

DECISION



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

40944

95246

FILE: B-181037

DATE: JUL 16 1974

MATTER OF: Relocation expenses

DIGEST: Although employee was required to pay loan service charge, which included counseling, loan processing and closing fees and mileage expense, incident to purchase of residence in connection with transfer, he may not be reimbursed such expenses since loan processing fees are within category of finance charge under Truth in Lending Act, Title I, Public Law 90-321, and Regulation Z issued pursuant thereto by the Board of Governors of the Federal Reserve System, and therefore are not reimbursable under section 4.2d of Office of Management and Budget Circular No. A-56, Revised, August 17, 1971.

This action is taken pursuant to a request by a certifying officer as to the propriety of certifying for payment a voucher in the amount of \$125 representing certain relocation expenses incurred by Mr. Lloyd B. Scheide, an employee of the United States Department of Agriculture, at St. Paul, Minnesota.

Incident to a transfer of station to St. Paul Mr. Scheide reclaims the following real estate expenses in connection with the purchase of a home at his new duty station which were disallowed on his travel voucher of October 10, 1972:

Counseling fees	\$10.00
Mileage expense	15.00
Loan processing fee	50.00
Loan closing fee	50.00

The above items were paid to the Minnesota Federal Savings as part of a service fee for the processing of a loan. Section 4.2d of Office of Management and Budget Circular No. A-56, Revised, August 17, 1971 (now 2-6.2d of FPMR 101-7, May 1, 1973), states in part as follows:

"* * * Notwithstanding the above, no fee, cost, charge, or expense is reimbursable which is determined to be a part of the finance charge under the Truth in Lending Act, Title I, Public Law 90-501, and Regulation Z issued pursuant thereto by the Board of Governors of the Federal Reserve System. * * *"

Under such provision whenever an item of expense incident to a real estate transaction constitutes a finance charge within the contemplation of Regulation Z reimbursement therefor is precluded. Section 106 of the Truth in Lending Act is in part as follows:

"(a) Except as otherwise provided in this section, the amount of the finance charge in connection with any consumer credit transaction shall be determined as the sum of all charges, payable directly or indirectly by the person to whom the credit is extended, and imposed directly or indirectly by the creditor as an incident to the extension of credit, including any of the following types of charges which are applicable:

"(1) Interest, time price differential, and any amount payable under a point, discount, or other system of additional charges.

"(2) Service or carrying charge.

"(3) Loan fee, finder's fee, or similar charge.

"(4) Fee for an investigation or credit report.

"(5) Premium or other charge for any guarantee or insurance protecting the creditor against the obligor's default or other credit loss.

* * * * *

"(e) The following items, when charged in connection with any extension of credit secured by an interest in real property, shall not be included in the computation of the finance charge with respect to that transaction:

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"(1) Fees or premiums for title examination, title insurance, or similar purposes.

"(2) Fees for preparation of a deed, settlement statement, or other documents.

"(3) Escrows for future payments of taxes and insurance.

"(4) Fees for notarizing deeds and other documents.

"(5) Appraisal fees.

"(6) Credit reports."

Regulation Z (12 CFR, Part 226) was promulgated by the Board of Governors of the Federal Reserve System pursuant to the Truth in Lending Act, and sets forth the foregoing in substantially the same form.

The charges in the above-described claim for the processing and servicing of the loan are clearly charges incident to the extension of credit within section 106(a) of the Truth in Lending Act. Since they do not come within the items excluded under section 106(e) of the act, reimbursement thereof is precluded. B-177306, January 2, 1973, and B-173814, October 21, 1971.

In view of the above the voucher may not be certified for payment.

R.F.KELLER

Deputy: Comptroller General
of the United States