



UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

August 20, 2013

CBCA 3287-RELO

In the Matter of MAHMOOD RAMZAN

Mahmood Ramzan, Raleigh, NC, Claimant.

Sheila A. Fant, Chief, Travel and Relocation Branch, Food Safety and Inspection Service, Department of Agriculture, Beltsville, MD, appearing for Department of Agriculture.

ZISCHKAU, Board Judge.

Mahmood Ramzan, the claimant, appeals the denial of his claim for reimbursement of a \$10,000 seller's credit towards the purchase price that he extended to the buyer of his old residence. The agency denied the claim because it determined that this seller's credit was simply an incentive that Mr. Ramzan paid in order to sell his residence and there was no proof that this incentive was customarily paid by sellers in the locality of the residence. The record shows that Mr. Ramzan extended this credit towards the purchase price of the house without specifying any specific settlement costs to which it was to be applied. In addition, Mr. Ramzan admits that this seller incentive was provided to the buyer "in order to make the sale go through." On these facts, we agree with the agency that the credit was not reimbursable under the provisions of the Federal Travel Regulation dealing with reimbursable expenses in residence transactions, 41 CFR 302-11.200 (2012). Accordingly, we deny the claim.

Background

On July 23, 2012, the Food Safety and Inspection Service, Department of Agriculture, issued reassignment orders to Mr. Ramzan changing his duty station from Beltsville, Maryland, to Raleigh, North Carolina, due to the closing of the Beltsville office. On January 15, 2013, Mr. Ramzan sold his old residence in Boyds, Maryland. Mr. Ramzan submitted

a claim for real estate closing costs of \$52,280, but the agency denied reimbursement of \$10,000 which was a “seller credit” incentive provided by Mr. Ramzan to the buyer.

Mr. Ramzan states that his old residence was on the market for over 120 days and he was not able to sell the house without this seller’s credit incentive. The contract of sale contains an addendum which states in paragraph 1: “In addition to any other amount(s) the Seller has agreed to pay under other provisions of this Contract, the Seller shall credit the Buyer at the time of Settlement with the sum of \$10,000 towards Purchaser’s settlement costs. It is the Buyer’s responsibility to confirm with his Lender, if applicable, that the entire credit provided for herein may be utilized.” The HUD-1 settlement sheet dated January 15, 2013, shows, at line 209 on the borrower’s transaction summary and line 509 of the seller’s transaction summary, a “Seller Credit” of \$10,000. There is no indication on the settlement sheet that this seller credit is to pay for specific settlement charges. One version of the settlement sheet lists buyer’s settlement charges of \$2139.72 for “[i]nitial deposit for your escrow account,” \$2153.90 for “[t]itle services and lender’s title insurance,” \$120 for “[g]overnment recording charges,” and \$7552.50 for “[t]ransfer taxes,” plus other charges resulting in buyer’s settlement charges totaling \$13,385.33.

The settlement agent’s processor for the transaction stated in a letter of January 10, 2013, that the sellers “have given the buyers of this property a \$10,000 credit towards their closing cost, as was stated in the Contract of Sale. This is reasonable and customary in the State of Maryland.” In a letter of February 13, 2013, the same settlement processor stated additionally that the “sellers credit of \$10,000 went towards the buyers closing costs listed on lines 1001 (\$2,139.72), 1101 (\$2,153.90), 1201 (\$120), & 1203 (\$7,552.50) of the attached HUD-1.”

In a June 20, 2013 submission, Mr. Ramzan states that he “gave the credit of \$10,000 to make the sale go through to the buyer without specifying any particular items where the credit [was] to be applied.”

Discussion

The Federal Travel Regulation states that the agency will reimburse an employee certain residence transaction expenses provided the expenses “are customarily charged to the seller of a residence in the locality of the old official station” (or paid by the employee purchaser at the new official station), as shown by “appropriate supporting documentation.” 41 CFR 302-11.200. From the record described above, we conclude that the \$10,000 seller’s credit was an amount Mr. Ramzan agreed to furnish in negotiations with the buyer “to make the sale go through.” The evidence suggests that the \$10,000 amount was simply a lump sum credit provided to the buyer in order to reduce the sales price, rather than a payment by the

seller of specific settlement charges customarily paid by the seller in that locality. Mr. Ramzan has not provided adequate evidence that it was customary for a seller in the locality of Boyds, Maryland, to pay on behalf of the buyer any of the specific settlement charges identified (after the fact) by the settlement processor in her February 2013 letter. *See Erwin Weston*, CBCA 1311-RELO, 09-1 BCA ¶ 34,055 (claimant failed to show that it was customary for seller to pay certain closing costs of the buyer; record shows that claimant agreed to pay up to \$10,000 toward the buyer's closing costs as part of the bargain to arrive at a sales price).

Decision

We deny Mr. Ramzan's claim.

JONATHAN D. ZISCHKAU
Board Judge