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DECISION



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

FILE: B-202297

DATE: July 24, 1981

MATTER OF: Dennis E. Skinner - Real Estate Expenses -
Termite Inspection Fee - Water Certification
Charges

DIGEST:

1. A transferred employee who has been reimbursed one termite inspection fee incident to the sale of his residence may not be reimbursed a duplicate fee incurred in connection with a loan commitment made by a mortgage company that went bankrupt before sale of residence at old duty station could be consummated. Only one set of residence sale expenses incurred incident to a completed sale is reimbursable under paragraph 2-6 of the Federal Travel Regulations.

2. A transferred employee may not be reimbursed water testing and treatment charges paid to correct deficiencies in well water prior to sale of residence at old duty station. Though county health authority approval of water supply was required as a condition to sale of residence, the particular costs claimed were not for required certification, but were costs of maintenance of the property. Maintenance costs are specifically disallowed by paragraph 2-6.2d of the FTR and may not be paid as part of the miscellaneous expenses allowance.

Mr. William Harten, an authorized certifying officer of the Department of Energy, requests an advance decision regarding Mr. Dennis E. Skinner's claim for an initial termite inspection fee paid in connection with an unconsummated mortgage loan and for costs associated with water supply inspection and treatment. Both charges were incurred in connection with the sale of his residence in Middletown, Maryland, upon transfer of station.

[Request for Reimbursement of Real Estate Expenses]

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Payment of the termite inspection fee is denied since a second inspection fee was reimbursed in connection with the completed sale of Mr. Skinner's former residence. His claim for water testing and treatment charges may not be paid as the costs were related to maintenance of the property.

Mr. Skinner incurred two termite inspection fees in the amount of \$25 each in connection with the sale of his residence. The first termite certification was required by the lending company that initially made a loan commitment to the purchaser of his former residence. The second certification was required as a result of that lending institution's subsequent bankruptcy and a requirement by the new lender for a current termite inspection. Though Mr. Skinner has been reimbursed for the second inspection fee, the initial \$25 inspection fee was disallowed by the certifying officer since it was not incident to the completed sale of the old residence.

By the terms of the contract for sale and at the insistence of the lender, Mr. Skinner was required to furnish a certificate from the Frederick County Health Department indicating that the well water was fit for human consumption. We are advised by that department that such certification is routinely required by lenders in the area and that a charge of \$5 is made for the necessary testing and certification of wells in the county. However, Mr. Skinner's claim is not for reimbursement of the county inspection fee. Instead he claims reimbursement for \$334.95 paid to Tri-State Water Company, Inc., for installation of a chlorinator and \$103.50 for water chlorination and testing before and after installation of the unit. The certifying officer disallowed reimbursement on the basis that the fees paid to Tri-State were for structural improvements or maintenance.

Allowances for expenses incurred in connection with residence transactions incident to a permanent change of station are authorized by 5 U.S.C. 5724a (1976) and by the Federal Travel Regulations (FPMR 101-7). Para. 2-6.2f of the FTR sets out the incidental expenses which are allowable on real estate transactions in the following language:

" * * * Incidental charges made for
required services in selling and purchasing
residences may be reimbursable if they are

customarily paid by the seller of a residence at the old official station or if customarily paid by the purchaser of a residence at the new official station, to the extent they do not exceed amounts customarily charged in the locality of the residence." (Emphasis added.)

We have held that the cost of a termite inspection is reimbursable if customarily paid by the seller as a condition to the sale of his residence. B-175918, June 15, 1972; and Donald J. Sharp, B-189093, October 13, 1977. Since a termite inspection was required by the terms of the contract for sale and by the lender, the certifying officer correctly reimbursed Mr. Skinner for the \$25 for termite certification charged to his account at the time of settlement.

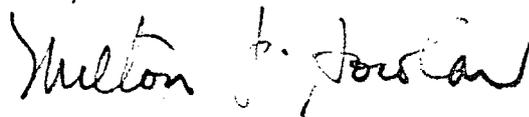
Paragraph 2-6.1 of the FTR provides that the Government shall reimburse an employee for certain expenses incurred incident to the sale of his residence at his old duty station. We have held that only expenses incurred incident to completed sales are reimbursable. In Robert A. Benson, B-184869, September 21, 1976, we disallowed reimbursement of the costs of preparing three contracts of sale that were not consummated. As explained in John J. Mazzola, B-190122, November 23, 1977, the Benson decision reflects the intent of FTR para. 2-6.2 to reimburse the employee for only one set of authorized expenses relating to one sale and one purchase. Therefore, we find that the initial termite inspection required for the buyer of the residence to obtain a loan which was subsequently cancelled was not incurred incident to the completed sale of Mr. Skinner's residence and is not reimbursable. Compare Jay D. Fitch, B-186009, October 12, 1975, in which we similarly disallowed the cost of a second appraisal necessitated by the fact that the employee's house was not sold within 6 months of the initial appraisal.

In general, the cost of customary inspections required by the lender or by the contract for sale may be reimbursed as incidental charges for required services in selling a residence. See 53 Comp. Gen. 626 (1974) and Robert E. Grant, B-194887, August 17, 1979. In view of the lender's requirement for health authority approval of the water supply and the similar requirement imposed by the terms of the contract for sale, the fee charged by the Frederick County Health

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Department for certification of the water supply would be a reimbursable item of real estate expense under FTR para. 2-6.2f. However, the costs claimed by Mr. Skinner were not for required inspections but for correcting deficiencies in the water supply. Like the costs of termite and flea extermination disallowed in B-172151, May 18, 1971, and John H. Martin, B-184594, February 12, 1976, the \$438.45 paid to Tri-State Water Company, Inc., was a cost of home maintenance. Reimbursement of costs associated with home maintenance is precluded by FTR para. 2-6.2d. Since the cost is specifically disallowed as an item of real estate expense, it may not be reimbursed as part of the miscellaneous expenses allowance. See FTR para. 2-3.lc.

For the reasons stated above, Mr. Skinner's claim is disallowed.

A handwritten signature in cursive script, reading "Milton B. Jordan".

Acting Comptroller General
of the United States