

11429 *Phon: Kurbatov*

**DECISION**



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

*[Request For Reimbursement]*

FILE: B-194668 DATE: September 17, 1979

MATTER OF: Alvin A. West - Condominium review fee *and Owner's Title Insurance*

DIGEST: Employee who purchased condominium incident to permanent change of station may not be reimbursed for the cost of owner's title insurance. He may be reimbursed \$200 condominium review fee paid to the mortgage company for its attorney's review of condominium documents required for financing purposes. Although there is no definite custom in local area as to whether purchaser or seller pays the fee, record does not show that payment agreement was other than bona fide and amount does not exceed fee customarily paid in local area.

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This decision responds to the request of Lena M. Jones, Authorized Certifying Officer, Department of Housing and Urban Development (HUD), for an advance decision concerning reimbursement for the cost of an owner's title insurance policy and a condominium review fee. Mr. Alvin A. West, a HUD employee, has submitted a reclaim voucher for reimbursement of these expenses incurred in connection with the purchase of a condominium in Rockville, Maryland, incident to his permanent change of duty station.

The settlement statement issued in connection with Mr. West's purchase of a condominium on November 22, 1978, indicates that he paid \$159 for a lender's title insurance policy and \$164.50 for an owner's title insurance policy. We assume that Mr. West has been reimbursed the cost of the lender's policy under para. 2-6.2d of the Federal Travel Regulations (FTR) (FPMR 101-7). That paragraph provides for reimbursement of the cost of a mortgage title insurance policy paid for by the employee as the purchaser of a residence, but specifically precludes reimbursement for "other types of insurance paid for by him, such as an owner's title policy." Except where its purchase is required by law, an owner's title policy is one which the purchaser of a residence obtains for his own protection. As such, it is regarded as a nonreimbursable personal expense incurred at his election and not necessary to consummation of the real estate transaction. 55 Comp. Gen. 779 (1976) and B-186579, October 26, 1977. In the absence of any documentation to suggest that the lender's and the owner's title insurance policies were purchased as a part of a single transaction with a disproportionately large share of the cost

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*just needs abstract*

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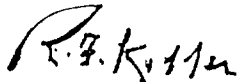
allocated to the owner's coverage, there is no basis to reimburse any amount for title insurance in excess of the \$159 cost of the lender's title insurance policy. Compare James A. Grant, B-161459, November 23, 1977, and Manuel L. Goodwin, B-192593, January 16, 1979.

The condominium review fee of \$200 is a fee charged by the mortgagee for its attorney's review of the condominium documents in order to determine the mortgage lender's interest in the property and any restrictions on its interest, such as limitations on the right to resell or lease the condominium in the event of mortgage foreclosure. We have been advised by the mortgage company that the fee is charged when it has not previously reviewed the documentation for a particular condominium as a condition to the making of a mortgage loan. Since the legal review is required for financing purpose this item is reimbursable to Mr. West if customarily paid by the purchaser in the local area where the condominium is located, to the extent the amount does not exceed that customarily paid in the locality. See FTR, paras. 2-6.2(c)(d).

We contacted the local HUD office as required by paragraph 2-6.3(c) of the FTR. Because HUD has been involved with only a few condominium closings in the area, it has not determined whether there is a clear local custom governing whether the purchaser or seller pays the condominium review fee. However, we are advised by HUD that the \$200 amount does not exceed that which is customarily paid in the Rockville, Maryland area for comparable review of documents at closing.

Where there is no definite local custom as to whether a particular expense is paid by the buyer or seller, the item may be reimbursed if the employee entered into a bona fide agreement for payment. See Matter of Duncan A. McDonell, B-182076, February 5, 1975. Since the record does not show that the arrangement for Mr. West's payment of this item was other than bona fide and since there is no clear custom as to whether the seller or purchaser pays the condominium review fee, the \$200 fee may be reimbursed.

Deputy

  
Comptroller General  
of the United States