



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Bernard C. Michaels - Real Estate Expenses

File: B-226328

Date: August 20, 1987

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### DIGEST

Incident to the sale of a residence at the time of transfer, an employee paid mortgage discount points to enable a buyer to obtain a mortgage loan. The employee may not be reimbursed for the points as such reimbursement is expressly prohibited by paragraph 2-6.2d(2) of the Federal Travel Regulations.

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### DECISION

An employee claims reimbursement of the amount he paid for mortgage loan discount points to enable a buyer to obtain a mortgage loan incident to the sale of his residence at the time of transfer.<sup>1/</sup> We conclude that the employee may not be paid since the reimbursement is expressly prohibited by the Federal Travel Regulations.

In June 1986, Mr. Bernard C. Michaels, an employee of the U.S. Department of Labor, was transferred from Washington, D.C., to Miami, Florida. Incident to the sale of his residence at his old duty station, he paid \$2,108.43 in mortgage discount points to enable a buyer to obtain a mortgage loan. His claim for payment was disallowed by his agency since the points and other cost items defined as part of the finance charge are nonreimbursable under the Federal Travel Regulations and Department of Labor travel regulations.

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<sup>1/</sup> Mr. Thomas C. Komarek, Assistant Secretary for Administration and Management, U.S. Department of Labor, has requested a decision on the claim of Mr. Michaels.

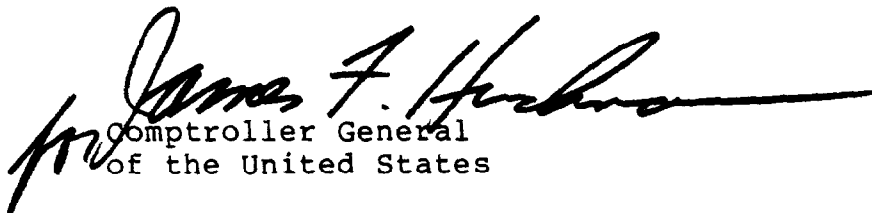
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Mr. Michaels contends in essence that he should be reimbursed for the discount points because the amount paid for points exceeded the FHA allowance, payment of points by sellers was common in the Washington, D.C. area, and the Internal Revenue Service considers payment of points by the seller as legitimate selling expenses.

Paragraph 2-6.2(d) of the Federal Travel Regulations (Supp. 4, effective October 1, 1982), specifically provides that interest on loans, points, or mortgage discounts are not reimbursable. The Department of Labor has indicated that this exclusion from reimbursable expenses for the sale of a residence also is included in paragraph 562.d of the Department's travel regulations.

Points and mortgage discounts are excluded from the list of reimbursable expenses since they are a part of the price for hire of money rather than reimbursement of administrative costs of a settlement. Donald W. Hutchinson, B-181909, April 2, 1975. Thus, the arguments presented by Mr. Michaels are inapplicable.

Accordingly, Mr. Michaels' claim may not be paid.

  
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