

Relocation Allowances

Pt. 302-14

risks assumed by the relocation services company. Under the cost-reimbursable method of contracting, you are directly responsible for some or all of the costs associated with management of the contract. In deciding whether to use cost-reimbursable contracting you, therefore, must consider the cost of resources you would require (including personnel costs) to manage a cost-reimbursable relocation services contract.

(c) *Effect on the obligation of funds.* You must obligate funds for a relocation in the fiscal year in which the purchase order is awarded under the contract. Under the fixed fee contracting method, the amount of the relocation services fee is fixed and you have a basis for determining the amount of funds to obligate. Under the cost-reimbursable contracting method, you must obligate funds based on an estimate of the costs that will be incurred. When opting for cost-reimbursable contracting you, therefore, should establish a reliable method of computing fund obligation estimates.

§302-12.110 May we take title to an employee's residence?

No, you may not take title to an employee's residence except as specifically provided by statute. The statutes which form the basis for the provisions of this part do not provide such authority.

§302-12.111 Under a homesale program, may we establish a maximum home value above which we will not pay for homesale services?

Yes, if a home exceeding the maximum value above which you will not pay is sold under your homesale program, the employee will be responsible for any additional costs. You must establish a maximum amount commensurate with your agency's experience. You may consider, among other factors, budgetary constraints, the value range of homes in areas where you have offices, and the value range of homes previously entered in your program.

§302-12.112 Under a homesale program, may we pay an employee for losses he/she incurs on the sale of a residence?

No, under a home sale program, you may not pay an employee for losses he/she incurs on the sale of a residence, but this does not preclude you reimbursing a relocation service's company for losses incurred while the contractor holds the property.

§302-12.113 Under a homesale program, may we direct the relocation services company to pay an employee more than the fair market value of his/her residence?

No, under a homesale program, you may not direct the relocation services company to pay an employee more than the fair market value (as determined by the residence appraisal process) of his/her home.

§302-12.114 May we use a relocation services contract for services which we are contractually bound to obtain under another travel services contract?

No, you may not use a relocation services contract to which you are contractually bound to obtain the services of another relocation service provider or to circumvent the travel and transportation expense payment system contract if you are a user of that contract.

PART 302-14—HOME MARKETING INCENTIVE PAYMENTS

Subpart A—Payment of Incentive to the Employee

Sec.

- 302-14.1 What is a "homesale program"?
- 302-14.2 What is the purpose of a home marketing incentive payment?
- 302-14.3 Am I eligible to receive a home marketing incentive payment?
- 302-14.4 Must my agency pay me a home marketing incentive?
- 302-14.5 Under what circumstances will I receive a home marketing incentive payment?
- 302-14.6 How much may my agency pay me for a home marketing incentive?
- 302-14.7 Are there tax consequences when I receive a home marketing incentive payment?

§ 302-14.1

41 CFR Ch. 302 (7-1-10 Edition)

Subpart B—Agency Responsibilities

- 302-14.100 How should we administer our home marketing incentive payment program?
- 302-14.101 What policies must we establish to govern our home marketing incentive payment program?
- 302-14.102 What factors should we consider in determining whether to establish a home marketing incentive payment program?
- 302-14.103 What factors should we consider in determining the amount of a home marketing incentive payment?

AUTHORITY: 5 U.S.C. 5756.

SOURCE: FTR Amdt. 98, 66 FR 58196, Nov. 20, 2001, unless otherwise noted.

Subpart A—Payment of Incentive to the Employee

NOTE TO SUBPART A: Use of pronouns “I”, “you”, and their variants throughout this subpart refers to the employee.

§ 302-14.1 What is a “homesale program”?

A “homesale program” is a program offered by an agency through a contractual arrangement with a relocation services company. The relocation services company purchases a transferred employee’s residence at fair market (appraised) value and then independently markets and sells the residence.

§ 302-14.2 What is the purpose of a home marketing incentive payment?

The purpose of a home marketing incentive payment is to reduce the Government’s relocation costs by encouraging transferred employees to participate in their employing agency’s homesale program to independently and aggressively market, and find a bona fide buyer for their residence. This significantly reduces the fees/expenses their agencies must pay to relocation services companies and effectively lowers the cost of such programs.

§ 302-14.3 Am I eligible to receive a home marketing incentive payment?

Yes, you are eligible to receive a home marketing incentive payment if you are an employee who is authorized to transfer and you otherwise meet re-

quirements for sale of your residence at Government expense.

§ 302-14.4 Must my agency pay me a home marketing incentive?

No, your agency determines when it is in the Government’s interest to offer you a home marketing incentive.

§ 302-14.5 Under what circumstances will I receive a home marketing incentive payment?

You will receive a home marketing incentive payment when:

- (a) You enter your residence in your agency’s homesale program;
- (b) You independently and aggressively market your residence;
- (c) You find a bona fide buyer for your residence as a result of your independent marketing efforts;
- (d) You transfer the residence to the relocation services company;
- (e) Your agency pays a reduced fee/expenses to the relocation services company as a result of your independent marketing efforts;
- (f) You meet any additional conditions your agency has established, including but not limited to, mandatory marketing periods, list price guidelines, closing requirements, and residence value caps; and
- (g) Your agency has established a home marketing incentive program.

§ 302-14.6 How much may my agency pay me for a home marketing incentive?

Your agency will determine the amount of your home marketing incentive payment. The incentive payment, however, may not exceed the lesser of:

- (a) Five percent of the price the relocation services company paid when it purchased the residence from you; or
- (b) The savings your agency realized from the reduced fee/expenses it paid as a result of you finding a bona fide buyer.

§ 302-14.7 Are there tax consequences when I receive a home marketing incentive payment?

Yes, the home marketing incentive payment is considered income. Consequently, you will be taxed, and your agency will withhold income and employment taxes, on the home marketing incentive payment. You will