

**DECISION**

**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D. C. 20548

**FILE:** B-218955

**DATE:** October 30, 1985

**MATTER OF:** Alan R. Fetter - Real Estate Expense -  
Homeowner's Warranty

**DIGEST:**

A transferred employee sold his residence at his old duty station. Among the expenses claimed incident to that sale was the cost of a Blue Ribbon Warranty which protects the purchaser against the expense of repair or replacement of major structural or operational defects in the house for a specified period following its sale. Although the claimant asserts that he was required by the purchaser as a condition of sale to secure such insurance, his claim is denied since paragraph 2-6.2d(2) of the Federal Travel Regulations specifically excludes the cost of property loss and damage insurance, and operating and maintenance costs from reimbursement as miscellaneous real estate expenses. Additionally, since there is no general grant of authority to reimburse insurance costs, it is not arbitrary or capricious to reimburse only mortgage title insurance, the reimbursement of which is specifically authorized.

This decision is in response to a request from the Director, Office of Finance and Accounting, United States Department of Housing and Urban Development (HUD). It involves the entitlement of one of HUD's employees to be reimbursed for certain real estate transaction expenses incurred incident to a permanent change of station. We hold that he is not entitled to reimbursement for the following reasons.

**BACKGROUND**

The employee, Mr. Alan R. Fetter, a financial analyst with the Office of Indian Programs, Department of Housing and Urban Development, was transferred from Columbus, Ohio, to Phoenix, Arizona, in January 1984. Incident to that transfer, he sold his residence in the Columbus area in July 1984.

033624

He thereafter submitted a claim for the expense of selling that residence. The agency, on adjustment of his claim voucher, disallowed \$450, which represented the cost of an item identified in the real estate settlement papers as a "Blue Ribbon Warranty," based on our decisions Phillip R. Rosen, B-187493, April 1, 1977, and Vincent A. Crovetti, B-189662, October 4, 1977.

Mr. Fetter has appealed that determination. While he has admitted that the Blue Ribbon Warranty is a form of insurance, he asserts entitlement on the basis that he was required by the buyer to purchase it and it was essential to the consummation of the sale. Further, he states that because the residence in question was rural property that did not benefit from building codes unique to urban areas, its need was reasonable and common to the area since the property was subject to structural and maintenance uncertainties not found in cities. Finally, he argues that since the cost of mortgage title insurance is reimbursable it would be arbitrary and capricious not to allow reimbursement of another type of insurance.

#### DECISION

The provisions of law governing reimbursement for real estate expenses incident to a transfer of duty station are contained in 5 U.S.C. § 5724a and regulations issued pursuant thereto. Those regulations are contained in Part 6 of Chapter 2, Federal Travel Regulations, FPMR 101-7 (September 1981) incorp. by ref., 41 C.F.R. § 101-7.003 (1983) (FTR), as amended, in part, by GSA Bulletin FPMR A-40, Supp. 4 (Effective October 1982). Paragraph 2-6.2(d)(2) (a and d) of those regulations specifically provide that insurance against damage or loss of property and operating and maintenance costs are not reimbursable.

In our decisions Rosen and Crovetti, cited above, we considered the question whether the cost of a service maintenance insurance contract which was purchased by an employee, as the seller of a residence, to protect the buyer against the costs of repairing or replacing latent defects discovered within a specified period following sale of the residence, may be reimbursed as a miscellaneous expense under the above provisions. While the expense item was disallowed in those cases, in the process of analyzing the matter, we established as a test whether the contract

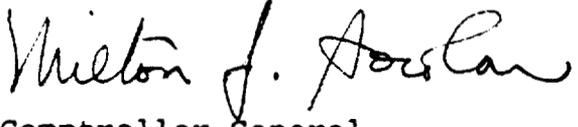
for such protection was required by law, custom or the lending institution as a condition precedent to the making of the loan to the buyer. Unless it was so required, the expense could not be reimbursed.

In our decision John D. Garrity, B-193578, August 20, 1979, which also involved a service maintenance contract, we reviewed our earlier position and specifically rejected the test used in Rosen and Crovetti to determine whether that expense could be reimbursed. We ruled in Garrity that since the contract was in the nature of insurance against loss and damage to property as well as maintenance expenses, then regardless of whether it was required and no matter by whom it was required, since it was specifically excluded under FTR para. 2-6.2d, it could not be reimbursed. The holding in Garrity has been consistently followed. See Daniel J. Everman, B-210297, July 12, 1983; Raymond P. Keenan, B-216203, February 22, 1985, 64 Comp. Gen. \_\_\_\_\_. See also Mark Kroczyński, B-216251, February 25, 1985, 64 Comp. Gen. \_\_\_\_\_, regarding hazard insurance.

As we understand the situation in the present case, a Blue Ribbon Warranty is in the nature of insurance which the buyer required Mr. Fetter to secure as a condition of purchase. Its purpose was to protect the buyer against the expense of having to correct any major structural and operational defects in the house which were found during a specified period following his purchase. This is the same type of insurance considered in the cases discussed above. Therefore, the decisions in Garrity and the other cases discussed, are controlling here.

Mr. Fetter's argument that it is arbitrary and capricious to not reimburse for the cost of all types of insurance if the cost of one type of insurance is reimbursable, is without foundation. There is no general grant of authority for reimbursement of insurance costs in the relocation portion of the FTR. Instead, there is very specific and limited authority to reimburse title insurance and only title insurance. Without further specific authority, no other insurance costs are reimbursable.

Therefore, the \$450 cost of the Blue Ribbon Warranty may not be certified for payment.

for   
Comptroller General  
of the United States