



UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

October 24, 2008

CBCA 1062-RELO

In the Matter of JAMES C. BROWN

James C. Brown, Franklin, NC, Claimant.

Jesse L. King, Chief Financial Officer, Albuquerque Service Center, Forest Service, Department of Agriculture, Albuquerque, NM, appearing for Department of Agriculture.

FENNESSY, Board Judge.

James C. Brown constructed a new home in Franklin, North Carolina, subsequent to his transfer to that city in June 2005 by the Department of Agriculture (the agency). The agency reimbursed Mr. Brown for most of the transactional expenses he incurred, but denied payment for some of the claimed expenses. Mr. Brown asks the Board to review the agency's decision with regard to two types of expenses.

First, Mr. Brown has submitted a claim for \$300 for inspection fees. The inspection fees resulted from four separate inspections conducted during the construction of Mr. Brown's home. Each inspection cost \$75; the total cost of the four was \$300. The agency paid Mr. Brown \$75 for the first inspection, but denied his claim for the remainder on the ground that the other inspections would not have occurred if Mr. Brown had purchased an existing residence.

Second, Mr. Brown seeks \$2071.25 for survey fees. Three surveys were conducted: (1) a boundary survey of the lot on September 7, 2005, for \$1071.25; (2) a revision to show the house, the foundation, and well for \$500; and (3) a final revision to show the completed house and driveway for \$500. The agency initially reimbursed Mr. Brown for the cost of the first survey and denied the remainder. However, on appeal, the agency contends that it overpaid Mr. Brown and should only have reimbursed him for \$500, the cost of the final survey. The agency states that only the final survey would be comparable to a reimbursable

expense with the purchase of an existing residence, and that the first two surveys were the result of constructing a new home and were not reimbursable.

The expenses an employee incurs in connection with the construction of a residence are reimbursable, provided that the expenses are comparable to the expenses which are reimbursable in connection with the purchase of an existing residence. 41 CFR 302-11.200 (2005). In general, an agency should determine the appropriate reimbursement by looking at the expenses an employee would incur in connection with the purchase of an existing residence. When the construction process involves multiple closings, the employee might incur similar fees and expenses more than once. However, an employee may be reimbursed only once for each type of expense which is allowable according to the regulations. Duplicate expenses and expenses which are incurred solely because the employee decided to construct a house cannot be reimbursed. *Milton E. Geiger*, CBCA 758-RELO, 08-1 BCA ¶ 33,764; *Lincoln E. Burton*, CBCA 682-RELO, 07-1 BCA ¶ 33,561.

As to the inspection fees, the record includes a letter from the lender dated October 19, 2006. The letter states, in part, that the “fees for inspections were required to initiate draws to the builder as construction progressed.” Based upon the lender’s statement, four inspections occurred with a charge of \$75 each. Typically, during the purchase of an existing residence, an employee would only be required to pay for one inspection as part of the permanent financing transaction. Thus, the fees for the initial three inspections are not reimbursable.

Likewise, we find that only the final survey would qualify for reimbursement, as it is most comparable to the kind of survey whose cost is reimbursable for the purchase of an existing residence. *Dennis W. Del Grosso*, CBCA 734-RELO, 07-2 BCA ¶ 33,686. Therefore, the agency’s determination that it should only have reimbursed Mr. Brown \$500 for the cost of the final survey, rather than \$1071.25 for the initial survey, is correct.

EILEEN P. FENNESSY
Board Judge