



UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

March 3, 2011

CBCA 2206-RELO

In the Matter of LAURIE A. SONJU

Laurie A. Sonju, Ogden, UT, Claimant.

Tammy S. Alphonse, Program Analyst/Authorized Certifying Officer, Office of the Chief Financial Officer, Department of Agriculture, New Orleans, LA, appearing for Department of Agriculture.

KULLBERG, Board Judge.

The Department of Agriculture (USDA) has requested an advance decision from this Board under 31 U.S.C. § 3529 (2006). This Board has been asked to advise whether the claimant, Ms. Laurie A. Sonju, should be reimbursed in the amount of \$925 for the cost of title insurance that she incurred in the sale of her house. Reimbursement is appropriate in this case for the reasons stated below.

Background

Ms. Sonju, an employee of USDA, was relocated to her new duty station in Ogden, Utah, and, as a result of her transfer, she sold her home at her previous duty station in Lolo, Montana. The “buy-sell agreement” that Ms. Sonju executed for the sale of her home stated the following in pertinent part:

TITLE INSURANCE: Seller, at Seller’s expense and from a title insurance company chosen by Seller, shall furnish Buyer with an ALTA Standard Coverage Owners Title Insurance

Policy (as evidenced by a standard form American Land Title Association title insurance commitment) in an amount equal to the purchase price.

The settlement sheet for the sale of Ms. Sonju's home showed a payment of \$925 for title insurance, and she has submitted a claim for reimbursement of that amount.

Discussion

The Federal Travel Regulation (FTR), which applies in this matter, states that reimbursement for certain costs related to real estate transactions is allowed “[p]rovided that they are customarily paid by the seller of a residence at the old official station or by the purchaser of a residence at the new official duty station.” 41 CFR 302-11.200 (2009) (FTR 302-11.200). In addition to its request for an advance decision, USDA has provided letters from four Montana realtors who stated, on the basis of their experience, that it was customary for the seller to purchase title insurance. USDA has not submitted any evidence or argument to show that the seller's purchase of title insurance was not customary. There is sufficient evidence to support a finding that it was customary, in the state of Montana, at the time Ms. Sonju sold her house, for a seller to pay for title insurance. *See Juanita L. Nason*, GSBICA 15746-RELO, 02-2 BCA ¶ 31,890, at 157,581.

USDA, however, has questioned whether Ms. Sonju's purchase of title insurance was a prerequisite for the transfer of title or financing. The FTR states that reimbursement for the cost of title insurance also requires a showing that “it is a prerequisite to financing or the transfer of property; or if the cost of the owner's title insurance policy is inseparable from the cost of other insurance which is a prerequisite.” FTR 302-11.200(f)(9). In this case, the buy-sell agreement required that the seller purchase title insurance. Under such circumstances, that requirement is a prerequisite to the transfer of property in that the failure by Ms. Sonju to purchase title insurance for the buyer would have amounted to a breach of a term of the buy-sell agreement, with the potential for voiding the sale of the property. *See Juanita L. Nason*, 02-2 BCA at 157,581.

We trust that this decision provides USDA with sufficient guidance in reaching its decision with regard to Ms. Sonju's claim.

H. CHUCK KULLBERG
Board Judge