



PER DIEM, TRAVEL AND TRANSPORTATION ALLOWANCE COMMITTEE

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PDTATAC/dlw

28 July 2011

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: CTD for CAP 57-11(E) -- Update Relocation Services Requirements

1. **SYNOPSIS:** Updates the JTR to reflect changes made by GSA in Federal Register notice, dated 1 April 2011 regarding Government Relocation Regulations. Amendments to the FTR implementing these changes will be effective on 1 August 2011.
2. These changes are scheduled to appear in JTR change 551, dated 1 September 2011.
3. This determination is *effective on 1 August 2011*.

//Approved//

DANE SWENSON

Chief, Enterprise Operations Division

Attachment:

Rev 3

Civilian E-Mail Distribution:

CAP Members T&T Branch PMO-DTS GSA-3FT GSA-OGP(MTT) DTMO CBCA Judges

JTR REVISIONS

C5756-A4a:

4. Miscellaneous Expenses

*a. Reimbursable Items. The expenses listed below are reimbursable ICW residence sale (if customarily paid by a seller of a residence at the old PDS) and/or purchase of a residence (if customarily paid by a buyer of a residence at the new PDS), to the extent they do not exceed specifically stated limitations, or in the absence of limitations, amounts customarily paid in the residence locality with appropriate supporting documentation provided by the employee:

C5800:

*A. DoD Contract Services. A DoD COMPONENT may offer relocation services to an eligible employee. The DoD National Relocation Program (DNRP) offers authorized transferring DoD employees departure and destination area relocation services including:

1. Home Marketing Assistance;
2. Guaranteed Home Sale;
3. Property management (PM) services (Ch 5, Part Q, Section 2);
4. Home Finding Assistance; and
5. Mortgage Assistance.

DNRP relocation services are provided by national Relocation Service Company (RSC) third-party contractors.

*B. DoD COMPONENT Responsibilities. Each DoD COMPONENT must:

1. Determine to which employee relocation services use is offered, and
2. Determine to what extent relocation services are offered, and
3. Determine the conditions under which relocation services are offered, and
4. Provide relocation information counseling at the earliest possible date after selection of an employee and prior to an employee transferring within/between DoD COMPONENTS or to another agency, and
5. Determine how counseling provided will be monitored and evaluated

C5815:

*C5815 GENERAL (FTR §302-15)

A. Purpose. The purpose of property management allowances is to reduce the GOV'T's relocation costs by using the property management allowance in place of allowances for the sale of the employee's residence; and to relieve an employee transferred to OCONUS duty stations from the cost of maintaining a home in CONUS during the tour of duty.

*B. When PM Services May Be Authorized

1. A DoD COMPONENT may permit PM services use when the PCS is in the GOV'T's interest.

CAP 57-11(E)

Rev 3 (7/28/11)

2. Payment for PM services is to assist an employee in offsetting costs associated with retaining a residence at the old PDS from which the employee commuted daily to the old work location.
3. Payment for PM services may be authorized when an employee:
 - a. Transfers in the GOV'T's interest to a foreign PDS; or
 - b. Is assigned to a foreign PDS, is transferred back to a CONUS/non-foreign OCONUS PDS different than the one from which the employee left when transferred to the foreign PDS, and the employee is eligible to sell a residence with GOV'T expense reimbursement; or
 - c. Transfers within the U.S. (including to/from/between non-foreign OCONUS areas) and is eligible to sell a residence with GOV'T expense reimbursement; or
 - d. Is authorized a TCS (Ch 5, Part O).

****NOTE: In pars. C5815-B3b and C5815-B3c above, PM services are in lieu of the sale of the employee's residence at GOV'T expense.***

C. Obtaining PM Services. PM services may be:

- *1. Obtained under the DoD National Relocation Program contract (<http://www.nab.usace.army.mil/dnrrp.htm>), or
2. Employee-procured rental agency services with reimbursement of normal and customary property management fees not to exceed 10% of monthly rental amount or to authorize reimbursement up to 10% of established monthly rental value.

*D. PM Services. PM services are intended to assist an employee manage a residence at the old PDS as a rental property. The services include:

1. Obtaining a tenant;
2. Negotiating the lease;
3. Inspecting the property regularly;
4. Managing repairs and maintenance;
5. Enforcing lease terms;
6. Collecting the rent;
7. Paying the mortgage and other carrying expenses from rental proceeds and/or the employee's escrow funds;
8. Accounting for the transactions and providing periodic reports to the employee; and
9. Similar services.

*E. Income Tax Consequences of PM Services

1. The IRS and state and local authorities determine the degree to which an employee is taxed on the amount of PM services expenses that the GOV'T:
 - a. Pays a relocation service company, or

- b. Reimburses an employee.
2. The DoD COMPONENT must pay the employee a RIT allowance for additional Federal, State and local income taxes incurred on PM services expenses paid to the:
 - a. Relocation company for service to the employee, or
 - b. Employee for self-procured PM services.
 3. The employee should be advised to consult with a tax advisor:
 - a. To determine the tax consequences of these payments, and
 - b. On maintaining the residence as a rental property.

*F. Ineligible Employee. An employee ineligible for PM services payment is:

1. A new appointee;
2. An employee assigned under the GOV'T Employees Training Act (5 USC §4109); and
3. An employee transferring between PDSs both of which are in foreign areas. ***NOTE: A relocation within a foreign area, or from one foreign area to a different foreign area, do not affect previously authorized PM services for a residence at the employee's last PDS in a CONUS/non-foreign OCONUS area as long as the employee continues to meet the requirements of par. C5820.***

C5835:

*A. Purpose. The home marketing incentive payment is intended to reduce the GOV'T's relocation costs by encouraging a transferred employee, who participates in the home sale program, to independently and aggressively market, and find a buyer for, the residence. This employee home sale activity significantly reduces the fees/expenses a DoD COMPONENT must pay to a relocation services company and effectively lowers the relocation program cost. An employee enrolled in the Home Sale Program is limited to the payment limitations in par. C5849. Subsequent reimbursement is not authorized IAW par. C5810-B for real estate transaction and unexpired lease expense allowances (par. C5750-A2) or property management (PM) services (par. C5825-D1) after enrolling in the Home Sale Program.

*B. Definitions

1. Amended Value Sale. Home sale transaction that occurs when the relocating employee receives a bona fide offer from a qualified potential buyer before the employee has accepted an appraised value offer from the relocation services company (RSC). The RSC amends its offer to match the net outside sale price.
2. Appraised Value Sale. Type of home sale transaction that occurs when the relocating employee accepts the offer from the RSC to buy the employee's home based upon the average of a specific number of appraisals conducted by designated certified appraisers.
3. Buyer Value Option (BVO). Home sale transaction with procedures the same as the amended value program except that the buy-out offer from the RSC is based on a bona fide offer received by the employee from a qualified buyer after marketing by the employee and prior to appraisals being ordered. Once the offer is determined to be bona fide, the RSC offers to buy the home from the employee at a price based on the outside sale price.

4. Home Marketing Incentive Payment. Payment made to a transferred employee to encourage the employee to independently and aggressively market the employee's residence and find a qualified potential buyer.

5. Home Sale Program. A program under which a relocation services company, under contract with DoD, purchases a transferred employee's residence at the higher of either a market based or appraised value offer, then independently markets, and sells the residence.