

Friedinger



The Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Gerald L. Brenner - Relocation Expenses - Sale
of Mobile Home
File: B-227380

Date: November 13, 1987

DIGEST

1. A transferred employee sold a mobile home, which he had used as his residence at his old station, approximately 1 year after his transfer. He seeks reimbursement for the space rental charges during that 1-year period as a lease settlement expense on basis that his effort to sell constituted a bona fide attempt to terminate the lease. His claim is denied. The mobile home space rental was on a month-to-month tenancy and could have been terminated by moving his mobile home any time with 30-days notice. Since he took no action to terminate the lease, he did not incur any lease-breaking expense, and the continuing space rental charges are nonreimbursable. Daniel J. Price, B-210918, March 20, 1984.

2. A transferred employee sold a mobile home which he used as a residence at his old station. He personally financed the sale for a period not to exceed 2 years as an accommodation to the buyer. Because the employee still owed money on the mobile home, he established a collection account (similar to an escrow account) with his lender bank so that the buyer could make monthly payments to this collection account and the bank could apply the funds toward the employee's own mortgage payments. Since there is no showing that such an account was required by law or local practice, it must be regarded as being merely for the convenience of both parties and not directly related to the sale itself. The fee for establishing the collection account may not be reimbursed. Arthur L. Harding, B-211794, September 27, 1983.

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DECISION

This decision is in response to a request from the Office of Comptroller, Headquarters, Defense Logistics Agency.^{1/} It concerns the entitlement of one of its employees to be reimbursed certain expenses associated with the sale of a mobile home incident to a permanent change of station. We conclude that the employee may not be reimbursed for the following reasons.

BACKGROUND

Mr. Gerald L. Brenner, an employee of the Defense Logistics Agency, was transferred from North Bend, Washington, to Tucson, Arizona, with a reporting date of July 9, 1984. His residence at his old duty station was a mobile home which he owned. He succeeded in selling the mobile home 1 year later, and he claimed expenses in the amount of \$1,877 for settling an unexpired lease on the mobile home parking space and \$208 for the cost of establishing a collection account to process the purchaser's payments.

These items were disallowed by the agency. The basis given for disallowing the lease expense was that, since the lease for the mobile home parking space was a month-to-month tenancy, it could have been terminated simply by giving 30-days notice and moving the mobile home. There was no evidence that the employee took any action to end the lease until 1 year later in July 1985 when he sold the mobile home. As a result, the agency viewed this expense as being a continued operating expense associated with ownership of a mobile home as a residence.

In disallowing the collection account expense, the agency noted that Mr. Brenner elected to finance the buyer's purchase of the mobile home and to set up a collection account with a local bank to receive the buyer's payment. The agency found that receipt of payment under private financing through a collection account was not a required practice in the Seattle, Washington area and therefore

^{1/} This request was forwarded by the Per Diem, Travel and Transportation Allowance Committee and was assigned PDTATAC Control No. 87-6.

denied the expense as not being an incidental expense customarily paid by the seller at the old duty station.

In his appeal, Mr. Brenner contends that the lease expense from July 1984 to July 1985 was unavoidable since, by the terms of the lease agreement, he could not sublease. Therefore, he argues that the lease could be terminated only if he sold the mobile home or moved it. Since movement of the mobile home was not authorized by his transfer authorization, it is Mr. Brenner's view that his effort to sell the mobile home constituted a bona fide attempt to terminate his lease. He also contends that the executed purchase and sale agreement required him to establish the collection amount.

OPINION

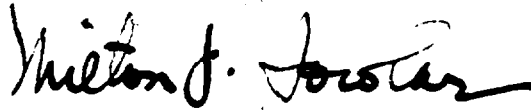
Paragraph C14003 of Volume 2, Joint Travel Regulations, authorizes reimbursement for expenses incurred to settle an unexpired lease. See also paragraph 2-6.2h of the Federal Travel Regulations (Supp. 4, October 1982), incorp. by ref., 41 C.F.R. § 101-7.003 (1984). When an employee is transferred and occupies a leased residence, the transfer may not coincide with the lease expiration. Often this results in a continued expense to the employee unless the employee can sublease the property for the remainder of the lease term or secure an early termination of the lease. When a reasonable effort has been made by an employee to terminate his responsibility under the lease, the expenses incurred by the employee to terminate that lease are deemed reimbursable, including any broker's fees or advertising costs, so long as they are not in excess of those customarily charged for comparable services in the locality. Daniel J. Price, B-210918, March 20, 1984, and decisions cited.

In the present case, Mr. Brenner had a month-to-month lease on the mobile home parking space. Other than advertising the sale of the mobile home, there is no evidence he took any action to terminate the lease until July 1985 when he concluded the sale and had the mobile home parking space assigned to the buyer on July 31. He did not incur any lease-breaking expenses, and the expenses he did incur were comparable to those normally associated with ownership, operation, and maintenance of a mobile home used as a residence. So long as he owned the mobile home and could

have moved it at any time, but did not do so, the space rental charges he incurred are nonreimbursable. See Price, cited above.

Regarding the collection account, it appears that a local lender, Washington Mutual Savings Bank, held the chattel mortgage on Mr. Brenner's mobile home. Because the buyer was unable to immediately finance the purchase, Mr. Brenner personally financed it for a period not to exceed 2 years and established an account similar to an escrow account at Washington Mutual so that his buyer could make monthly payments on his purchase contract and the payments could be credited to Mr. Brenner's monthly mortgage payments. There is no showing that such arrangement was required by state law or by Mr. Brenner's mortgage lender, nor has it been shown that such an arrangement was a customary practice in the locality. In the absence thereof, the establishment of such an account was merely for the convenience of both parties. The same result could have been achieved by the buyer sending the payment to Mr. Brenner and he, in turn, continuing to make his monthly mortgage payment to Washington Mutual. Under similar circumstances, we have consistently denied reimbursement for this escrow expense. Arthur L. Harding, B-211794, September 27, 1983; John P. Allen, B-201009, April 16, 1981; Arnold J. Bejot, B-171338, April 29, 1976.

Accordingly, we sustain the agency's denial of these two claims.

for 
Comptroller General
of the United States