

# Board of Contract Appeals

General Services Administration  
Washington, D.C. 20405

---

March 11, 2003

---

GSBCA 16043-RELO

In the Matter of RICHARD GAFFIN

Richard Gaffin, Burke, VA, Claimant.

Charles N. Stowell, Certifying Officer, Department of State, Washington, DC,  
appearing for Department of State.

**PARKER**, Board Judge.

## Background

When Richard B. Gaffin, an employee of the Department of State, was transferred to Washington, D.C., in May 2002, he purchased a house in Burke, Virginia. Mr. Gaffin and his wife (the "borrower") borrowed the money from Mr. Gaffin's parents (the "lender") to purchase the house.

The Department of State has disallowed three expenses claimed by Mr. Gaffin in connection with the purchase of the house. First, the agency refused to reimburse Mr. Gaffin for the cost of an "owner's" title insurance policy, on the basis that the policy was not required by the lender. The deed of trust executed by the borrower and lender required that "a title insurance policy will be obtained at borrower's expense." Mr. Gavin did not purchase a lender's policy and states that he purchased the owner's policy with his parents' blessing so that he could deal with any title problems without having to involve his parents.

The Department of State also disallowed the cost of a home inspection, which it maintains was not required by the lender. There is no evidence that such an inspection was required by the lender.

Finally, the agency disallowed reimbursement for a "delivery charge," which was one of a number of fees charged by the title company. The title company informed Mr. Gaffin that the fee of \$22.50 was "to take the documents to the courthouse for registration."

Mr. Gaffin has asked the Board to review the State Department's decision to disallow the claimed costs.

## Discussion

The Government is authorized by statute to pay the real estate transaction expenses of employees who transfer in the interest of the Government. 5 U.S.C. § 5724a(d) (2000). The statutory authorization is implemented by the Federal Travel Regulation (FTR).

The FTR provides that the cost of an owner's title insurance policy will be reimbursed:

provided it is a prerequisite to financing or the transfer of the property; or if the cost of the owner's title insurance policy is inseparable from the cost of other insurance which is a prerequisite[.]

41 CFR 302-11.200(f)(9) (2002). Here, the lender required as a prerequisite to financing that Mr. Gaffin purchase a title insurance policy but did not specify whether the policy had to be a lender's policy or an owner's policy. Mr. Gaffin, with the approval of the lender (his parents), purchased an owner's policy, rather than a lender's policy, to satisfy the lender's requirement. Although, as the State Department points out, lenders usually require the purchase of a lender's title insurance policy to protect their interests, Mr. Gaffin's situation was anything but usual. In this unique situation, in which Mr. Gaffin purchased only one policy, and that policy satisfied the lender's requirement to purchase title insurance, we are persuaded that the requirements of the FTR have been met and that Mr. Gaffin is entitled to be reimbursed for the cost of the owner's title insurance policy.

The FTR provides that property inspection fees are reimbursable "when required by Federal, State or local law; or by the lender as a precondition to sale or purchase[.]" 41 CFR 302-11.200(f)(11). Because there is nothing in the record to indicate that the home inspection obtained by Mr. Gaffin was required by law or as a precondition to the purchase of his home, he may not be reimbursed for the cost.

The cost of recording a deed is generally borne by the purchaser and, as such, is reimbursable. See David G. Winter, GSBCA 14229-RELO, 98-1 BCA ¶ 29,631. Since taking the required documents to the courthouse obviously was necessary in order to record them, the title delivery fee may properly be considered as part of the recording fee charged by the title company. Assuming the total charges for recording the deed do not exceed those normally charged in the locality (and there is no evidence that they do), the agency should pay them.

## Decision

Mr. Gaffin is entitled to be reimbursed for the cost of an owner's title insurance policy and for the title delivery fee. His claim for reimbursement of the cost of a home inspection is denied.

---

ROBERT W. PARKER  
Board Judge