



UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

September 7, 2016

CBCA 5381-RELO

In the Matter of JOSH SHERMAN

Josh Sherman, Menomonie, WI, Claimant.

Eileen Marie Boppel, Financial Management Service Center, Department of Agriculture, New Orleans, LA, appearing for Department of Agriculture.

SHERIDAN, Board Judge.

Claimant, Josh Sherman, an employee of the Department of Agriculture (USDA), National Resources Conservation Service (NRCS), seeks payment of expenses associated with relocation from Albuquerque, New Mexico, to Menomonie, Wisconsin.

Background

Claimant was authorized to incur real estate transaction expenses associated with his relocation and subsequently purchased a home in Menomonie, Wisconsin. He submitted his real estate transaction expenses to the USDA National Finance Center (NFC), which approved payment for most of the expenses were paid, but denied a \$400 home inspection fee¹ and a \$260 fee for a photo shoot of the house. Claimant seeks reimbursement of the \$400 he paid for the home inspection.²

¹ Champion Home Inspections performed the home inspection on May 3, 2016.

² Claimant does not seek reimbursement for the photo shoot in this matter.

Claimant did not need a commercial loan to purchase his home. Because there was no commercial lender to require a home inspection as a condition for the loan, claimant was not required to have a home inspection. However, claimant notes that a home inspection is “usual and customary” when buying a house, and is prudent even if a buyer does not need a lender. Claimant also posits that the Employee Relocation Handbook did not warn him that home inspection expenses would not be paid under the circumstances he has presented.

Discussion

At issue in this matter is whether Mr. Sherman is entitled to reimbursement for the expense of his home inspection. Statute provides that “an agency shall pay to or on behalf of an employee who transfers in the interest of the Government, expenses of the . . . purchase of a residence at the new official station that are required to be paid by the employee.” 5 U.S.C. § 5724a(d)(1) (2012). The Federal Travel Regulation (FTR), which applies to Mr. Sherman, provides the following:

What residence transaction expenses will my agency pay?

Provided the residence transaction expenses are customarily . . . paid by the purchaser at the new official station, your agency will, with appropriate supporting documentation provided by you, reimburse you for the following residence transaction expenses when they are incurred by you incident to your relocation

41 CFR 302-11.200 (2015) (FTR 302-11.200). Among those expenses, the FTR provides for reimbursement of “[e]xpenses in connection with environmental testing and property inspection fees when required by Federal, State, or local law; or by the lender as a precondition to sale or purchase.” *Id.* 302-11.200(f)(11).

Citing FTR 302-11.200(f)(11), this Board has recognized with regard to home inspections that “inspection expenses are reimbursable only to the extent that they are customarily paid by the purchaser at a new official station; are no greater than that which is customarily paid in the locality; and are required by federal, state, or local law, or by the lender as a precondition to the purchase.” *Janet D. Winn*, CBCA 4434-RELO, 15-1 BCA ¶ 35,978, at 175,799; *see Wilbur W. Bhagat*, CBCA 1616-RELO, 09-2 BCA ¶ 34,280, at 169,347 (“A home inspection, although prudent under any circumstances in purchasing a home, is not reimbursable if performed merely for the benefit of the buyer.”); *see also Jeffrey W. Bryant*, CBCA 4558-RELO, 15-1 BCA ¶ 36,095, at 176,235.

While a home inspection may be performed prior to purchasing even when a buyer does not need a mortgage, the inspection and subsequent fees are not typically “required by Federal, State, or local law,” and therefore, are not reimbursable relocation expenses. Mr. Sherman has provided no evidence to support a finding that the fee he paid for the home inspection was reimbursable.³

Decision

The claim is denied.

PATRICIA J. SHERIDAN
Board Judge

³ The fact that the Employee Relocation Handbook did not inform claimant that a home inspection would not be reimbursed under the circumstances presented here does not affect the outcome of this matter.