

**FDA STAFF MANUAL GUIDES, VOLUME III - GENERAL ADMINISTRATION**

**FINANCIAL MANAGEMENT**

**BUDGET**

**RELOCATION SERVICES**

Effective Date: 08/03/2009

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**1. PURPOSE**

This Guide provides policy and procedures for FDA personnel to follow when using the Government-wide General Services Administration (GSA) relocation services contract.

**2. REFERENCE**

GSA Federal Supply Schedule, May 1, 1989.

**3. BACKGROUND**

Further Continuing Resolution, 1984, Public Law 98-151, dated November 14, 1983, authorizes Federal agencies to enter into contracts to provide relocation services to employees when employees are transferred from one official duty station to another (within the United States, the District of Columbia, the territories and possessions of the U.S., the Commonwealth of Puerto Rico, or the areas and installations in the Republic of Panama), provided the transfer is in the interest of the Government and not for the

convenience or benefit of the employee. The Public Health Service (PHS) requires that the Contractor be prepared to offer the same relocation services to PHS employees whose transfers were effective on or after the enactment date (November 14, 1983) of Public Law 98-151.

#### 4. DEFINITIONS

- A. **Home:** A home is defined as a single family residence or dwelling owned by the employee (or jointly with one or more immediate family member) and used as the employee's year-round residence or dwelling at the time of transfer. The residence must be the place from which the employee regularly commuted to and from work prior to relocation.
- B. **Contractor:** A relocation service company which provides services including a home purchase service, a no fee home finding service, and other optional services such as property management, home marketing, and career counseling for the spouse of the transferred employee.
- C. **Agency Coordinator:** An individual within the Agency who will be the primary liaison between the client Agency and the Contractor.
- D. **Center/Office Representative:** An individual within each FDA Center/Office who will be the contact person for employees interested in participating in the Home Sale Service.
- E. **PHS Coordinator:** An individual in the Department of Health and Human Services, Office of the Secretary who coordinates all DHHS relocation service issues and approves certain transactions.

#### 5. POLICY

- A. The Home Sale Service is not an entitlement, but may be made available to employees, who are not Public Health Service Commissioned Corps Officers, at the discretion of the official authorized to approve Change of Station Travel Orders. [NOTE: By law, this benefit is not available to PHS Commissioned Officers.]
- B. An employee must independently market their house for 60 days before participation in the Home Sale Service may be authorized. **Use of the Home Sale Service must be authorized on an amended travel order at this point.** The travel order must contain the exact language of the following authorizing statement:

*"Use of relocation services contract for purchase of current residence is authorized, within Agency policies, unless the property is classified as a special property by the Contractor."*

- C. The Home Sale Service shall be provided at a fixed rate which is determined by both the regional zone of the country and the appraised value of the property. Contact the Agency Coordinator for assistance in estimating this amount.
- D. The Food and Drug Administration has directed that under certain circumstances employees are entitled to a Home Buy Out not to exceed \$400,000.
- E. The current percentage rate used by Prudential for Home Buy Out is 31.8%.
- F. An employee will have only one opportunity per relocation to participate in the Relocation Services Home Sale Service.
- G. The FDA reserves the right to cancel an employee's relocation when cancellation is determined to be in its best interest. No Home Sale Service charge will be paid for such cancellation; however, any justifiable direct cost already incurred at the time of cancellation (e.g., inspections and appraisals) will be paid.
- H. The terms of the GSA contract specify that the following properties are not eligible for the Home Sale Service portion of the contract:
  - 1. Homes which are not insurable.
  - 2. Mobile homes (even if affixed to real property).
  - 3. Cooperative housing.
  - 4. Homes contaminated by a toxic substance, such as Urea Formaldehyde Foam Insulation or Radon gas, which cannot be corrected.
  - 5. Houseboats.
  - 6. Homes on which construction has not been completed.
  - 7. Homes that are not adequately serviced by potable water or sanitary waste facilities.
  - 8. Homes that do not have foundations.
  - 9. Homes for which financing is unavailable.

## 6. PARTICIPATION IN THE HOME SALE SERVICE

- A. Once an employee has received written authorization to transfer, they must independently market their home for sixty (60) days. If the employee lists the home with a real estate broker during this period, the following exclusion clause must be included in the contract:
1. No commission or compensation shall be earned by, or be due and payable to, broker until the sale of the property has been consummated between seller and buyer, the deed delivered to the buyer and the purchase price delivered to the seller, and
  2. The sellers reserve the right to sell the property to (Contractor name) at any time, and in such event, this agreement is canceled with no obligation for commission or continuance of listing thereafter."
- B. If the home remains unsold after 60 days, the employee may contact the Center/Office Representative if they are interested in participating in the Home Sale Service. **The travel order must be amended to authorize the Home Sale Service.** The Center/Office Representative will contact the Agency Coordinator by phone and provide the Coordinator with a copy of the employee's amended travel order after it has been signed by the official authorized to approve change of stations travel.
- C. The Agency Coordinator will then contact the Contractor by phone and provide the Contractors' Relocation Manager with the necessary information about the transferring employee. The Agency Coordinator will follow-up the phone call with a written notice to the Contractor which serves as the official notification that relocation services are required.
- D. The Contractor shall contact the employee by phone within one (1) working day after notification of employee relocation and describe the relocation program. The initial contact shall be followed-up within five (5) working days with a written confirmation document and literature detailing the services offered.
- E. The Contractor shall also advise employees that they are required to complete and sign a disclosure statement prior to the performance of any appraisal or inspections on the property if they opt to use the program. The employee will provide a copy of the signed and completed statement to the Contractor. Copies of the statement as specified under this contract or as required by state or local laws will be provided to the employee by the Contractor in the initial package with information concerning the relocation program.

- F. Employees receiving an outside offer to purchase their home after they have been authorized to use the Home Sale Service, but prior to completion of the appraisal process, should notify the Contractor who will review the offeror's terms and counsel the employee throughout the negotiation of the offer. The Contractor shall obtain a broker's market analysis as a benchmark of market value to help determine the reasonableness of the outside offer. In order to qualify for this concept, the offer must not exceed the broker's market analysis by more than 5 percent, and financing must be available to the prospective offerors. If the employee is satisfied with the net sale amount of the offer, the Contractor may make a guaranteed offer to purchase the property provided the Contractor determines the offer to be bona fide, and the broker's market analysis indicates it is a reasonable offer.

## **7. APPRAISALS**

- A. Within one (1) working day after receiving the official order for services from the Agency Coordinator, the Contractor will contact the employee to 1) discuss the appraisal process and 2) provide the employee with a written list of qualified certified appraisers. Within two (2) working days after receipt of the written list of appraisers, the employee shall designate three appraisers, in order of preference, and notify the Contractor of his selection.
- B. Employees have the option of either selecting appraisers from the list supplied by the Contractor or finding another certified appraiser. If the employee chooses an appraiser not on the contractor's list, the appraiser will have to be approved by the Contractor, not have a vested interest in the property, not be related to the employee, not have appraised that property in the last six (6) months, and must have achieved professional designation through nationally recognized organizations such as the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. An appraiser independently selected by the employee must be approved by the DHHS Relocation Coordinator in advance.
- C. Employees should be advised that if they elect to use the home sale portion of the contract, they may gather information which may affect the value of the residence, such as comparable sales and listing information, prior to the appraisal(s) being performed. The information should be provided by the employee in writing to the appraiser(s).
- D. Two appraisals are to be completed within thirty (30) working days and shall be based upon fair market value which is defined as an estimate of the price to be paid for a property by a typical buyer based on current and forecasted market trends. A 120-day marketing time provision shall be incorporated into the appraisal.

- E. If the two appraisals differ by more than 5 percent, the Contractor shall arrange for a third appraisal to be performed by the remaining appraiser selected by the employee. This appraisal shall also be completed within the thirty (30) working day timeframe.
- F. The Contractor may order a structural inspection of the property when required or when requested by the appraiser. Copies of the inspection shall be provided to all appraisers so that any defects in the property, if any, can be reflected in the value assigned by the appraisers.
- G. Within two (2) working days of the completion of the appraisal process, the Contractor shall make the employee a verbal offer to purchase the property at fair market value. A written offer shall be mailed to the employee within one (1) working day after the Contractor makes the verbal offer. Fair market value shall be calculated as the average of two appraisals or an average of the two closest appraisals where a third appraisal is ordered. The written offer shall include copies of the individual appraised value (full disclosure) from the appraisers.
- H. The employee shall have sixty (60) calendar days from receipt of the written offer to accept or reject the Contractor's offer. During the sixty (60) day acceptance period the employee may list the home with a local real estate broker.
- I. In cases where the employee feels that the appraisal process has not been conducted in an efficient and judicious manner, the employee shall submit a written appeal to the relocation company account representative. A copy of the appeal should also be transmitted to both the Agency Coordinator and DHHS Relocation Coordinator. The Agency Coordinator and/or the DHHS Relocation Coordinator shall discuss the case with all parties involved to reach an agreement.

## **8. ACCEPTANCE OF THE CONTRACTOR'S OFFER**

- A. When the employee has accepted the Contractor's offer, the employee shall establish a vacating date not to exceed forty-five (45) days from the date of acceptance. This date may be extended in exceptional cases if approved in advance by the DHHS Agency Coordinator.
- B. The employee shall be responsible for the property and all related expenses until the vacate or acceptance date, whichever is later. After this date, the Contractor is the sole beneficial owner of the home and bears all the burdens of ownership, including the expenses related to maintaining, insuring, and disposing of the home.

- C. If the property has been vacated, the employee will receive 100 percent of the equity within five (5) working days after a receipt of acceptance and execution of the contract of sale by the Contractor.
- D. If the property has not been vacated, the Contractor shall pay the employee 95 percent of the equity within five (5) working days after a receipt of acceptance and execution of the contract of sale. The employee will receive the balance of the equity upon vacating the property.
- E. The relocation firm shall indemnify the DHHS agency and the employee against any and all claims that may arise after the date of the acceptance or the date of vacating, whichever is later, provided such claims do not arise due to fraud or misrepresentation on the part of the employee.

**NOTE:** If an employee is successful in finding a buyer willing to pay more than the Contractor, they should contact the Contractor's relocation counselor immediately and provide the counselor with the terms and conditions of the offer. The counselor will then determine whether the buyer's offer is bona fide and when all terms are considered, whether the offer will produce a greater net cash return than the appraised value offer. The employee will also be instructed not to sign any documents relating to the offer. If it is determined that the employee would net more than the appraised value offer, the Contractor will amend its original offer (Amended Sale Program). Additional information regarding this program will be made available to the employee during the initial contact with the relocation counselor. Any equity amount in excess of the "fair market value" price offered by the relocation firm shall be credited to the employee subsequent to a completed acceptance in an amended sale.

## **9. INVOICING FOR HOME SALE SERVICE**

Invoices for the home purchase shall be made to FDA. However, if employees accept the Contractor's home purchase offer and find themselves in a negative equity position, the employee will be invoiced by the Contractor for the negative equity amount and the Contractor shall not enter into contractual ownership of the property until full payment is received. The employee is to remit full payment to the Contractor within ten (10) working days from the date of invoice.

## **10. HOME FINDING ASSISTANCE**

The no-fee home finding service includes the following:

### **1. Rental Assistance.**

- a. The Contractor shall contact the employee to verify the desired location, rental price range, and the relocation time schedule. This

information will be transmitted to personnel of a reputable rental agency, who will contact and counsel the employee. **[NOTE:** Employees may also choose their own rental agent.]

Rental assistance counseling shall include:

- (1) sending the employee a relocation information kit;
  - (2) preparing a homehunting itinerary, scheduling appointments with the rental agent;
  - (3) discussing the rights and obligations of the renter, including the requirements of lease agreements, prior to the showing of available rental units;
  - (4) orienting the employee to the typical rentals within a suitable commuting distance; and
  - (5) discussing the customary deposit requirements.
- b. Employees will be advised of rental fees and be required to sign a statement acknowledging their obligation to pay. The Contractor will also maintain periodic communications with the employee through all phases of the process.

## **2. Buyer's Assistance.**

- a. Upon notification of a transfer, the Contractor shall contact the employee to advise of the assistance available and to discuss the family's community and housing needs at the destination area. (A Homefinding Information Kit shall be sent containing information on the homefinding process and service.)
- b. Based on the employee's particular requirements, the Contractor shall select a reputable broker in the destination area, furnishing a complete profile of the employee's preferences. **[NOTE:** Employees may also choose their own broker.]
- c. The broker shall provide Buyer Assistance Counseling which shall include:
  - (1) screening the available homes in the area and contacting the employee, familiarizing them with information regarding the local area;



- (2) preparing a househunting itinerary, scheduling appointments to view the available properties and to acquaint the employee and spouse with points of interest in the new area;
- (3) assisting in the preparation of the proper contracts and negotiating the purchase according to local custom; and
- (4) providing historical data on home prices for the area within the past three (3) years.

The Contractor shall not charge a separate fee for Buyer's Assistance. Customarily the fee for services of a real estate broker or sales agent is in the form of a commission paid by the seller of the home, not by the buyer. However, if a particular broker or market requires payment of other fees, the employee shall be liable for such fees. The Contractor shall inform the employee of any obligation for fees before services are provided.

### **3. Mortgage Counseling.**

- a. The Contractor shall counsel the employee on nationwide and local mortgage programs that meet the employee's financial objective and qualifications. The counseling shall include:
  - (1) providing information on types of mortgages, rates, fees, and lender qualification requirements, and relative availability of financing in the new area;
  - (2) qualifying the employee for mortgage amount and monthly payment without the employee's obligation for an application fee;
  - (3) referring to national and local lending sources to enable the employee to compare financing available and select a mortgage product and lender that meets employee requirements; and
  - (4) monitoring the employee's progress on securing financing and assistance with details of application and approval.
- b. The Contractor is not required to provide actual financing. Any financing which the Contractor would furnish would be considered an optional service. **[NOTE:** This does not preclude the Government or any individual agency participating in this contract from entering into contractual or non-binding

arrangements with other firms for the provisions of mortgage financing to Federal employees.]

**11. OPTIONAL SERVICES**

If available from the Contractor, optional services will be arranged between the Contractor and the employee desiring the service. Costs for these services will be borne by the individual employee.

**12. RESPONSIBILITIES**

The immediate office, or other designated office of the traveler shall prepare all necessary travel documents associated with the approval of the travel. Each Center/Office Delegated Approving Official shall authorize the travel authorization and travel voucher.

**13. EFFECTIVE DATE**

This issuance was signed by William Collinson, Acting Director – Office of Financial Management, effective August 3, 2009.

**14. Document History -- SMG 2310.4, Relocation Services**

<b>STATUS (I, R, C)</b>	<b>DATE APPROVED</b>	<b>LOCATION OF CHANGE HISTORY</b>	<b>CONTACT</b>	<b>APPROVING OFFICIAL</b>
Initial	08/03/2009	N/a	OC/OO/OM/OFM	William Collinson, Acting Director, OFM