

Board of Contract Appeals
General Services Administration
Washington, D.C. 20405

Denied: August 22, 2003

GSBCA 16171-RELO

In the Matter of GEORGE W. KECK

George W. Keck, Macomb, MI, Claimant.

Therese M. Novell, Attorney-Advisor, United States Army Tank-Automotive and Armaments Command, Department of the Army, Warren, MI, appearing for Department of the Army.

BORWICK, Board Judge.

Claimant, George W. Keck, contests the Department of the Army's (agency's) refusal to reimburse him for several items of claimed expenses incurred in the purchase of a residence incident to his permanent change of station (PCS). In refusing to reimburse claimant for those expenses, the agency correctly applied the Federal Travel Regulation (FTR) and the Joint Travel Regulations (JTR). The Board, therefore, denies the claim.

Background

Claimant purchased a house incident to his PCS from Seoul, Korea to Warren, Michigan. Claimant reported for duty on or about October 6, 2002 and completed the purchase of his home on or about October 31, 2002.

In connection with his house purchase, claimant incurred \$3091.41 of expenses. The agency reimbursed claimant \$2410 for certain expenses, but denied reimbursement of other expenses totaling \$681.41 as non-reimbursable under the JTR. Those expenses were: (1) hazard insurance--\$459, (2) hazard insurance reserves--\$114.75, (3) tax service fee--\$70; and (4) mortgage interest--\$37.66. Claimant filed a claim at this Board contesting the agency's denial.

Discussion

The agency correctly denied claimant reimbursement of the claimed expenses. Tax service fees are considered finance charges under the Truth in Lending Act and Regulation

Z and are not reimbursable. 41 CFR 302-11.202(g)(2002); JTR C14002-A.4.b.(5); Daniel H. Coney, GSBCA 15506-RELO, 01-2 BCA ¶ 31,610.

Hazard insurance and hazard insurance reserves are not reimbursable because the FTR and JTR provide that insurance against loss or damage to property is not reimbursable. 41 CFR 302-11.202(c); JTR C14002-A.4.b.(1); Terry L. Hood, GSBCA 16061-RELO (Apr. 24, 2003). Claimant submitted a letter from his mortgage lender stating that the mortgage lender required claimant to carry hazard insurance on the residence as a pre-requisite to obtaining the mortgage. The fact that the mortgage lender requires that a homeowner protect from damage the asset securing the mortgage does not make the cost of hazard insurance reimbursable. In support of his claim for reimbursement of this expense, claimant also highlighted a portion of a Department of Defense manual which states that mortgage title insurance required by the lender is reimbursable. The FTR does indeed provide that mortgage title insurance is reimbursable. See 41 CFR 302-11.200(f)(8). That insurance, however, is not the same as hazard insurance, which regulation expressly makes unallowable.

Additionally, mortgage interest expense is not reimbursable. 41 CFR 302-11.202(d); JTR C14002-A.4.b.(2).

The Board denies the claim.

ANTHONY S. BORWICK
Board Judge