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DECISION



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

FILE:

DATE: ~~6/1~~ 28 1976

B-186579

MATTER OF:

**Carl F. Wilson--Relocation--Title insurance
expenses**

DIGEST:

Employee purchased house in Lancaster, Pennsylvania, incident to transfer, and incurred lump-sum charge for title insurance which covered both mortgage title policy and owner's title policy due to Pennsylvania regulation requiring title insurance to cover interests of both mortgagee and new owner. Employee may be reimbursed for such insurance, notwithstanding Federal Travel Regulation allowing mortgage title insurance but disallowing owner's title insurance, because owner's title policy may be reimbursed when incurred by purchaser as prerequisite to transfer of property or to obtaining financing incident to such transfer if it is customarily paid for by purchasers in the area involved. B-171041, December 14, 1970; K-176663, February 20, 1973.

By letter dated May 17, 1976, Ms. Aida Ecker, an authorized certifying officer of the Mid-Atlantic Region of the Internal Revenue Service, requests an advance decision as to the propriety of reimbursing Mr. Carl F. Wilson, an employee of the Internal Revenue Service, for expenses of title insurance in the amount of \$351 which were incurred in connection with his transfer from Philadelphia, Pennsylvania, to Lancaster, Pennsylvania, in August 1975.

The \$351 "Title Insurance" fee was set forth in the mortgage's Disclosure/Settlement Statement as follows:

- "Item 1100 Title Charges:
- Item 1101 Settlement or closing fee
- Item 1102 Abstract or title search

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Item 1103	Title examination	
Item 1104	Title Insurance Binder	
Item 1107	Attorney's Fees	
Item 1109	Title Insurance to Penn Abstract, Inc.	\$351.00

(Includes items 1101 - 1104)

Item 1109	Lender's coverage	\$26,500.00
Item 1110	Owner's coverage	\$46,500.00"

Paragraph 2-6 of the Federal Travel Regulations (FTR 101-7) (May 1973) provides for reimbursement of a mortgage title policy but specifically states that the cost of an owner's title policy is disallowed. See also B-184720, July 1, 1976. In this case a single fee covers both types of insurance. The submission states that both the agency and Mr. Wilson attempted to obtain a breakdown of the \$351 title insurance fee from the loan and title companies involved, other companies in the field, and the Department of Housing and Urban Development, all of which responded that the charge is an all-inclusive fee with no distinction between the costs attributable to the mortgage title insurance and the owner's title insurance. Also, the Office of the Pennsylvania State Insurance Commissioner, Bureau of Rates and Policies, informed the agency that the \$351 charge is a flat fee for title insurance which also includes approximately \$40 for title examination, \$10 for a service fee, and \$9 for document preparation.

It appears that the undivided sum charged for title insurance covers the interests of both mortgage and owner because Pennsylvania insurance regulations require that in a transaction involving the sale of land, title insurance will not be issued for the benefit of the mortgage alone but must also cover the new owner's interest. Pennsylvania Rating Manual, Chapter XVIII, May 1, 1975. Thus, under Pennsylvania law, one who obtains a mortgage title policy upon purchasing a home in Pennsylvania must obtain owner's coverage as well.

Paragraph 2-6.1 of the FTR (May 1973) provides that to the extent allowable under that provision, the Government shall reimburse an employee for the expenses "required to be paid by him"

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in connection with the purchase of a dwelling at his new official station. Accordingly, we have held that, when the cost of an owner's title policy is incurred by the purchaser as a prerequisite to the transfer of the property or to obtaining financing incident to such transfer, it is reimbursable if in the area involved it is customarily paid for by the purchaser. B-171041, December 14, 1970; B-176663, February 20, 1971.

We have been advised informally by the title insurance and loan companies involved in this case that the title insurance purchased by Mr. Wilson was necessary and that in Lancaster the purchaser customarily must bear such costs. The Philadelphia office of the Department of Housing and Urban Development confirmed this information. Therefore, since Mr. Wilson was required to obtain the title insurance to obtain financing, he may be reimbursed in the amount of \$351 for such insurance if that amount is otherwise proper.

[DODUL] R. F. KENNEDY
Comptroller General
of the United States