

Questions related to searching expenses under 49 CFR §24.301 (g) (17)

This article will discuss when search costs can be incurred and if they can ever exceed \$2,500.

How early can search costs be incurred by a displaced business and still be reimbursable?

Could they be incurred prior to authorization or award of a grant for the project or program?

It is possible that a business may incur searching expenses at anytime after there is a reasonable expectation that the business will be displaced.

However, the business must qualify as a displaced person as defined in §24.2(a)(9) before it is eligible for reimbursement of expenses. Generally, this means that the business must move from the real



property or move personal property from the real property as a direct result of the initiation of negotiations for, or acquisition of the real property in whole or in part of a project.

The agency cannot reimburse the business for any searching costs incurred prior to the qualification as a displaced person.

This is generally when the agency initiates negotiations or acquires the real property.

The agency should caution the business owner about incurring any expenses prior to the determination that it will be displaced and receipt of a notice of relocation eligibility.

Can Search Expenses Ever Exceed \$2,500?

In unusual circumstances search expenses over \$2,500 may be reimbursed if the agency determines the higher amount to be reasonable and necessary. The limit of \$2,500 for searching expenses is set by regulation and may be waived under the provisions of 49 CFR §24.7 by the Federal Agency funding the project on a case-by-case basis. If the displacing agency is a grantee or project sponsor receiving federal funds, it must obtain a waiver from the federal funding agency.