



UNITED STATES  
CIVILIAN BOARD OF CONTRACT APPEALS

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August 25, 2014

CBCA 3818-RELO

In the Matter of CHERYL A. PAULIN

Cheryl A. Paulin, Woodbridge, VA, Claimant.

Toby Davis, Office of Chief Counsel, Army Contracting Command, Redstone Arsenal, AL, appearing for Department of the Army.

**DANIELS**, Board Judge (Chairman).

After the Department of the Army transferred Cheryl A. Paulin to a new permanent duty station in 2011, she purchased a residence there. Ms. Paulin incurred \$13,111.18 in settlement charges in buying the house. She contends, and the Army agrees, that \$6749.47 of these charges are for expenses which are reimbursable to a transferred employee under the Federal Travel Regulation, 41 CFR 302-11.200 (2011). The Army reimbursed her for only \$2171.95 of those charges, however.

The Army notes that the total settlement charges paid by Ms. Paulin, as shown on the HUD-1 Settlement Statement, were \$13,111.18. The agency believes that of these charges, \$4577.52<sup>1</sup> are for expenses which are not reimbursable. The seller gave Ms. Paulin a credit of \$8625<sup>2</sup> "toward Purchaser's charges," according to the contract between the parties, without identifying any particular charges to which the credit was to be applied. The agency

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<sup>1</sup> The items noted by the agency sum to \$4047.48, however. The difference is not important to our analysis.

<sup>2</sup> The contract between Ms. Paulin and the seller stipulates that this figure should be only \$8025. The settlement statement shows that the seller actually provided a credit of \$8625, however.

applied \$4577.52 of the credit to the non-reimbursable expenses. It then applied the remaining \$4047.48 of the credit to the reimbursable expenses and concluded that Ms. Paulin herself paid only \$2171.95 of the \$6749.47 in reimbursable expenses. The agency provided that amount in reimbursement.

We find that the Army's approach to this situation was correct, but that its arithmetic was not. Under Board precedent, as the agency found, "in the absence of any contractual agreement allocating the seller's credit to specific items, it is appropriate to apply the credit to the non-reimbursable expenses first." *James C. Dalton*, CBCA 896-RELO, 08-1 BCA ¶ 33,743 (2007) (citing *Neal R. Eckrich*, CBCA 813-RELO, 07-2 BCA ¶ 33,663); *see also Michelle D. Thomas*, CBCA 3572-RELO, 14-1 BCA ¶ 35,561 (same rule for lender credits). Ms. Paulin's total settlement charges were \$13,111.18, which means that if \$6749.47 was reimbursable, \$6361.71 (not \$4577.52) was not reimbursable. The agency should have applied \$6361.71 of the seller's credit to non-reimbursable settlement charges. The remaining \$2263.29 should then have been applied to reimbursable charges, meaning that Ms. Paulin herself paid \$4486.18 of those charges. The agency should have provided this last amount in reimbursement.

The Army has already paid Ms. Paulin \$2171.95 to cover the reimbursable settlement charges she incurred. It must now pay her an additional \$2314.23 (\$4486.18 less \$2171.95).

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STEPHEN M. DANIELS  
Board Judge