

12397 PLM-E



DECISION

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

FILE: B-196693

DATE: December 31, 1979

MATTER OF: Harold Roach - Real Estate Expenses - Owner's title insurance policy 17

DIGEST: Transferred employee's claim for reimbursement ~~of~~ in the amount of \$123.80, representing cost of owner's title insurance policy, is denied in accordance with paragraph 2-6.2d of the Federal Travel Regulations which specifically provides that such expense is not reimbursable.

This is in response to an appeal by Mr. Harold Roach, an employee of the General Services Administration (GSA), from our Claims Division's settlement of September 18, 1979, disallowing his claim for reimbursement of \$123.80 for an owner's title policy he obtained incident to his purchase of a residence at his new duty station.

Mr. Roach was transferred from Kansas City, Missouri, to Falls Church, Virginia, with a reporting date of April 5, 1978. In connection with the purchase of a residence Mr. Roach claimed, among other real estate expenses, reimbursement for an owner's title policy. His claim was denied by GSA and by our Claims Division on the basis of paragraph 2-6.2d of the Federal Travel Regulations (FTR) (FPMR 101-7, May, 1973).

Section 5724a (a)(4) of title 5, United States Code (1976) provides for reimbursement, under such regulations as the President may prescribe, of the expenses incurred by an employee in the sale of his residence at the old official station and purchase of a home at the new station. By Executive Order 11609, dated July 22, 1971, the President authorized the Administrator of General Services to prescribe the regulations necessary to administer the law governing relocation allowances and entitlements for Federal employees. Pursuant to those authorities paragraph 2-6.2d of the FTR provides, in pertinent part, that:

"* * * 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, a 'record title' policy, mortgage insurance, and insurance against damage or loss of property, are not reimbursable items of expense. * * *" (Emphasis added.)

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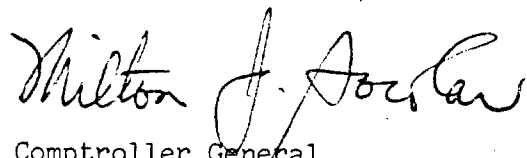
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The settlement statement on Mr. Roach's new residence shows that the amount he claims represents the cost of owner's title insurance covering the purchase price of his new residence. That statement also shows that lender's title insurance covering the mortgage loan was paid for from the seller's funds in the amount of \$189.80. While FTR paragraph 2-6.2d specifically provides that the expense of owner's title insurance is not reimbursable, we have recognized an exception when such cost is necessarily incurred by the buyer as a legal prerequisite to the transfer of property or to obtaining financing in connection with the transfer of property. Carl F. Wilson, B-186579, October 28, 1976. The General Services Administration has informed us that the purchase of an owner's title insurance policy is optional in Fairfax County, the location of Mr. Roach's residence. Therefore, although Mr. Roach claims that it is usual and customary for the buyer to purchase title insurance, since the purchase of an owner's title policy was not necessary to the consummation of the real estate transaction, and was thus primarily for the benefit of the purchaser, his claim must be disallowed.

In his letter appealing our Claims Division's settlement Mr. Roach states that a fellow employee who made the same move was reimbursed for the costs of having a law firm "inspect the Title and render judgment on its value." Mr. Roach is apparently referring to a title search, the cost of which is reimbursable under FTR paragraph 2-6.2c insofar as it is customarily paid by the purchaser of a residence at the new official station. The fact that another employee was reimbursed for the expense of a title search has no bearing on Mr. Roach's entitlement to reimbursement for the cost of owner's title insurance.

Mr. Roach also claims that he is being discriminated against because he chose to finance the purchase of his residence by making a down payment. He claims that if had borrowed the full amount of the purchase price, the lender's title insurance would have covered the entire purchase price. While this may be true, we point out that a lender's title policy insures only the mortgagee's interest and provides no basis to reimburse Mr. Roach for the owner's title policy he chose to purchase to cover his interest in the property.

The determination of our Claims Division is hereby sustained.



For the Comptroller General
of the United States