



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Robert D. Good - Relocation Expense
File: B-224765
Date: August 17, 1987

DIGEST

An employee is not entitled to relocation expense reimbursement for a building inspection fee he paid as a result of his mother's insistence on the inspection as a condition for her loan to him of a downpayment on his purchase of a residence at his new duty station. Since she had no loan security interest in the home, she did not benefit from the inspection as a lender and such lenders do not customarily require purchasers to obtain building inspections.

DECISION

In this decision, we hold that Mr. Robert D. Good, an employee of the Department of Agriculture, is not entitled to reimbursement of a fee to inspect the residence he purchased at his new duty station.^{1/} Although his mother states she required the inspection as a condition for lending him funds for a downpayment, she had no security interest in the home for her benefit, and lenders of such a loan would not customarily require the purchaser to obtain an inspection.

BACKGROUND

Mr. Good was transferred from Hyattsville, Maryland, to Fort Collins, Colorado, on August 20, 1984. In addition to a mortgage loan he obtained to purchase a home in the vicinity of Fort Collins, he borrowed \$17,000 from his mother for a downpayment on the home. He issued a promissory note without interest stipulated for the amount of the loan with the debt to be repaid on demand. We assume that she obtained no mortgage or other security interest in the home to secure the loan. The record before us indicates that it was a personal loan.

^{1/} Mr. W. D. Moorman, Certifying Officer, Department of Agriculture, requested our decision. 039728

To protect her interest, Mr. Good's mother requested that a building construction inspection be performed on the Fort Collins home, since she was informed that in that area they are normally done by inspectors who are licensed and generally relied upon. The inspection was conducted at a cost of \$132.10. She states that she would not have made the loan without the inspection.

The employing agency denied Mr. Good reimbursement of the inspection fee on the grounds that the fee appeared to be for his personal benefit rather than a requirement to transact the purchase of the home.

DISCUSSION

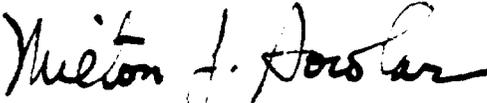
Under Federal Travel Regulations, para. 2-3.1 (Supp. 4, August 23, 1982), incorp. by ref., 41 C.F.R. § 101-7.003 (1984), a miscellaneous allowance is authorized for discontinuing a residence at an employee's old duty station and establishing a residence at the new duty station. But this provision prohibits reimbursement if the expense item is disallowed elsewhere in the regulations. See FTR, para. 2-3.1c. Incidental charges for transfer of a residence are reimbursable only if they are customarily paid by the seller or the purchaser, as the case may be, in the local area of the residence. FTR, para. 2-6.2f.

Consistent with these regulations, Comptroller General decisions deny reimbursement if an inspection is not required for the transfer of the ownership interest in the property or the security interest acquired by a mortgage lender in exchange for the loan to finance the purchase. See, for example, Wayne J. Girton, B-185783, April 29, 1976, where the expense was disallowed because the inspection was for the benefit of the purchaser and not his obligation as a required service customarily paid by purchasers.

In the present case, although Mr. Good's mother may have required the inspection to make the loan, it could not benefit her directly as a creditor since she had no security or other property interest in the home. The inspection served to protect the property rights of Mr. Good and his mortgage lender, a financial institution not requiring an inspection to protect its security interest.

Accordingly, we sustain the employing agency's denial of the claim.

When Mr. Good bought an earlier home incident to a previous transfer, the employing agency reimbursed Mr. Good a building inspection fee required by his mother making a personal loan for the downpayment in circumstances substantially identical to the present case. In accordance with the above discussion, the employee was not entitled to reimbursement, and therefore collection action should be taken to recover the overpayment from Mr. Good.

for 
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of the United States