

# Board of Contract Appeals

General Services Administration  
Washington, D.C. 20405

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January 9, 2006

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GSBCA 16753-RELO

In the Matter of GREGORY A. TATE

Gregory A. Tate, Havertown, PA, Claimant.

JoAnne Rountree, Supervisor, Travel Section, Department of Veterans Affairs  
Financial Services Center, Austin, TX, appearing for Department of Veterans Affairs.

**DANIELS**, Board Judge (Chairman).

Following his May 2005 transfer to Pennsylvania, Department of Veterans Affairs (VA) employee Gregory A. Tate purchased a residence there. The agency reimbursed Mr. Tate for most of the costs he incurred in buying this house. It declined to reimburse him for the cost of title insurance, however. Mr. Tate asks us to review the agency's determination as to the title insurance premium.

The Federal Travel Regulation (FTR) contains three provisions regarding reimbursement of title insurance premiums. A "[m]ortgage title insurance policy, paid by [the transferred employee], on a residence [the employee] purchased for the protection of, and required by, the lender" is reimbursable if it is customarily paid by the purchaser of a residence at the location in question. 41 CFR 302-11.200(f)(8) (2004). An "[o]wner's title insurance policy" is generally not reimbursable. *Id.* 302-11.202(c). Such a policy is reimbursable, however, if it is customarily paid by the purchaser of a residence at the location in question and if "it is a prerequisite to financing or the transfer of the property; or if the cost of the . . . policy is inseparable from the cost of other insurance which is a prerequisite." *Id.*

The settlement sheet for Mr. Tate's home purchase shows a single line regarding title insurance. The sheet does not state whether the insurance secured through this payment was required by the lender of his mortgage loan, for the benefit of the purchaser, or both.

The VA, focusing on the second of the FTR provisions cited above, decided that because some of the premium may have covered title insurance for the benefit of the owner, none of that cost should be reimbursed. The agency ignored the third provision, however. That provision makes clear that in certain circumstances, title insurance premiums are reimbursable even if the insurance purchased is for the benefit of the owner. One of these

circumstances is “if the cost of the . . . policy is inseparable from the cost of other insurance which is a prerequisite [to financing or the transfer of the property].” The transfer agent has supplied us with a letter which confirms what Mr. Tate had been telling the VA: in the Commonwealth of Pennsylvania, title insurance premiums are “all inclusive” – they “include simultaneous issue of Owner & Lender Policies at a one time fee.” Thus, Mr. Tate could not have purchased title insurance for the benefit of the lender alone. The cost of whatever insurance coverage he received as owner was inseparable from the cost of the insurance coverage which was required by the lender.

The title insurance premium paid by Mr. Tate is required by the FTR to be reimbursed to him by the VA.

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STEPHEN M. DANIELS  
Board Judge