



UNITED STATES
CIVILIAN BOARD OF CONTRACT APPEALS

July 21, 2011

CBCA 2398-RELO

In the Matter of ARMANDO L. DE HOYOS

Armando L. De Hoyos, Albuquerque, NM, Claimant.

Terre Duffy, Supervisor, Travel Section, Controller Operations Division, National Finance Center, Department of Agriculture, New Orleans, LA, appearing for Department of Agriculture.

DANIELS, Board Judge (Chairman).

The Department of Agriculture transferred Armando L. De Hoyos to a new duty station, in the interest of the Government, in January 2010. Mr. De Hoyos purchased a residence there and was reimbursed for most of the expenses he incurred in making this transaction. He claims entitlement to one expense for which he was not reimbursed – the true cost of title insurance he bought for the benefit of the entity which lent him money with which to buy the house.

The settlement sheet for Mr. De Hoyos' purchase shows two entries for title insurance – \$105 for lender's insurance and \$1098 for owner's insurance. The agency reimbursed him in the amount of \$105 only. The amount of the loan is virtually as great as the amount of the purchase price. Mr. De Hoyos notes that the premium on the lender's policy is obviously discounted, given the relative values of the two policies. He seeks the difference between the premium he would have paid had he bought lender's insurance but not owner's insurance (\$942), less the amount he has already been reimbursed for lender's insurance (\$105).

Under the Federal Travel Regulation (FTR), if a transferred employee buys a residence at his new duty station, premiums he pays for lender's title insurance are reimbursable by the Government. 41 CFR 302-11.200(d) (2009). Premiums he pays for

owner's title insurance are not reimbursable, however, unless the cost of the owner's policy is inseparable from the cost of the lender's policy or buying an owner's policy is a prerequisite to the financing or transfer of the property. *Id.* 302-11.200(f)(9), -11.202(c).

This Board, as well as its predecessors in settling claims by federal civilian employees for relocation expenses incident to transfers of official duty station, has occasionally been faced with situations like the one confronting Mr. De Hoyos: Title insurance premiums are structured in such a way that if a home buyer prudently chooses to protect the interests of himself as well as his lender, he must pay a small increment for owner's coverage, but the vast majority of the premium is said to be for the protection of the lender. The FTR's rules, if strictly construed, would permit reimbursement only for the tiny part of the premium shown on the settlement sheet to be for the lender's policy. In similar cases, the Board and its predecessors have consistently applied the rules by making a reasonable allocation of the premium between the two policies. We have recently stated that "if a claimant can show what the premium for lender's title insurance would have been had owner's insurance not been purchased, the claimant is entitled to be reimbursed that amount." *Barbara A. Maloney*, CBCA 2023-RELO, 10-2 BCA ¶ 34,593 (citing *Michael T. Happold*, CBCA 1829-RELO, 10-1 BCA ¶ 34,412). Three earlier decisions cited by Mr. De Hoyos – *Andrew Perez*, GSBKA 16764-RELO, 06-1 BCA ¶ 33,206; *Nadab O. Bynum*, GSBKA 16715-RELO, 05-2 BCA ¶ 33,100; and *Thomas Gene Gallogly*, GSBKA 15891-RELO, 03-1 BCA ¶ 32,091 (2002) – say the same thing.

The agency appreciates the import of these decisions, but says that it will not reimburse the claimant for the amount he seeks until he presents proper documentation of the premium he would have paid for title insurance if he had bought a policy to protect the interests of the lender but not himself. This was the result directed in three of the cases noted above, *Maloney*, *Happold*, and *Bynum*. It is not an appropriate result here, however. The agency has already learned from a senior escrow officer of the title insurance company which wrote Mr. De Hoyos' policies (and served as transfer agent for his purchase of the house) that the lender's policy would have cost \$942 had it not been issued concurrently with the owner's policy. With this information, the agency knows that it should have reimbursed the employee \$942, rather than \$105, for the cost of his lender's title insurance policy. We direct the agency to pay the employee the difference between these two figures – \$837, the amount he seeks.

STEPHEN M. DANIELS
Board Judge