

Board of Contract Appeals

General Services Administration
Washington, D.C. 20405

August 9, 2006

GSBCA 16899-RELO

In the Matter of THADDEUS HOSLEY

Thaddeus Hosley, Lindenwold, NJ, Claimant.

Randolph E. Williams, Administrative Accounting Division, Denver Finance Center, Small Business Administration, Denver, CO, appearing for Small Business Administration.

DANIELS, Board Judge (Chairman).

Thaddeus Hosley was transferred by his employer, the Small Business Administration (SBA), from one permanent duty station to another in 2005. In September of that year, Mr. Hosley purchased a home at his new location. The SBA reimbursed him for most of the expenses he incurred in buying the house, but says that it will not pay for the title insurance premium he paid unless he provides documentation as to which portion of the premium was for protection of the lender and which was for protection of the owner.

We have previously explained the regulations which govern reimbursement of title insurance premiums:

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.*

Gregory A. Tate, GSBCA 16753-RELO, 06-1 BCA ¶ 33,195; *see also Jeffrey B. Hicks*, GSBCA 15860-RELO, 03-1 BCA ¶ 32,083 (2002).

Mr. Hosley has made great efforts to secure from his mortgage lender and title transfer agent information which is responsive to the SBA’s concerns about his payment of a title insurance premium. Although the answers he received are not as clear as they might be – and although the settlement sheet is also confusing – we think that the material Mr. Hosley provided to the SBA is sufficient to establish everything necessary to satisfy the agency’s concerns. We find, based on this material: (1) The mortgage lender required Mr. Hosley to buy title insurance which covered both the lender’s and the owner’s interests in the property. (2) The premium Mr. Hosley paid for both these coverages was a single amount which is not separable into constituent parts. (3) That premium was \$1005. (4) Mr. Hosley was also required by the title insurance company to pay for services which were essential to the company’s agreement to provide the insurance – primarily a search of the property’s title and preparation of the policy. (5) The total cost of these services was \$413.

Applying the law to these facts, we conclude as follows: The entire title insurance premium Mr. Hosley paid is reimbursable. Even though some of the premium covers the interest Mr. Hosley has in the property which is additional to the interest the mortgage lender has, the entire premium is reimbursable.¹ The premium would be reimbursable if the lender required Mr. Hosley to purchase owner’s title insurance *or* if the cost of the premium for the owner’s coverage was inseparable from the costs of the premium for the lender’s coverage. In this case, both of the alternative conditions for reimbursability are present. *See, e.g., Donald F. Moore*, GSBCA 16794-RELO, 06-1 BCA ¶ 33,254; *Tate*. The services which

¹ As stated in *Tate*, the FTR permits reimbursement only if another consideration is present as well: the premium must be customarily paid by the purchaser of a residence at the location in question. The SBA has not raised customariness of payment as an issue here, however; it does not object to the claim on this ground.

were essential to the insurance company's agreement to provide the policy are also expressly made reimbursable by the Federal Travel Regulation. 41 CFR 302-11.200(e). Mr. Hosley is consequently entitled to the entire \$1418 in dispute.

STEPHEN M. DANIELS
Board Judge