

# Board of Contract Appeals

General Services Administration  
Washington, D.C. 20405

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April 30, 2003

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GSBCA 16088-RELO

In the Matter of CHRISTY C. WATTS

Christy C. Watts, Crestwood, KY, Claimant.

Ronald L. Buckman, Chief Finance and Accounting Officer, United States Army Corps of Engineers, Louisville, KY, appearing for Department of the Army.

**DeGRAFF**, Board Judge.

Christy C. Watts is employed by the Department of Defense (DoD). In May 2001, DoD issued a travel authorization in connection with Ms. Watts' permanent change of station from Alaska to Kentucky. Ms. Watts owned a house at her old duty station and the travel authorization provided that DoD would reimburse her for the real estate transaction expenses she incurred in connection with her transfer. Ms. Watts reported to her new duty station on June 3, 2001.

Ms. Watts sold her house at her old duty station in Alaska. According to the Form HUD-1, Settlement Statement, Ms. Watts paid \$500 for an appraisal fee, \$1068 for an owner's title insurance premium, and various amounts for other closing costs. Although DoD reimbursed Ms. Watts for many of her closing costs, it did not reimburse her for either the appraisal fee or the owner's title insurance premium because a DoD office in Kentucky did not believe that these costs were customarily paid by the seller at Ms. Watts' old duty station.

Ms. Watts provided several pieces of information in support of her claim for reimbursement. In a letter dated July 27, 2001, a real estate agent stated that all of Ms. Watts' closing costs were "standard splits," which meant that Ms. Watts did not pay any costs that were normally paid by the purchaser. The agent said that the appraisal fee is "traditionally" paid by the seller in Alaska, and pointed out that the pre-printed sales contract requires the seller to obtain owner's title insurance. The agent provided Ms. Watts with pre-printed charts from a mortgage company and from a title company showing that if a purchaser obtained conventional financing, as did Ms. Watts' purchaser, the seller would pay the appraisal fee and the owner's title insurance premium. In addition, in an electronic mail message to Ms. Watts dated September 5, 2001, a DoD employee who is a real estate specialist for the Alaska District said that in Alaska, it is "customary" for the seller to pay both the owner's title insurance premium and the appraisal fee. DoD offered nothing to support its denial of Ms. Watts' claim for reimbursement.

When an agency transfers a federal civilian employee from one official duty station to another, the agency will reimburse the employee for various real estate transaction expenses, provided certain conditions are met. 5 U.S.C. § 5724a(d) (2000). The Federal Travel Regulation (FTR), which applies to all federal civilian employees, and the Joint Travel Regulations (JTR), which supplement the FTR for civilian employees of DoD, explain whether an agency can reimburse a particular expense. 41 CFR pt. 302-6 (2001) (FTR pt. 302-6); JTR C14002. We use these guidelines in order to evaluate Ms. Watts' claim.

The costs paid by Ms. Watts are reimbursable if certain conditions are met. One such condition is that the costs must be customarily paid by the seller. FTR 302-6.2(b), (d); JTR C14002-A2, -A4a(9). Here, the statement from the real estate agent, the pre-printed sales contract, the pre-printed charts from the mortgage company and the title company, and the electronic mail message from the DoD real estate specialist in Alaska support Ms. Watts' position that the appraisal fee and the owner's title insurance premium are customarily paid by the seller in the area of her old duty station. DoD offers nothing to counter Ms. Watts' position. Therefore, we conclude that the appraisal fee and the owner's title insurance premium are customarily paid by the seller at Ms. Watts' old duty station.

One other condition that must be met before the owner's title insurance premium can be reimbursed is that it must be a prerequisite to financing or transfer of the property. FTR 302-6.2(d)(1)(ix); JTR C14002-A4a(9). The pre-printed sales contract, which requires the seller to obtain owner's title insurance, shows that Ms. Watts' payment of the premium was necessary in order for her to consummate the sale and to transfer title to her purchaser.

The claim is granted. DoD should reimburse Ms. Watts for the appraisal fee and the owner's title insurance premium.

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MARTHA H. DeGRAFF  
Board Judge