



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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McDade

OFFICE OF GENERAL COUNSEL

December 24, 1980

B-195652

Mr. William McDade, Director
Federal Travel Management Division (TT)
General Services Administration
425 I Street, NW.
Washington, D.C. 20406

Dear Mr. McDade:

This Office has been presented with a number of claims under ~~5 U.S.C. § 5724a(a)(4)~~ for reimbursement of real estate expenses incurred incident to a transfer in which title to the property is held jointly with the employee and close relatives who are not members of his immediate family. That section sets forth certain criteria relating to the person or persons in whose name the title to the property may be held to qualify for the reimbursement. The last sentence of clause (4) provides that:

"* * * This paragraph applies regardless of whether title to the residence or the unexpired lease is in the name of the employee alone, in the joint names of the employee and a member of his immediate family, or in the name of a member of his immediate family alone."

Implementing regulations for 5 U.S.C. § 5724a(a)(4) are contained in the Federal Travel Regulations (FPMR 101-7) para. 2-6.1c (May 1973), in the following language:

"The title to the residence or dwelling at the old or new official station, or the interest in a cooperatively owned dwelling or in an unexpired lease, is in the name of the employee alone, or in the joint names of the employee and one or more members of his immediate family, or solely in the name of one or more members of his immediate family. For an employee to be eligible for reimbursement of the costs of selling a dwelling or terminating a lease at the old official station, the employee's

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interest in the property must have been acquired prior to the date the employee was first definitely informed of his transfer to the new official station."

Paragraph 2-1.4d of the FTR defines "immediate family" as:

✓ (2) Generally, the individuals named in 2-1.4d(1)(c) and (d) shall be considered dependents of the employee if they receive at least 51 percent of their support from the employee or employee's spouse; however, this percentage of support criteria shall not be the decisive factor in all cases. These individuals may also be considered dependents for the purposes of this chapter if they are members of the employee's household and, in addition to their own income, receive support (less than 51 percent) from the employee or employee's spouse without which they would be unable to maintain a reasonable standard of living."

Because of the high cost of real estate and high interest rates on home mortgages, it has become increasingly difficult for employees to obtain financing for home purchases. As a result, persons who are not members of the employee's immediate family as defined in the FTR have signed as accommodation endorsers to assist the employee in obtaining financing. Although these accommodation endorsers acquire no interest in the property so long as the employee makes all of the mortgage payments the accommodation endorser's name appears on the title to the property.

In a recent claim presented to this Office, the employee's parents' names appeared on the title to the property at the old duty station and his wife's parents' names appeared on the title to the property at the new duty station. In B-195652, April 1, 1980, copy enclosed, we determined that since none of the parents were members of the employee's immediate family, reimbursement of real estate costs on relocation was limited to 50 percent since the employee and his wife were two of four persons involved in the purchase and sale.

In recognition of the financial pressures incident to the high cost of real estate and high interest rates which are expected to

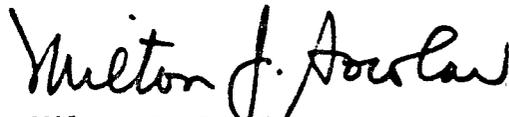
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continue for the foreseeable future, it is suggested that consideration be given to amending the regulations to state that an employee will be reimbursed all purchase or sale costs even though persons who are not members of the immediate family appear on purchase and sale documents if such persons are not actually participating in the financial transaction but are participating solely as an accommodation to the employee.

It is our view that such a regulation would not be contrary to the requirements of law since it would provide for reimbursement as contemplated by Congress when the law was passed. However, under current regulations we cannot permit full reimbursement of employees in these circumstances.

Your comments on this matter would be appreciated. If you need further information from this Office or would care to discuss this matter further, please contact J. Dean Mosher, in the Office of the General Counsel, telephone 275-6410.

Sincerely yours,



Milton J. Socolar
General Counsel

Enclosure