



The Comptroller General  
of the United States

Washington, D.C. 20548

# Decision

Matter of: Corey B. Preston -- Delay in Sale of Residence to Relocation Service Contractor

File: B-234065

Date: September 8, 1989

## DIGEST

A transferred employee, whose sale of his residence at his old duty station was delayed due to the cancellation of a relocation service contract, is denied reimbursement of incidental costs associated with the delay. Under the applicable statute and regulations, losses such as those claimed by the employee are not reimbursable.

## DECISION

This decision is in response to a request by the Department of the Interior<sup>1/</sup> for a decision as to whether an employee is entitled to reimbursement of expenses incurred when the General Services Administration (GSA) replaced a relocation service contractor and the employee incurred a delay in selling his former residence. For the following reasons, we conclude that the expenses incurred by the employee which resulted from the delay in selling his residence at the old duty station may not be paid.

## BACKGROUND

Mr. Corey B. Preston, an employee of the National Park Service, transferred from Moab, Utah, to Klamath Falls, Oregon, in April 1987. Mr. Preston anticipated that he would sell his home in Moab to Better Homes and Gardens, a relocation service contractor under contract with GSA. However, GSA terminated its contract with Better Homes and Gardens on May 7, 1987, due to a default on the contract by Better Homes and Gardens. As a result, employees participating in the relocation service program who did not receive a written offer to purchase by May 7 from Better

<sup>1/</sup> The request was submitted by Mr. Foon Lee, Finance Officer, Western Region, National Park Service, Department of the Interior.

Homes and Gardens were delayed in selling their homes until GSA could award a new contract. On July 24, 1987, GSA awarded a contract to Howard Relocation Group to provide relocation services in Utah, and Mr. Preston eventually sold his residence to Howard Relocation Group on November 19, 1987.

Mr. Preston requests reimbursement for the losses incurred as a result of the delayed sale of his home, including maintenance expenses, boarding fees for the family pet, and mortgage payments made on the old residence. In addition, Mr. Preston requests an extension of the 2-year period he has to purchase a new residence.

#### OPINION

Under the authority of 5 U.S.C. § 5724c (Supp. IV 1986), federal agencies may enter into relocation service contracts with private firms to provide relocation services to agencies and employees. These services include, but are not limited to, arranging for the purchase of a transferred employee's residence. The regulations implementing section 5724c are found in the Federal Travel Regulations (FTR), chapter 2, part 12.2/ Specifically, FTR, para. 2-12.6b(2)(a) states that ". . . losses due to failure to sell a residence at the old official station at the price asked, at its current appraised value, or at its original cost . . . and any similar losses, are not reimbursable." (Emphasis added.) There is no authority under section 5724c or the FTR to reimburse Mr. Preston for the expenses he incurred as a result of the cancellation of the contract with Better Homes and Gardens, the relocation service contractor. Moreover, there is no authority under the relocation expense statutes, 5 U.S.C. §§ 5724 and 5724a, or the FTR for incidental expenses such as maintenance of the property, kennel fees, or mortgage payments. See James Betts, B-217922, Sept. 6, 1985; B-195162, Dec. 5, 1979.

Finally, Mr. Preston requests a 1-year extension of the 2-year period for sale or purchase of a residence. FTR, para. 2-6.1e (Supp. 4, Aug. 23, 1982). Under the FTR, an agency may grant a 1-year extension of the period in which an employee must complete his residence transaction for reimbursement of relocation expenses if the agency determines that extenuating circumstances have prevented the employee from completing the sale or purchase transactions in the initial timeframe and that the residence transactions

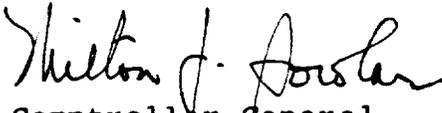
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2/ FTR (Supp. 11, July 25, 1984), incorp. by ref., 41 C.F.R. § 101-7.003 (1988).

are reasonably related to the transfer of official station.  
FTR, para. 2-6.1e(2)(c).

We have consistently held that it is within the discretion of the employing agency to grant or deny a residence transaction extension, and we will not disturb an agency's determination unless it is found to be arbitrary or capricious. See Simon Mouer, B-195264, Feb. 12, 1980, interpreting an earlier version of this regulation.

Accordingly, we deny Mr. Preston's request for reimbursement of costs associated with the delayed sale of his home. His request for a 1-year extension of the 2-year residence transaction period is remanded to his employing agency, the Department of the Interior.

*for*   
Comptroller General  
of the United States