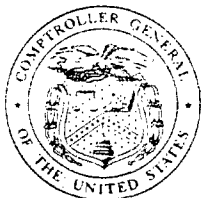


DECISION



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

10,592

FILE: B-193665

DATE: June 27, 1979

*personal
name*

MATTER OF: Louis E. Sheffield, Jr. - [Reimbursement of Real Estate Expenses]

DIGEST: Employee seeks reimbursement of closing costs on residence purchased at new official station. Costs paid by seller but included in purchase price of house may be reimbursed to employee since closing costs are clearly discernible and separable from price allocable to realty, both buyer and seller regard costs as having been paid by buyer, and costs are properly documented.

DLG 0941

This action is in response to a letter dated December 1, 1978, from Mr. G. J. Pellon, Chief of the Fiscal Section, Regional Commissioner, Southeast Region, Internal Revenue Service. Mr. Pellon requested an advance decision concerning the claim of Mr. Louis E. Sheffield for reimbursement of real estate expenses in the amount of \$540.50 which he incurred in connection with his purchase of a new home incident to the transfer of his official duty station from Albany, Georgia, to Atlanta, Georgia.

The expenses in question are closing costs on the residence purchased by Mr. Sheffield at his new official station. They would clearly be allowable under 5 U.S.C. 5724a(a)(4)(1976) and chapter 2, part 6 of the Federal Travel Regulations (FPMR 101-7, May, 1973) but for the fact that the Settlement Statement, dated June 10, 1977, shows that the seller paid most of the closing costs in question. In this connection FTR para. 2-6.1f provides for reimbursement of those real estate expenses that an employee paid incident to the sale of his residence at his old official station or the purchase of a residence at his new official station. Mr. Sheffield contends that, while the asking price on the house he purchased was increased to cover the closing costs which were paid out of the seller's proceeds at settlement, such costs were actually paid by him.

Prior to our decision in 52 Comp. Gen. 11 (1972), we denied reimbursement of closing costs included in the purchase price of the real estate because we regarded them as having been paid by the seller. In that decision, however, we reversed our position, stating that closing costs included in the purchase price of the house were reimbursable so long as they were "clearly discernible and separable from the price allocable to the realty."

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In Matter of Henry F. Holley, 56 Comp. Gen. 298 (1977) we set forth the rule to be derived from 52 Comp. Gen. 11 (1972) and paragraph 2-6.1 of the Federal Travel Regulations, stating that where costs are otherwise allowable under applicable law and regulations, the buyer may be reimbursed where:

- "(1) the closing costs are clearly discernible and separable from the price allocable to the realty;
- "(2) both the seller and the buyer regard the costs as having been paid by the buyer; and
- "(3) the buyer supplies documentation showing the amount of the closing costs and his liability for them."

In the present case the Settlement Statement shows that the closing costs are "* * * clearly discernible and separable from the price of the realty". Statements from the seller and the two real estate agents involved satisfy the requirement that the seller regard the closing costs as having been paid by the purchaser. The Settlement Statement not only provides the required documentation of the amount of the closing costs, but also shows that Mr. Sheffield's cash payments exceeded such costs.

Accordingly, payment may be made if otherwise proper.


Acting Comptroller General
of the United States