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DECISION



20762

Reimbursement
PL 112

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

FILE: B-205510

DATE: February 8, 1982

MATTER OF: Larry R. Dreihaup - Relocation costs -
construction of residence

DIGEST: Reimbursement is not allowable for costs of drawings, plans, survey, permits, and soil testing, to obtain a mortgage loan and satisfy local and State legal requirements to construct the employee's residence at his new duty station. Such costs are for construction and not comparable to those needed to exchange ownership of a residence by purchase or sale. Reimbursement for expenses which result from construction is prohibited by the FTR para. 2-6.2d and not allowable as part of the miscellaneous expense allowance under FTR para. 2-3.1c.

In this case we hold that the employee, Mr. Larry R. Dreihaup, is not entitled to real estate expenses for plans, drawings, surveys, and soil testing required by State and local government, as well as his mortgage lender, in connection with construction of a residence at his new duty station.

Mr. Dreihaup, an employee of the Federal Highway Administration, transferred on October 19, 1980, from Westchester, Pennsylvania, to Concord, New Hampshire, where he purchased land and contracted to have a residence built. He claimed the following expenses, now in dispute, necessary for residence construction in Concord:

- Copy of the house plan required by a mortgage lender and for a septic tank permit;
- Survey and site plan required by State and local law for building, driveway, and septic tank permits;
- Septic tank design by a licensed person;
- Soil percolation test required by State law and preliminary engineering work for the septic tank system;

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--Fee for State inspection of the septic system;

--Two copies of plans and specifications for the septic system submitted to the State.

The total amount claimed for these items, \$1,440.75, was denied by an authorized certifying officer on the ground that the costs were attributable to the construction of a residence.

Because Mr. Dreihaup disputed the disallowance, the Associate Regional Administrator for Administration, Federal Highway Administration, Region One, requested our decision. He states that the items were disallowed because they were not costs for surveys and preparation of drawings required for legal and finance purposes within the meaning of paragraph 2-6.2c of the Federal Travel Regulations (FTR) (FPMR 101-7, May 1973). He further observes that the final sentence of paragraph 2-6.2d of the FTR provides that only those expenses for construction of a residence which are comparable to those associated with the purchase of existing residences are reimbursable and that expenses which result from construction are specifically disallowed. In his opinion, the disputed items are costs peculiar to construction.

Mr. Dreihaup, however, contends that he is entitled to reimbursement since he would not have incurred the expenses had it not been for the requirements placed upon him by local financial institutions and local and State laws. He further believes that the expenses were customary and reasonable for the Concord area.

The costs of "making surveys, preparing drawings or plats when required for legal or financing purposes," authorized by paragraph 2-6.2c of the FTR, specifically have reference to the "sale and purchase of residences" to the extent customarily paid by any seller or purchaser in the local area of the Federal employee's old or new duty station. Allowable costs involving a house constructed for a transferred employee are expressly limited

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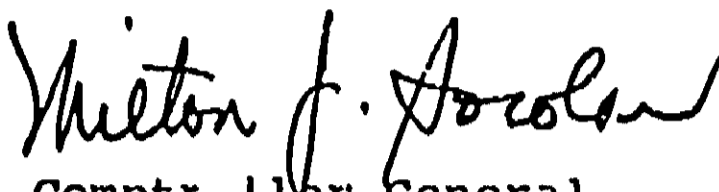
by paragraph 2-6.2d to costs comparable to those for the sale and purchase of a residence. That subparagraph further provides that expenses which result from construction are not reimbursable. Reimbursable selling and purchase expenses, therefore, involve the costs for transacting the exchange of ownership of the residence but not building it.

Concerning Mr. Dreihaup's payment for copies of a house plan required for a mortgage loan, as well as a septic tank, we stated in B-164926, September 31, 1968, that costs of "drawings or plats" are payable only for preparing an illustration of the property and improvements showing relationships to surrounding properties; that is, a plat. In that decision we therefore denied the cost of architectural plans or drawings for the construction of a residence, even though required by a financial institution as a condition for obtaining a mortgage loan. "Drawings and plats" refer only to those needed for sale or purchase of a residence and do not include additional fees for plans and specifications required because an employee elects to construct a residence rather than purchase one. See B-164491, November 15, 1968; and Jack T. Brawner, B-192420, August 27, 1979. The house plan described by Mr. Dreihaup appears to have been more in the nature of an architectural plan than a plat and, therefore, its cost is not reimbursable as comparable to an expense of transacting an exchange of property ownership.

Similarly, the other disputed items, although necessary to meet legal requirements, were for construction of Mr. Dreihaup's residence and not similar to costs associated with purchase of a residence. Jack T. Brawner, supra. Paragraphs 2-3.1 through 2-3.4 cover certain miscellaneous expenses related to relocation; however, paragraph 2-3.1c prohibits payment as part of the miscellaneous expenses allowance for those costs that are disallowed elsewhere in the FTR. Since construction costs are disallowed by paragraph 2-6.d. the disputed items may not be considered reimbursable miscellaneous expenses.

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No other provision of the FTR permits payment. Therefore, in accordance with the above discussion Mr. Dreihaup's claim is denied.

for 
Comptroller General
of the United States