

**DECISION**

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

**FILE:** B-215410

**DATE:** November 14, 1984

**MATTER OF:** Robert J. Holscher - Real Estate  
Expenses - Incidental Services -  
Weatherization Inspection

**DIGEST:**

Employee of Veterans Administration transferred from Portland, Oregon, to Buffalo, New York, claims real estate expenses of \$2,000 for weatherizing his residence prior to sale as required by lender consistent with state law. The claim is denied. While the cost of a weatherization inspection required by state law is reimbursable under paragraph 2-6.2f of the Federal Travel Regulations (FTR), expenses claimed for weatherization itself are operating and maintenance costs specifically disallowed by FTR paragraph 2-6.2d.

A Veterans Administration (VA) employee is claiming costs totaling \$2,000 for compliance work which involved weatherizing his home prior to sale. While the cost of an inspection of the weatherization standards required by the lender consistent with state law may be reimbursed, expenses of repairs and modifications such as weatherization are operating and maintenance costs which are not reimbursable.

Mr. Robert J. Holscher, a VA employee, was transferred from Portland, Oregon, to Buffalo, New York, in May 1983. The agency has denied Mr. Holscher's claim for \$2,000 for the weatherization of his home in Oregon which he sold incident to his official transfer.

The State of Oregon has adopted weatherization standards for homes constructed before July 1, 1974. While processing an application for a VA loan on a home, the Director of State Veterans Affairs requires an inspection for the purpose of determining whether the home meets the weatherization standards. A loan may be denied if, upon inspection, it fails to meet the standards or it

030541

may be approved subject to the condition that the weatherization standards be met within 120 days after issuance of the loan. Mr. Holscher claims \$2,000 he spent on furnishing and installing insulation, weatherstripping, and other items necessary to bring his home into compliance with the weatherization standards under Oregon law. Since this weatherization was necessary to meet the requirements of the state VA loan program, Mr. Holscher claims reimbursement under paragraph 2-6.2f of the Federal Travel Regulations, FPMR 101-7 (September 1981) (FTR) as an incidental expense in connection with the sale of his Oregon residence.

Allowances and expenses incurred in connection with residence transactions incident to a permanent change of station are authorized by 5 U.S.C. § 5724a (1982), and by the FTR. Chapter 2, part 6 of the FTR sets out the conditions and requirements under which expenses are allowable with respect to the purchase or sale of a residence. Paragraph 2-6.2f of the FTR provides for the reimbursement of incidental expenses for services required in selling and purchasing residences paid according to custom and limited to the amounts customarily charged in the locality of the residence. However, paragraph 2-6.2d of the FTR provides that operating or maintenance costs are not reimbursable.

In applying these two paragraphs to particular claims, we have allowed reimbursement for termite inspection fees as a required service customarily paid by the seller or buyer of a residence, but we have denied reimbursement for termite extermination, since this is a cost of house maintenance. Robert T. Greene, B-204644, June 8, 1982; B-172151, May 18, 1971, sustained September 7, 1971. In our decision Dennis E. Skinner, B-202297, July 24, 1981, we noted that the costs of customary inspections required by the lender or by the contract for sale may be reimbursed as incidental charges for required services in selling a residence. Thus, in view of the lender's requirement for health authority approval of the water supply and the similar requirement imposed by the terms of the contract for sale, we stated that a fee charged for inspection and certification of the water supply would be a reimbursable item of real estate expense under FTR paragraph 2-6.2f. However, we determined that the costs incurred by the claimant were not for required inspections but rather were for correcting deficiencies in the water supply noted in the inspection. As a result, we held that the costs for water treatment charges, as distinguished from water testing charges, which the claimant incurred to correct deficiencies in well water prior to the sale of his residence at the old duty station, were costs of the maintenance of the property specifically disallowed by FTR paragraph 2-6.2d.

In Mr. Holscher's case we believe that the cost of the weatherization inspection is reimbursable since it was required by the lender consistent with state law. Thus, if it is susceptible to individual itemization the inspection fee may be reimbursed as an incidental expense under FTR paragraph 2-6.2f.

However, Mr. Holscher is not entitled to reimbursement of the \$2,000 expense he incurred for repairs and modifications necessary to bring his home into compliance with the weatherization standards applicable under state law. Repairs and modifications to a residence, such as the weatherization in this case, which make the property saleable, are not reimbursable since FTR paragraph 2-6.2d specifically states that operating or maintenance costs of a residence are not reimbursable.

*for Milton J. Fowler*  
Comptroller General  
of the United States