

DOCUMENT RESUME

03215 - [A2433566]

[Claim for Real Estate Expenses Incident to Transfer]. B-188300.
August 29, 1977. 4 pp.

Decision re: Larry J. Light; by Milton Socolar (for Elmer B. Staats, Comptroller General).

Issue Area: Personnel Management and Compensation: Compensation (305).

Contact: Office of the General Counsel: Civilian Personnel.
Budget Function: General Government: Central Personnel Management (805).

Organization Concerned: Department of the Army: Rock Island Arsenal, IL.

Authority: 5 U.S.C. 5724a. 31 U.S.C. 71a. B-160799 (1967). B-165146 (1968). B-186254 (1977). B-183412 (1975). B-184869 (1976). 46 Comp. Gen. 677. F.T.R. (FPMR 101-7, para. 2-6 1e. F.T.R. (FPMR 101-7), para. 2-6.2.

Captain Charles C. Shaw, Finance and Accounting Officer, Rock Island Arsenal, requested a decision concerning an employee's claim for real estate expenses incurred pursuant to a change of official duty station. Reimbursement for examination of abstract and title opinion may not be made, because the employee had already been reimbursed for this service. Costs of preparing loan documents and a credit report may be reimbursed. Charges for closing services may be reimbursed only if evidence is presented that the fee was for conducting the settlement.
(SW)

03215

3564

Vol. 11
No. 1

DECISION



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

FILE: B-188300

DATE: August 29, 1977

MATTER OF: Larry J. Light - Claim for real estate expenses incident to transfer

- DIGEST:
1. Employee, upon transfer to new duty station, purchased residence at new duty station through transaction known as "contract for deed." Since equitable title to property passed to buyer, we conclude that "settlement date" was date contract was executed. See 46 Comp. Gen. 677 (1967). Furthermore, employee may be reimbursed for authorized real estate expenses incurred subsequent to date contract was executed if expenses are actually paid within reasonable amount of time and are reasonably foreseeable as to amount when contract was executed.
 2. Employee claims certain real estate expenses incident to transfer. Cost of "closing services" may be allowed if cost represents fee for conducting settlement rather than fee for advisory services. Costs of preparing loan documents and credit report would be reimbursable as miscellaneous expenses. FTR para. 2-6.2d. Charges for examination of abstract and title opinion and recording deed and mortgage would be reimbursable as legal and related costs. FTR para. 2-6.2c.
 3. Employee, upon transfer to new duty station, purchased residence under "contract for deed." Since intent of FTR provisions is to allow reimbursement for only one set of authorized real estate expenses for each purchase or sale of residence, employee may be reimbursed for only one of two separate charges for examination of abstract and title opinion.

B 188300

This action is in response to a request for an advance decision from Captain Charles C. Shaw, FC, a Finance and Accounting Officer at the Rock Island Arsenal, Rock Island, Illinois, forwarded here by the Per Diem, Travel and Transportation Allowance Committee, PDTATAC Control No. 77-4. The request for a decision concerns the claim of Mr. Larry J. Light, an employee of the Department of the Army, for real estate expenses incurred pursuant to a charge of official duty station.

The record indicates that Mr. Light was transferred, effective September 21, 1975, from Scobille, Idaho, to Rock Island, Illinois, and that he was authorized reimbursement for real estate expenses incurred pursuant to the transfer. It appears that on October 27, 1975, Mr. Light entered into a contract to purchase a residence in Moline, Illinois, and that under the terms of the contract Mr. Light would make a down payment of \$5,000 and pay the balance of the purchase price in monthly installments within 5 years. The contract provided further that title to the residence would pass upon payment of the full purchase price and that no installment payments could be made until January 1, 1976.

The record indicates further that Mr. Light claimed and was reimbursed for real estate expenses in the amount of \$90 for an examination of abstract and opinion of title based on a "settlement date" of December 1, 1975. Mr. Light later submitted a second voucher for real estate expenses in the amount of \$249 based on a "settlement date" of August 13, 1976, for what appear to be the following expenses:

Examination of abstract and title opinion	\$ 90
Preparation of loan documents	25
Closing services	75
Abstracting	39
Credit report	10
Recording of deed and mortgage	10
Total	<u>\$249</u>

This latter claim was denied administratively on the basis of a decision of our Office, B-160799, February 28, 1967 (46 Comp. Gen. 577).

B-188300

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. 5724a (1970) and the implementing travel regulations, the Federal Travel Regulations (FTR) (FPMR 101-7, May 1973). Our Office has held that under the statute (and prior regulations) an employee may be reimbursed for real 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. 2-6.1e, we would conclude that the "settlement date" involved in this transaction was the date the contract was executed. 46 Comp. Gen. 677, supra, and B-165146, supra.

Once the employee has become eligible for reimbursement of real estate expenses by entering into a real estate transaction with a settlement date within the time limitation contained in FTR para. 2-6.1e; there appears to be no definite time limitation in the FTR on the payment of such expenses. However, 31 U.S.C. 71a (1976) requires that all claims cognizable by the General Accounting Office must be received within 6 years after the date the claim first accrued. Therefore, where the employee is obligated to pay certain real estate expenses in a transaction such as in this case, we believe he may be reimbursed for authorized real estate expenses if actually paid by him within a reasonable period of time after the contract was executed and if these expenses were reasonably ascertainable as to amount at the time the contract was executed. In the present case, the additional expenses were incurred within 1 year from the date of the transfer of the employee and there is no indication that the expenses could not have been reasonably ascertainable as to the amount at the time the contract was signed.

With regard to the particular items claimed, we note that Mr. Light has claimed a \$75 charge for "closing services." The record does not indicate whether this represents the cost of conducting the closing or the fee for services rendered at settlement which were advisory in nature and which are not reimbursable. Joseph R. Garcia, B-186254, March 16, 1977, and Thomas A. McDonnell, B-183443, July 14, 1975. This item may be reimbursed only if Mr. Light presents evidence that the fee was for conducting the settlement.

B-188300

As to the other items claimed by Mr. Light, the costs of preparing loan documents and of a credit report would be reimbursable as miscellaneous expenses under FTR para. 2-6.2d. The charges for examination of abstract and title opinion, abstracting, and the recording of the deed and mortgage would be reimbursable as services enumerated in FTR para. 2-6.2c. However, we note that Mr. Light has been reimbursed for the cost of one examination of abstract and title opinion incident to the "settlement date" of December 1, 1975. We have held that the intent of the FTR provisions relating to the reimbursement of real estate expenses is to reimburse one set of authorized expenses relating to one sale and one purchase. See Robert A. Benson, B-184969, September 21, 1976. We believe that same rationale is applicable here; thus, Mr. Light has been reimbursed for one examination of abstract and title opinion and he may not be reimbursed for a second service.

Accordingly, the voucher may be certified for payment in accordance with the above.

Milton J. Auster
for Comptroller General
of the United States