

DECISION

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

FILE:

B-184720

MATTER OF:

Chester R. Lane - Title Insurance Expense,
Reimbursement Incident to Transfer

DIGEST:

Transferred employee received reduced rate on purchase of lender's title insurance policy since it was purchased in conjunction with owner's title insurance policy. Reimbursement of amount equal to charge for lender's policy if purchased by itself is allowable, since amount equals charge for mortgage title insurance premium plus portion of owner's policy allocable to title search.

By letter dated August 5, 1975, Mr. Donald E. Muldoon, Director, Accounting Division, Department of Housing and Urban Development, San Francisco, California, requests an advance decision on reimbursing the costs of title insurance incurred by an employee incident to the purchase of a residence at his new permanent duty station.

Mr. Chester R. Lane, an employee of the Department of Housing and Urban Development, was transferred, by personnel action dated October 15, 1974, from Washington, D.C. to San Francisco, California. Incident to the purchase of a house at his new official duty station, Mr. Lane incurred costs in the total amount of \$366.00 for title insurance. The amount includes a charge of \$301.80 for an owner's policy issued by the California Land Title Association and a charge of \$64.20 for a mortgagee's (lender's) policy issued by the American Land Title Association. A letter from the First American Title Guarantee Company, dated July 15, 1975, indicates that if the lender's policy had not been purchased in conjunction with the owner's policy, the cost of the lender's policy alone would have been \$271.00. The letter explains that the \$64.20 actually charged for the lender's policy represents the special premium rate allowed the buyer because the two policies were issued concurrently.

Paragraph 2-6 of the Federal Travel Regulations (FPMR 101-7, May 1973) describes certain expenses which are

61062

DATE: JUL 1 1976

98363

reimbursable and nonreimbursable in connection with residence transactions as authorized by section 23(4) of the Administrative Expenses Act of 1946, added by the Act of July 21, 1966, 5 U.S.C. 5724(a)(4). Subparagraph (c) of paragraph 2-6.2 provides for the reimbursement of certain legal and related expenses as follows:

"c. Legal and Related Expenses. * * * the following expenses are reimbursable with respect to the sale and purchase of residences if they are customarily paid by the seller of a residence at the old official station or if customarily paid by the purchaser of a residence at the new official station * * * costs of (1) searching title, preparing abstract, and legal fees for a title opinion or (2) where customarily furnished by the seller, the cost of a title insurance policy * * * *"

Paragraph 2-6.2(d) provides, in pertinent part:

"d. Miscellaneous Expenses * * *
The cost of a mortgage title policy paid for by the employee on residence purchased by him is reimbursable but costs of other types of insurance paid for by him, such as an owner's title policy, a 'record title' policy, mortgage insurance, and insurance against damage or loss of property, are not reimbursable items of expense * * * *"

The cost of an owner's title insurance policy for the protection of the purchaser of a residence, therefore, is not ordinarily reimbursable under paragraph 2-6.2(d) of the Federal Travel Regulations. However, paragraph 2-6.2(c) of the regulations allows as a reimbursable expense the cost of searching title. Accordingly, this Office has allowed as a reimbursable expense the cost of a title search, even though it was included in a charge for owner's title insurance, if a reasonable allocation could be made between the cost of the insurance premium and the cost of the title search. B-164867, September 4, 1968.

B-184720

Since the cost of the title search, upon the basis of which both policies were issued, was included in the \$301.80 charge for the owner's title insurance policy, the charge of \$64.20 for the mortgagee's policy did not include the cost of the title search. If the mortgagee's policy had been purchased by itself, and not in conjunction with the owner's policy, the cost of the title search would have been reimbursable as part of the charge for the mortgagee's policy. The cost of the mortgagee's policy purchased by itself would have been \$271. It follows that \$206.80 of the charge for the owner's policy may reasonably be considered as allocable to the costs of title search and other costs properly reimbursable in connection with the mortgagee's title policy. The remainder only need be allocated to the cost of the owner's insurance premium. Accordingly, both the cost reasonably allocable to the title search (\$206.80) and the cost of the mortgagee's insurance premium (\$64.20) are reimbursable expenses. Compare B-176663, February 20, 1973.

The voucher may be certified in the amount of \$271, if otherwise proper.

R. F. Keller
Deputy Comptroller General
of the United States