

**DECISION**

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

**FILE:** B-216973

**DATE:** April 22, 1985

**MATTER OF:** Keith E. Mullnix - Real Estate Expenses - Loan  
Transfer Fee - Association Transfer Fee

**DIGEST:**

A transferred employee purchased a residence at his new duty station and was charged a loan transfer fee and an association transfer fee. Paragraph 2-6.2d(1) of the Federal Travel Regulations, as amended, effective October 1, 1982, permits reimbursement of loan origination fees and similar fees and charges, but not items considered to be finance charges. The employee's loan transfer fee may be reimbursed where it is similar to and assessed in lieu of a loan origination fee. The association transfer fee may not be allowed since it is a nonreimbursable maintenance cost for landscaping. Further, membership fees are considered a part of the purchase price and not a part of the cost or expenses of purchase.

This decision is in response to a request from Mr. Charles J. Williams, Manager, Realty Operations Branch, Real Estate Division, Naval Facilities Engineering Command, Department of the Navy. It involves the entitlement of one of its employees to be reimbursed certain real estate transaction expenses incident to a permanent change of station in 1984. Reimbursement is authorized in part for the following reasons.

**BACKGROUND**

Mr. Keith E. Mullnix, a Navy employee, received a permanent change-of-station transfer from Eureka, California, to Mission Viejo, California, in January 1984. As an incident of his transfer he was authorized reimbursement for relocation expenses.

Following completion of his transfer to Mission Viejo, Mr. Mullnix submitted a claim for real estate transaction expenses totaling \$621. The agency allowed \$371 and provided an explanation as to why the remaining

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claimed real estate transaction expenses totaling \$250 were disallowed.

On reclaim, Mr. Mullnix asserted entitlement to all disallowed items and provided an explanation for each. On administrative reconsideration, reimbursement of the following items pertaining to the purchase of his house at his new station remained in doubt:

1. Association transfer fee - \$100
2. Lender's Charge (Lender's  
loan transfer fee) - \$150

#### DECISION

The provisions of law governing reimbursement of residence transaction expenses of transferred employees are contained in 5 U.S.C. § 5724a (1982), and implementing regulations. Those regulations are contained in Part 6 of Chapter 2, Federal Travel Regulations, FPMR 101-7, September 1981, incorp. by ref., 41 C.F.R. § 101-7.003 (1983) (FTR).

As an incident of his transfer, Mr. Mullnix purchased a residence in the Mission Viejo, California, area and assumed the mortgage loan of his seller. The authorized certifying officer disallowed reimbursement of the loan transfer fee on the basis that it was a finance charge within the purview of Regulation Z, 12 C.F.R. § 226.4(a) (1984), and was not specifically authorized under FTR para. 2-6.2d (Supp. 4, Aug. 23, 1982).

The matter of reimbursement of a loan transfer fee incident to the purchase of a residence at an employee's new station, was the subject of decision Edward W. Aitken, B-214101, May 7, 1984, 63 Comp. Gen. 355. We noted in that decision that FTR para. 2-6.2d(1)(f), as revised, allows reimbursement of "other fees and charges similar in nature" to those listed in para. 2-6.2d(1)(a-e) unless specifically prohibited in para. 2-6.2d(2). Accordingly, we held that where a loan assumption fee (or loan transfer fee) involves costs similar to those covered by a loan origination fee, was not specifically prohibited by the FTR, and is assessed instead of a loan origination fee, it may be reimbursed under FTR para. 2-6.2d(1) as a miscellaneous expense. See Raymond P. Keenan, B-216203, February 22, 1985.

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Since the fee involves costs similar to those covered by a loan origination fee, Mr. Mullnix may be reimbursed the loan transfer fee charged him, not to exceed the amount customarily paid in the locality of his new residence.

Mr. Mullnix' claim for \$100 for an association transfer fee may not be allowed since FTR paragraph 2-6.2d(2)(d) (Supp. 4, Aug. 23, 1982) provides that operating or maintenance costs are not reimbursable. We have been advised by the certifying officer that these fees are homeowner's association fees for landscaping and other maintenance costs. Nathaniel E. Green, 61 Comp. Gen. 352 (1982). Further, membership fees are regarded as items of added value continuing to benefit the purchaser. As such, they are considered a part of the purchase price and not a part of the cost or expenses of purchasing. Herbert W. Everett, 60 Comp. Gen. 451 (1981).

*for* *Harry R. Van Cleave*  
Comptroller General  
of the United States