra. That decision cites the barring act, 31 U.S.C. § 71a (1976), which requires that all claims cognizable by

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the General Accounting Office be received within 6 years of the date of first accrual. Such citation does not indicate that real estate expenses incurred by a transferred employee during the 6 years following his transfer may be reimbursed; it merely states the time within which a claim must be submitted in order to be considered. The maximum time limitations for settlement of real estate transactions of transferred employees is 2 years (when an extension is granted). The vast majority of transferred employees enter into real estate transactions which involve conventional settlements transferring legal title and, thus, are limited to reimbursement of expenses incurred within a maximum period of 2 years. Since all employees should be treated uniformly, we hereby hold that an employee who enters into a "contract for deed" transaction may only be reimbursed for real estate expenses incurred within 2 years of the date of his transfer. We are also of the view that additional expenses incurred within the maximum period of 2 years in accordance with a "contract for deed" may be considered as incurred within a reasonable period of time. B-188300, August 29, 1977, is amplified accordingly.

The costs of the abstract or title search and preparation of the deed are reimbursable under FTR para. 2-6. 2c as legal and related expenses. The costs of the state tax and stamps are reimbursable, under FTR para. 2-6. 2d, as miscellaneous expenses. In the instant case the expenses for which reimbursement is claimed were incurred within 2 years of Mr. Day's transfer and, therefore, were made within a reasonable time. Moreover, if the amounts paid by Mr. Day were within the customary range for such items at his old official station, the expenses were reasonably foreseeable as to amount when the contract was executed. However, on the basis of the present record it appears that the \$101 payment for title insurance on February 27, 1976, duplicates the item of \$101 for title search paid on August 11, 1977. See FTR para. 2-6. 2c. If this is so, only one of the two items is allowable.

Accordingly, the travel voucher submitted by Mr. Day may be certified for payment as indicated above if otherwise proper.


Deputy Comptroller General
of the United States