

# Board of Contract Appeals

General Services Administration  
Washington, D.C. 20405

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May 11, 2005

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GSBCA 16556-RELO

In the Matter of DAVID C. LITT

David C. Litt, Durham, NC, Claimant.

W. David Malone, Certifying Officer, Travel Service Center, Department of State, Washington, DC, appearing for Department of State.

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

David C. Litt and his wife purchased a home in Durham, North Carolina, subsequent to his transfer to that city in September 2002 by the Department of State. The department reimbursed Mr. Litt for most of the expenses he incurred in buying the house. It denied some of the claimed expenses, of which Mr. Litt asks the Board to review three.

The first is labeled “appraisal fee,” but actually is a fee paid by the Litts to a building inspection service firm for a structural and mechanical inspection of the premises. Under the Federal Travel Regulation, which the department cites as the authority governing reimbursability of the employee’s real estate transaction expenses, an appraisal fee is reimbursable, but a property inspection fee paid by a purchaser for his own purposes is not. 41 CFR 302-11.200(b), (f)(11) (2002). The label affixed by the parties notwithstanding, a structural and mechanical inspection is not an appraisal, but rather, a property inspection. The record contains no indication that the inspection was performed at the behest of anyone other than the purchasers. The fee is therefore not reimbursable.

The second expense at issue is an inspection fee paid to an entity which made a mortgage loan to Mr. and Mrs. Litt. A property inspection fee is 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). This inspection fee was required by the lender as a precondition to purchase of the house and is therefore reimbursable.

The third expense is a premium paid for title insurance. The cost of a title insurance policy is reimbursable when the policy is purchased “for the protection of, and required by, the lender.” 41 CFR 302-11.200(f)(8). It is not reimbursable if it is for the benefit of the purchaser, unless it is “inseparable from the cost of other insurance which is a prerequisite [to financing].” *Id.* 302-11.200(f)(9). Mr. Litt has now provided proof that most of the premium he paid was for a policy required by the lender and that a smaller portion of the premium was for the benefit of him and his wife as new owners of the property. The department has properly agreed to reimburse Mr. Litt for the lender’s portion of the premium.

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STEPHEN M. DANIELS  
Board Judge