



DEFENSE LOGISTICS AGENCY
DEFENSE LOGISTICS SUPPORT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FORT BELVOIR, VIRGINIA 22060-6221

JAN 13 2000

IN REPLY
REFER TO

DLSC-P
FARS DEV 00- 01

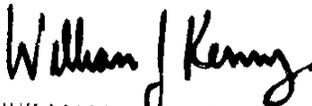
MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Class Deviation from Federal Acquisition Regulation (FAR) [31.205-35](#),
Relocation Costs

This memorandum forwards the subject class deviation from the Acting Director, Defense Procurement, dated November 16, 1999. We have not included the Class Deviation-Relocation Costs dated August 5, 1999 referenced because this document was superseded.

This class deviation authorizes the use of the attached language in lieu of the language in FAR **31.205-35, Relocation costs, on all contracts with the United Defense LP Armament Systems** Division. Along with a number of other changes, the attached language recognizes the reimbursement of relocation costs on a lump-stun basis, pursuant to an advance agreement with the Government.

This class deviation is effective immediately and approved through August 31, 2001, or until FAR **31.205-35** is revised, whichever event occurs first. The point of contact is John Farrar, (703) 767-1471 or DSN 427-1471, E-Mail: john_farrar@hq.dla.mil.


WILLIAM J. KENNY
Executive Director
Procurement Management

Attachment



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

DEC 1 1999

ACQUISITION AND
TECHNOLOGY
DP (DAR)

November 16, 1999

In reply refer to
DAR Tracking Number: 1999-00014

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN(RD&A)/ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)
EXECUTIVE DIRECTOR FOR PROCUREMENT MANAGEMENT (DLSC/DLA)

SUBJECT: Class Deviation-Relocation Costs

This supersedes the class deviation issued on August 6, 1999,
under DAR Tracking Number 1999-A0001, Subject: Class Deviation--
Relocation Costs.

I authorize a class deviation from the requirements of Federal
Acquisition Regulation (FAR) 31.205-35, Relocation costs, when
contracting with the United Defense LP Armament Systems Division.

This class deviation authorizes the use of the attached language
in lieu of the language in FAR 31.205 35, Relocation costs, on all
contracts with the United Defense LP Armament Systems Division. Along
with a number of other changes, the attached language recognizes the
reimbursement of relocation costs on a lump-sum basis, pursuant to an
advance agreement with the Government.

This class deviation is approved through August 31, 2001, or
until FAR 31.205-35 is revised, whichever event occurs first.

R. D. Kerrins, Jr.
COL, USA
Acting Director, Defense Procurement

Attachment:-
AS stated

cc: DSMC, Ft. Belvoir



Additions are in bold and [brackets]. Deletions are indicated by ~~strikethroughs~~

PART 31-~~CONTRACT~~ COST PRINCIPLES AND PROCEDURES

* * * * *

31.205-35 Relocation costs.

(a) Relocation costs are costs incident to ~~the~~ permanent change of ~~duty assignment~~ [assigned work location] (for an indefinite period or for a stated period, but in either event for not less than 12 months) of an existing employee or upon recruitment of a new employee. The following types of relocation costs are allowable as noted, **subject** to [the limitations in] paragraphs (b) and (f) of this subsection:

(1) Cost[s] of travel of the employee and members of the [employee's] immediate family (see 31.205-46) and transportation of the household and personal effects in the new location.

(2) Cost[s] of finding a new home, such as advance trips by [the] employee and spouses to locate living quarters, and temporary lodging during the transition period - ~~separate cumulative total of 60 days for [the] employees and [members of the employee's immediate family] 45 days for spouses and dependents, including advance trip time.~~

(3) Closing costs (i.e., brokerage fees, legal fees, appraisal fees, points, finance charges, etc.) incident to the disposition of [the] actual residence owned by the employee when notified of [the] transfer, ~~except that these costs when added to the costs described in subparagraph (a) (4) of this section shall not exceed 14 percent of the sales price of the property sold~~

(4) Continuing costs of ownership of the vacant former actual residence being sold, such as maintenance of building and grounds (exclusive of fixing up expenses), utilities, taxes, property insurance, mortgage interest, after [the] settlement date or lease date **of [a] new permanent residence** ~~except that these costs when added to the costs described in subparagraph (a) (3) of this section, shall not exceed 14 percent of the sales price of the property sold~~

(5) Other necessary and reasonable expenses normally incident to relocation, such as disconnecting and connecting household appliances; automobile registration; driver's license and use taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and purchase of insurance against damage to or loss of personal property while in transit.

(6) Costs incident to acquiring a home in a [the] new [work] location, except that--

~~(i) These costs will not be allowable for existing employees or newly recruited employees who, before the relocation, were not homeowners[.] and~~

~~(ii) The total costs shall not exceed 5 percent of the purchase price of the new home.~~

~~(7) Mortgage interest differential payments, except that these costs are not allowable for existing or newly recruited employees who, before the relocation, were not homeowners and the total payments are limited to an amount determined as follows:~~

~~(i) The difference between the mortgage interest rates of the old and new residences times the current balance of the old mortgage times 3 years.~~

~~(ii) When mortgage differential payments are made on a lump sum basis and the employee leaves or is transferred again in less than 3 years, the amount initially recognized shall be proportionately adjusted to reflect payments only for the actual time of the relocation.~~

~~(8) Rental differential payments covering situations where relocated employees retain ownership of a vacated home in the old location and rent at the new location. The rented quarters at the new location must be comparable to those vacated, and the allowable differential payments may not exceed the actual rental costs for the new home, less the fair market rent for the vacated home times 3 years.~~

~~(9) [(7)] Cost[s] of canceling an unexpired lease.~~

[(8) Payments for increased employee income or Federal Insurance Contributions Act taxes incident to allowable reimbursed relocation costs.

(9) Payments for spouse employment assistance.]

(b) The costs described in paragraph (a) of this section must also meet the following criteria to be considered allowable:

(1) The move must be for the benefit of the employer.

(2) Reimbursement must be in accordance with an established policy or practice that is consistently followed by the employer and is designed to motivate employees to relocate promptly and economically. [Reimbursement may be on an actual cost or appropriate lump-sum basis, or combination thereof. However, use of a lump-sum basis in lieu of an actual cost basis is limited to those situations in which a contractor has an advance agreement with the Government.]

(3) The costs must not [be] otherwise be unallowable under Subpart 31.2.

~~(4) Amounts to be reimbursed shall not exceed the employee's actual expenses, except that for miscellaneous costs of the type discussed in subparagraph (a) (5) of this section, a flat amount, not to exceed \$2,000, may be allowed in lieu of actual costs.~~

(c) The following types of costs are not [un]allowable:

(1) Loss on [the] sale of a home.

(2) Costs incident to acquiring a home in a [the] new location as follows:

- (i) Real estate brokers fees and commissions.
- (ii) Cost[s] of litigation.
- (iii) Real and personal property insurance against damage or loss of property.
- (iv) Mortgage life insurance.

(v) Owner's title policy insurance when such insurance was not previously carried by the employee on the old residence[.] ~~(H)owever, [the] cost of a mortgage title policy is allowable[.]~~

(vi) Property taxes and operating or maintenance costs.
(3) Continuing mortgage Principal payments on [a] residence being sold.

~~(4) Payments for employee income or FICA (social security) taxes incident to reimbursed relocation costs.~~

~~(5) Payments for job counseling and placement assistance to employee spouses and dependents who were not employees of the contractor at the old location.~~

(6[4]) Costs incident to furnishing equity or nonequity loans to employees or making arrangements with lenders for employees to obtain lower-than-market rate mortgage loans.

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