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*D. Handberg*

**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES  
WASHINGTON, D. C. 20548**

**FILE:** B-161459 **DATE:** November 23, 1977

**MATTER OF:** James A. Grant - Owner's title insurance policy

**DIGEST:** Transferred employee who purchased residence at new official station seeks reimbursement of \$359 for cost of owner's title and mortgage title insurance, the mortgage title policy being required by the lender. Employee was charged \$329 for the owner's title policy and \$30 for the mortgage title policy. Employee may be reimbursed \$284 since mortgage title policy is allowable under Federal Travel Regulations (FPMR 101-7) para. 2-6.2d and such policy would have cost \$284 if purchased separately. Claim for remaining \$75, allocable to cost of owner's title insurance, is disallowed.

This action is in response to a request from Elizabeth A. Allen, Internal Revenue Service (IRS) Certifying Officer for an advance decision whether James A. Grant, an IRS employee, can be reimbursed \$329 representing the cost of an owner's title insurance policy procured by Mr. Grant in conjunction with his purchase of a residence in Austin, Texas, incident to his transfer there from Phoenix, Arizona. Mr. Grant reported for duty in Austin on June 30, 1975, and the settlement date of purchase was December 1, 1975.

The record shows that Mr. Grant was required by the lender to purchase mortgage title insurance. There is no indication that an owner's title policy was similarly required for the completion of Mr. Grant's purchase of his Austin residence. Mr. Grant purchased a mortgage title policy and an owner's title policy from U.S. Life and Title Company of Austin in a single transaction costing him a total of \$359. \$329 of this amount was apportioned to the owner's title policy and \$30 to the mortgage title policy, despite the fact that Mr. Grant owned only 20% of the equity in the house. In response to his claim for \$359, IRS allowed Mr. Grant \$30 for the mortgage title policy and disallowed the entire amount paid for the owner's title policy. Mr. Grant requested IRS to reconsider its decision, and forwarded with his request a letter from U.S. Life and Title

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Company of Austin which states that the cost of the mortgage title policy would have been \$284 had it been purchased separately.

Section 5724a(a)(4) of title 5, United States Code (1970), provides for reimbursement, under such regulations as the President may prescribe, of the expenses incurred by an employee in the sale of his or her residence at the old official station and purchase of a home at the new station. The Federal Travel Regulations (FTR) (FPMR 101-7) (1973), part 2-6 implements section 5724a (a)(4). FTR para. 2-6.2d provides in pertinent part:

"The following expenses are reimbursable with respect to the \* \* \* purchase of residences if they are customarily paid by \* \* \* the purchaser of a residence at the new official station, to the extent they do not exceed amounts customarily paid in the locality of the residence: \* \* \*. The cost of a mortgage title policy paid for by the employee on a residence purchased by him is reimbursable but costs of other types of insurance paid for by him, such as an owner's title policy, \* \* \* are not reimbursable items of expense."


In B-181074, August 27, 1974, we considered a situation similar to Mr. Grant's where the transferred employee, incident to the purchase of a residence, bought both a mortgage title policy and an owner's policy with \$175 apportioned to the owner's policy and \$15 apportioned to the mortgage title policy. Had he purchased just the mortgage title insurance policy its cost, reimbursable under FTR, para 2-6.2d, quoted above, would have been \$170. We there held that the employee should be reimbursed the \$170 amount allocable to the cost of the mortgage title insurance policy if purchased separately, regardless of how the cost of the policies nominally might be apportioned. Accordingly, since \$284 represents the cost of the mortgage title policy if purchased separately, Mr. Grant may be allowed \$284, minus the \$30 already reimbursed him, if otherwise proper.

As for the remaining \$75, that amount represents the cost of owner's title insurance which is specifically nonreimbursable.

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under ETR, para, 2-6.2d. Limited exceptions have been recognized when such cost is necessarily incurred by the seller to prove or guarantee marketable title, 46 Comp. Gen. 884 (1967), or by the buyer as a legal prerequisite to the transfer of the property or to obtaining financing in connection with the transfer of property, Carl F. Wilson, B-186579, October 28, 1976. Neither exception is applicable. Since cost of the owner's title policy in this case was not necessary to consummation of the real estate transaction and was incurred primarily for the personal benefit of the purchaser, the remaining \$75 of Mr. Grant's claim must be disallowed. See Alex Kale, 55 Comp. Gen. 779 (1976).

Deputy

  
Comptroller General  
of the United States