

REAL ESTATE CLAIMS DUE TO RELOCATION

1. Civilian Federal employees are entitled to relocation expenses due to certain official duty station transfers. The Fort Knox Office of the Staff Judge Advocate, Administrative Law Division, will process claims for those locating to or from Fort Knox and its jurisdiction. All others should contact their nearest legal office for support. Submit one copy of required documents; maintain a copy for your personal files. A Sale and a Purchase are two separate claims and must be submitted as such, applicable forms may be copied. The following documents are required:

- DD Form 1705, Reimbursement for Real Estate and/or Purchase. Closing Cost Expenses, Oct 2002 version or later.
- DD Form 1351-2, Travel Voucher or Sub-Voucher (in Section 18, use your closing date, specify that this is a “Sale Real Estate Claim” or “Purchase Real Estate Claim,” and the amount claimed). This must be signed and dated by the claimant.
- HUD-1, Settlement Statement, signed and dated.
- Deed signed and dated. This may be obtained from the closing agent or real estate agent.
- DD Form 1614 Travel Orders or equivalent.
- DD 1618 Transportation Agreement.
- Contract signed and dated by buyer and seller.
- Any additional receipts needed to support the claim, such as checks or receipts for items paid outside of closing and not recorded on the HUD-1 (a common example of this is a home inspection). NOTE: Receipts for hotel, meals and incidentals are to be filed directly with DFAS and will not come to the OSJA.

2. Completion of the DD Form 1705 is a matter of matching the reimbursable expenses listed on the HUD-1 into the proper categories appearing in the blocks on the reverse side of DD Form 1705. Pay careful attention to whether the expenses were paid by the BORROWER or by the SELLER. You may only claim reimbursement for expenses that were charged to your side of the transaction.

3. Complete of Parts I, II, III, and V of DD Form 1705, and sign your claim in block 16 or 17, as appropriate. Your signature indicates that the information contained is both true and accurate. Submission of a false or fraudulent claim is a crime punishable under applicable Federal laws and may form the basis of administrative disciplinary action up to and including removal from Federal Service.

4. There are a number of resources available online. DFAS publishes the Pamphlet for Civilian Permanent Duty Travel (DFAS-CO-1494.1-PH). This pamphlet and other information is located at [http://www.tradoc.army.mil/dcspl/documents/BRAC_Civilians/Pamphlet for Civ Per m Duty Trvl.pdf](http://www.tradoc.army.mil/dcspl/documents/BRAC_Civilians/Pamphlet_for_Civ_Per_m_Duty_Trvl.pdf) or <http://www.dfas.mil/civilianemployees/travelpay/defensetravelsystem.html> on the World

REAL ESTATE CLAIMS DUE TO RELOCATION

Wide Web. The Defense Finance and Accounting Service (DFAS) is the final reviewer of your real estate claim.

5. The legal authority for this program is 5 USC 5724. Specific regulations pertaining to claims determination are found in the Joint Travel Regulation (JTR), Volume 2 Chapter 5, Part P dated 1 October 2014. These regulations are construed and interpreted by the Civilian Board of Contract Appeals, the General Services Administration Board of Contract Appeals, and by Comptroller General Decisions.

6. Line by line guidance for DD Form 1705:

a. **For the Sale of a Former Residence** using HUD-1, page 2 “SELLER” column:

Block 21, Sales/Brokers Commission Fees: From the HUD-1, lines 700-705, enter the amount paid to a broker or real estate agent for selling the former residence.

Block 22, Advertising Fees: These expenses are normally incurred (“For Sale by Owner”) when a broker is **not** used and will not appear on your HUD-1. If you are claiming these expenses, you must attach receipts or other evidence of payment.

Block 23, Appraisal Fee: Enter the amount appearing on line 804 of your HUD-1. “POC” indicates this was paid outside of closing, attach your receipt.

Block 24, Legal and Related Fees: Total the amounts appearing in lines 1101 of your HUD-1, which were paid by the SELLER. Also include amounts from line 1201 *Government Recording Charges* and line 1202 *Deed, Mortgage and Release*. Do **not** include *Title Insurance* as legal fees, instead, as it will be entered in block 25f below.

Block 25a, Prepayment Charge: If your mortgagor requires such a payment, attach documentation of the amount paid and basis of the requirement (e.g. security instrument).

Block 25b, Lender’s Appraisal Fee: This block is not applicable for a sale and is addressed in block 23.

Block 25c, FHA or VA Application Fee: When paid, this amount will be specifically itemized on the HUD-1, usually in one of the additional lines in the 800 block. Include **only** FHA or VA application fees. This does **not** include other fees in the 800 series (commitment fees, underwriting fees, or real estate fees).

Block 25d, Certification Fee: Total of the amounts paid as itemized in the 1300 series of your HUD-1. Includes inspections required to obtain credit, such as pest, radon, paint and flood certificates.

REAL ESTATE CLAIMS DUE TO RELOCATION

Block 25e, Credit Report Fee: Enter the amount from line 805 of your HUD-1.

Block 25f, Mortgage Title Policy Fee: Enter the amount from line 1103-1104 of HUD-1, which records the title insurance cost. This **excludes** any life insurance or the other party's title insurance costs. List **only** the amount paid by the **seller** for title insurance and not the amount paid by the buyer if separated on the HUD-1.

Block 25g, Escrow Agent's Fee: This can be located on the HUD-1, lines 1102, 1113, 1115.

Block 25h, City/County/State Tax Stamps: Total the amounts from lines 1204 and 1205 of your HUD-1.

Block 25i, Sales or Transfer Taxes; Mortgage Tax: Where applicable, these taxes will be itemized in line 1203 of the HUD-1 or other appropriate documentation.

Block 26, Other Incidental Expenses: Incidental expenses must be itemized and explained on a separate sheet attached to the DD Form 1705.

b. **For the Purchase of a Residence** using HUD-1, page 2 "BORROWER" column:

Block 21, Sales/Brokers Commission Fees: They are not reimbursable for purchases.

Block 22, Advertising Fees: These expenses are not reimbursable for purchases.

Block 23, Appraisal Fee: This is not reimbursable for a purchase. If your lender required a second appraisal in addition to the seller's appraisal, see block 25b.

Block 24, Legal and Related Fees: Total the amounts appearing in lines 1102-1107 and 1201 of HUD-1 which were paid by the BORROWER. Do **not** claim title insurance as legal fees, they will go into block 25f. Do **not** claim settlement or closing cost fee (line 1102), this will go into block 25g.

Block 25a, Prepayment Charge: Not reimbursable for purchases.

Block 25b, Lender's Appraisal Fee: This occurs when your lender requires a second appraisal. If you paid this expense, include the amount from line 804 of the HUD-1.

Block 25c, FHA or VA Application Fee: Not reimbursable for purchases.

Block 25d, Certification Fee: Total of the amounts paid as itemized in the 1300 lines of HUD-1. Also record on this line costs associated with certifications and inspections including lines 807 Flood Certification, line 811 Inspection Fee and Repair Inspection for existing homes only (not new construction). Line 812 Construction Inspection is **not** payable. Total of the amounts paid as itemized in the 1300 block of HUD-1. Also record

REAL ESTATE CLAIMS DUE TO RELOCATION

on this line costs associated with certifications and inspections as required by the creditor, such as home, pest, radon, paint and flood inspections or certificates.

Block 25e, Credit Report Fee: Enter the amount from line 805 of HUD-1.

Block 25f, Mortgage Title Policy Fee: Enter the amount from line 1103-1104 from HUD-1, which records the title insurance cost. Do not claim any life insurance or the other party's title insurance costs. Includes line 1101 Title Insurance and Lender's Title Insurance, line 1102 Settlement or closing fee, line 1104 Lender's Title Insurance, 1114 Title Exam. Line 1103 Owner's Title Insurance is **not** reimbursable.

Block 25g, Escrow Agent's Fee: Enter the amount from line 1102 of HUD-1, also known as the settlement or closing fee.

Block 25h, City/County/State Tax Stamps: Total the amounts paid from lines 1204 and 1205 of HUD-1.

Block 25i, Sales or Transfer Taxes; Mortgage Tax: Where applicable, these taxes will be itemized in line 1203 of HUD-1 or other appropriate documentation. Line 1201 government recording charges and line 1202 mortgage release are reimbursable. Note that Tax Service Fees and Underwriting Fees are **not** reimbursable. The Board has consistently recognized that underwriting and tax service fees are charges paid incident to and as a prerequisite to the extension of credit, and thus are not reimbursable.

Block 26, Other Incidental Expenses: Incidental expenses must be itemized and explained on a separate sheet attached to the DD Form 1705. For the purchaser, this will typically include:

- *Loan Origination Fees* (line 803 of HUD-1): Reimbursable up to 1% of the loan amount (absent some credible evidence that the great majority of purchasers in the local area pay loan origination fees in excess of one percent). Fees equivalent to loan origination fees, but labeled otherwise on the HUD, may also be reimbursable.*
- *Courier fees:* Reimbursable if necessary and not used merely as a convenience.
- *Tax certification fees:* Reimbursable if to certify that the tax was paid and there is no lien against the property.
- *Wire Transfer Fees:* Only reimbursable when wire or handling fees are incidental expenses, if customary and required as a precondition for completion of the real estate transaction and not a cost of obtaining credit. **
- *Homeowner & Cooperative Association Ownership (HOA) fees:* HOA type fees are generally **not** reimbursable. These types of fees normally fall under membership fees or operation and maintenance fees, and thus are not reimbursable. There is a limited exception for some fees charged in conjunction with the transfer of residences, such as fees for real estate brokerage and for preparing documents for the transfer of ownership.

REAL ESTATE CLAIMS DUE TO RELOCATION

7. Notes:

a. *Some charges recorded under the 800 section of the HUD receipt may be equivalent to loan origination fees, even if they are labeled otherwise. This is most likely when no fee is listed under section 801. A Loan Origination Fee is defined as, "a fee paid by the borrower to compensate the lender for administrative type expenses incurred in originating and processing a loan."

b. ** Charges associated with the extension of credit are not allowable under the Federal Travel Regulation (FTR), which provides that unless specifically authorized elsewhere in the regulation, no fees, charges, costs, or expenses determined to be part of the finance charge under the Truth in Lending Act, 15 U.S.C. § 1605 (1994), may be reimbursed. The Truth in Lending Act provides that the finance charge shall be determined as the sum of all charges imposed directly or indirectly by the creditor incident to the extension of credit.

c. *** The JTR expressly prohibits the reimbursement of fees related to operating and maintenance costs. The GSA and Boards have long held that HOA & Cooperative fees are the responsibility of the homeowner and "an item of added value for the benefit of the purchaser and not part of the reimbursable expenses of purchasing a home at the new official duty station, nor is it required for an extension of credit by the lending institution." Even when a lump sum payment at closing is required, it is usually considered to be non-reimbursable.

8. Double-check your claim:

Using your HUD-1, review page 2, Borrower or Seller column as applicable, to ensure all of the reimbursable items have been included in the correct block on your DD Form 1705. Claim only those amounts that you paid.

Lines 700-704: Total Sales/Broker's Commission based on price \$\$ may be claimed by SELLER in block 21 of DD Form 1705. This amount may not exceed 6% of the contract price without justification. BUYER's are not reimbursed.

Line 801: Our Origination Charge. This is not reimbursable.

Line 802: Your Credit or charge (points). This is not reimbursable.

Line 803: Your adjusted origination charges. BUYER's will normally be reimbursed for up to 1% of the loan amount if itemized as an incidental expense in block 26.

Line 804: Appraisal Fee. SELLER's will be reimbursed in block 23.

Line 805: Credit Report. Reimbursable in block 25e.

REAL ESTATE CLAIMS DUE TO RELOCATION

Line 806: Tax Service. This is not reimbursable.

Line 807: Flood certification. This is not reimbursable. *Lines 808-811:* Fees paid as a condition for obtaining credit are **not** reimbursable. Sometimes described as “Loan Application Fee,” “Commitment Fee,” “Underwriting Fee,” “Tax Service Fee,” or “Real Estate Fee” are **not** reimbursable expenses.

Lines 900-904: Items Required by Lender to be Paid in Advance. These expenses are **not** reimbursable.

Line 1001-1007: Reserves Deposited with Lender. These items are generally not reimbursable.

Line 1101: Title services and Lenders Title Insurance, Lenders Coverage. Reimbursable in block 25f. Owners Coverage is **not** a reimbursable expense.

Lines 1102: Settlement or Closing Fee. Reimbursable in block 25g. Title Charges are reimbursable in block 24.

Line 1103-1110: Title Insurance Information is reimbursable in block 24.

Line 1201: Recording Fees is reimbursable if itemized in block 26.

Line 1202: City/County Tax/Stamps are reimbursable in block 25h.

Line 1203: Sales/Transfer or Mortgage Taxes are reimbursable in block 25i.

Lines 1204: State Tax/Stamps are reimbursable in block 25h.

Line 1301-1305: Additional Settlement Charges. Some items may be payable. ie. Survey is reimbursable in block 24. Pest Inspection is reimbursable in block 25d. Radon testing or other environmental testing is reimbursable when required by lender, also in block 25d. Additional Settlement Charges are often reimbursable in block 26.

9. Common Errors:

a. Any amount paid to reduce the interest rate (“points”) will appear on line 802 of the HUD-1, Loan Discount, and is **not** reimbursable to either the buyer or seller.

b. Some lenders charge additional fees apart from interest. These fees are typically identified in lines 808-811 and go by many names: “Loan Application Fee,” “Commitment Fee,” “Underwriting Fee,” “Tax Service Fee,” or “Real Estate Fee.” In most cases, these are finance charges under the Truth in Lending Act and Regulation Z and are **not** reimbursable.

REAL ESTATE CLAIMS DUE TO RELOCATION

c. Any amount paid to guarantee repayment of the loan, such as lines 902 and 903, Mortgage and Hazard Insurance, is **not** reimbursable.

d. The costs of paying taxes are different from the tax itself. Tax stamps certify payment. Grantors and Transfer taxes are part of the transaction and are reimbursable. The tax due on the property varies based on the value and is not reimbursable. Therefore, the costs itemized on line 1204-1205 are claimed in block 25h, but taxes from lines 1004 are **not** included.

e. Some mortgage brokers and title companies will itemize expenses on the HUD-1 using the miscellaneous lines rather than the commonly reimbursed lines. Remember, if you pay a reimbursable expense; be sure to claim it regardless of which line number it is hidden under. However, provide an explanation as to the claimed expense on an attached sheet of paper if the cost is not recorded on a commonly reimbursable HUD line.

f. Sometimes a seller will agree to incur closing costs that normally are paid by the purchaser. Unless you personally incur the cost as portrayed in the HUD-1, you may not claim the expense on the DD Form 1705.

10. Submit your claim to the Fort Knox Office of the Staff Judge Advocate, Administrative Law Division for those locating to or from Fort Knox and its jurisdiction. All others should contact their nearest OSJA. Submit one copy of required documents; maintain a copy for your personal files. A Sale and a Purchase are two separate claims and must be submitted as such, applicable forms may be copied.

11. All civilian PCS travel claims are paid by DFAS in Columbus (DFAS-CO). The following address or Fax should be used to submit your PCS claims upon approval from the OSJA office (recommend using return receipt requested, first class mail):

Defense Finance and Accounting Service Columbus Center
ATTN: DFAS-PTBFB/CO
PO Box 369015 Columbus, OH 43236-9015

Information Phone No.: 1-800-756-4571
(<https://dfas4dod.dfas.mil/centers/dfasco/customer/travel/index.htm>)

FAX - PDT Voucher Submissions: 216-367-3422(DSN 580-7833), 216-367-3423(DSN 580-7834), 216-367-3424(DSN 580-7835)

FAX - PDT Advance Requests (Only): 216-367-3428(DSN 580-7839)

If you are unable to fax your claims/requests you have the OPTION TO E-MAIL to the fax numbers above by utilizing the following however, we

REAL ESTATE CLAIMS DUE TO RELOCATION

recommend the fax option over e-mail; CCO-(complete fax number) followed by: @DFAS.MIL (Example: CCO-216-367-3422@DFAS.MIL)

a. Submit the following to DFAS:

- A properly completed DD Form 1351-2, include appropriate signatures and dates.
- Copy of the Travel Authorization/DD Form 1614 including amendments.
- Copy of approved DD Form 1705.
- Copy of Settlement statement (HUD-1), signed and dated.
- Copy of Sale and/or Purchase agreement, must have **both** the seller and buyer's signature.
- Copy of deed.
- Copy of receipts for expenses paid in cash outside of closing. (i.e., application fee, credit report, etc.)

b. Here are 10 Common Errors That Can Stop Your Claim From Being Paid:

- EFT / Direct Deposit Information is not included with claim.
- Personal information is not accurate or incomplete on DD Form 1351-2 (blocks 1-14).
- Incomplete itinerary (block 15) on DD Form 1351-2.
- Missing traveler's official signatures/dates (blocks 20 a & b) on DD Form 1351-2.
- Missing Reviewer/Approving Official signatures/dates (blocks 20 c & d) on DD Form 1351-2.
- Missing orders (DD Form 1614) and / or any and all amendments.
- Orders, DD Form 1614, or amendments are incorrect or incomplete.
- Missing supporting documentation such as receipts for lodging or any expense of \$75.00 or more.
- Missing or improperly completed DD Form 2912 for Temporary Quarters.
- Subsistence Expenses claim.
- Missing or improperly completed certification statement with Miscellaneous Expense Allowance claim.