

May 15, 2002

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Guidance--Home Marketing Incentive Payment

The purpose of the memorandum is to delegate the approval authority for the Home Marketing Incentive Program to the major Army commanders (MACOMs).

The MACOMs are delegated the authority to approve Home Marketing Incentive Payments made under the Department of Defense National Relocation Program (DNRP). This authority may be re-delegated to the local commander. No further delegation is authorized. Responsible officials must exercise this authority consistent with 5 U.S. Code 5756 and implementing regulations including the Federal Travel Regulation (41 C.F.R. 302-14) and the Joint Travel Regulation, Volume 2, Chapter 15.

In accordance with the Joint Travel Regulation, Vol. 2, Chapter 15, Part C: **the payment may not exceed the lesser of:**

- a. One to five percent of the price the relocation service company paid when it purchased the residence from the employee,
- b. \$10,000, or
- c. One half of the savings realized from the reduced fee/expenses paid as a result of the employee finding a bona fide buyer and the sale is closed.

Under a. above, five percent (5%) should be used under the Home Marketing Incentive Payment Program. Five percent is the most economical and advantageous to the Army as well as the employee.

Each MACOM is responsible for the Home Marketing Incentive Payment Program and will establish a point of contact for technical questions relating to the program. The Executive Agent for the DNRP is the U.S. Army Corps of Engineers, Baltimore District Real Estate Office. General program information may be obtained by calling 1-800-523-3267. Technical questions related to the DNRP program should be addressed to 1-800-344-2501 or 410-962-3166.

Where this policy impacts on bargaining unit members' conditions of employment, activities are reminded to meet their statutory and contractual labor relations obligations.

For additional policy information, the point of contact is Ms. Carol Simley, DSN 221-9980, (703) 325-9980, email [Carol.Simley@asamra.hoffman.army.mil](mailto:Carol.Simley@asamra.hoffman.army.mil).

//original signed//  
David L. Snyder  
Assistant G-1 for Civilian  
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## **ARMY GUIDANCE HOME MARKETING INCENTIVE PAYMENTS**

The Executive Agent for the Defense National Relocation Program (DNRP) is the U.S. Army Corps of Engineers, Baltimore District Real Estate Office, and telephone 1-800-344-2501 or 410-962-3166. Associates Relocation Management Company provides the relocation services. General program information may be obtained by calling 1-800-523-3267. The website for DNRP is <http://www.nab.usace.army.mil>.

Relocation services and options are available to transferring Army employees meeting the eligibility requirements of Joint Travel Regulation (JTR), Volume 2, Chapter 15. One of the most popular services provided is the Guaranteed Homesale program. This program is designed to assist Army employees to relocate from one permanent duty station to another. The Federal Travel Regulation now allows agencies to provide a Home Marketing Incentive Payment program in conjunction with the Guaranteed Homesale Program. Army hopes to achieve significant financial savings from this program by paying lower management fees on a larger portion of transferring employees' homes. Employees should be positively motivated by receiving direct financial benefit from these savings, in return for their active involvement in independently and aggressively market, and find a bona fide buyer for their residence.

### **Eligibility:**

Order authorizing officials may offer the HMIP program to Army employees who:

- a. are authorized a Permanent Change of Station and
- b. meet requirements for residence sale at Government expense established by the JTR, Volume 2, paragraph C14000.

To be eligible for the Home Marketing Incentive Payment program, an employee must satisfy the general requirements of the DNRP Homesale Program, which is the vehicle for the incentive program. Employees must:

- a. be eligible and enter their residence in the Defense National Relocation Program homesale program;
- b. independently and aggressively market their residence;
- c. find a bona fide buyer for the residence as a result of independent marketing efforts resulting in a closure from an amended sale transaction;

- d. transfer the residence to the relocation services company through which the buyer completes the sale.

**Approving Officials:**

Each command is responsible for ensuring that the basis for the entitlement set forth in the JTR is met before granting approval. The authority to authorize DNRP homesale program and the HMIP program for Army employees is the Major Army Command (MACOM), and may be delegated to the Local Commander, but cannot be further delegated.

**Definitions:**

**Homesale Program:** A program under which relocation services company, under contract with DoD, purchases a transferred employee's residence at fair market (appraised) value and then independently markets and sells the residence.

**Home Marketing Incentive Payment:** Payment made to a transferring employee to encourage the employee to independently and aggressively market the employee's residence and find a bona fide buyer, thereby reducing the fee/expenses the Army must pay the relocation services company.

**Bona Fide Offer:** These following conditions are established to determine whether or not the contract is bona fide. The intent is not to limit the employee's ability to obtain the maximum outside offer to his/her property, but instead to establish whether the outside offer has a reasonable chance of reaching settlement at the original terms and conditions of the outside contract of sale.

A Bona Fide Offer is defined as follows:

A sale made in good faith that represents an agreement between the buyer and the seller at the current market price. A transaction between unrelated parties under no duress.

**Not a Bona Fide Offer:**

- a. Outside buyer's offer did not result in a real estate closure with the Relocation Company.
- b. Employee has already signed the offer presented by the outside buyer.
- c. Outside buyer has questionable ability to obtain or qualify for the financing in the offer presented or the type of financing specific is not available.

- d. Pending inspections which could affect the property's value.
- e. Concessions made to the outside buyer for which costs and/or reimbursement is not firmly definable at time of the offer.
- f. Offers contingent on the sale of the outside buyer's residence.
- g. Offers involving the outside buyer occupying the property prior to closing.

### **Maximum Amount Payable for the Home Marketing Incentive Program**

The maximum percentage granted under the Home Marketing Incentive Program is five percent (5%) which will provide the greatest cost savings to the Department of the Army. Therefore when DNRP is authorized and the Major Command has approved the Home Marketing Incentive Payment, five percent (5%) will be used.

The maximum percentage granted under the Home Marketing Incentive Program is five percent (5%). When DNRP is authorized, the Major Army Commands have the authority to reduce the percentage to be paid under this program from five percent (5%).

The order-authorizing or authenticating official will determine and authorize the amount of the Home Marketing Incentive Payment; however, the payment may not exceed the **lesser of**:

- a. Five percent of the price the relocation service company paid when it purchased the residence from the employee; **or**
- b. \$10,000; **or**
- c. One-half the saving realized from the reduced fee/expense paid as a result of the employee finding a bona fide buyer and the sale is closed. If no savings are realized, a HMIP may not be paid.

An example of this comparison is in the JTR, Chapter 15, paragraph CI5103.

### **APPROVAL AND PAYMENT OF THE INCENTIVE**

Currently, there is no source document for the payment of the HMIP. The document submitted for payment may be a locally developed form for attachment to the travel claim (DD Form 1351-2). The document must contain the following information:

- (1) Employee's name (First, MI, Last);
  - (2) Employee's Social Security Number
  - (3) Employee's Present Position, Title, Grade;
  - (4) Employee's Current Organization;
  - (5) Employee's Current Duty Phone (Commercial & DSN);
  - (6) Computation of the HMI to include the final payment amount
- (Note)** The relocation service company must complete the amended sale payment before the computation can be completed.
- (7) The order approving official's signature with the Major Command approval or the Local Commander;
  - (8) Employee's signature.

This document with a copy of the PCS orders, DD 1614, and the travel claim form, DD 1351-2 will be forwarded to the Defense Finance Accounting Service (DFAS) travel office that services the organization for payment

The order-authorizing official will approve and process the incentive as soon as the relocation company completes the sale transaction and submits the employees real estate invoice for payment (approx. 45/60 days from closure). The order-authorizing official will provide an authorization and fund cite directly to the employee for processing the incentive (to help expedite the process it is important the employee provide a home mailing address and work telephone number at the new duty station to the order-authorizing official). The payment will be mailed to the new mailing address and processed by the employee's local finance and accounting office just as they would receive their paychecks. **(Note)** The incentive payment is taxable income for the employee.

#### **TAX CONSEQUENCES:**

The HMIP is considered income. Consequently, the employee will be taxed, and Army will withhold income and employment taxes, on the Home Marketing Incentive Payment. No authority exists to pay a withholding tax allowance or a relocation income tax allowance to offset the Federal, state and local income taxes on the incentive payment

#### **PAYMENT MONITORING:**

On an annual basis, the order-authorizing official will track the number of employees who received the incentive payment and the cost associated with authorizing the incentive. This cost will be compared to the calculated savings from the efforts that earned the incentive resulting from a reduction in **regular** fee homesales and an increase in **amended** fee homesales in the relocation program. This information will be utilized in determining whether to continue or modify the Home Marketing Incentive Payment Program. The reports should be

submitted by January 31 of each year to the Office of the Assistant Secretary for the Army, Manpower and Reserve Affairs (Attn: SAMR-CP-PPD).