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FILE: B-205149

DATE: December 23, 1981

MATTER OF:

Walter E, Sidak--Real estate expenses -Finance charge

DIGEST: An employee is not entitled to reimbursement of a loan closing fee paid incident to the purchase of a residence at his new duty station. The truth-in-lending statement indicates that the loan closing fee was a prepaid finance charge. Reimbursement of any cost found to be a finance charge under Regulation Z, 12 C.F.R. 226.4(2) is prohibited by FTR para. 2-6.2d.

The issue in this case is whether Mr. Walter E. Sidak, an employee of the Bureau of Reclamation, is entitled to reimbursement of a loan closing fee of \$981 he incurred upon purchase of a residence at his new duty station. Kathryn E. Mitchell, Certifying Officer, for the Department of Interior, states that Mr. Sidak's claim was disallowed because it was determined that the fee was a finance charge not reimbursable under Comptroller General decisions.

We agree that Mr. Sidak may not be reimbursed for the loan closing fee as a relocation expense.

Mr. Sidak transferred from Phoenix, Arizona, to Ord, Nebraska, where he reported for duty on February 1, 1980. He purchased the residence there with a loan approved on August 13, 1981. Although Mr. Sidak contends that the loan closing fee is not a finance charge, the Federal Truth In Lending Disclosure Statement that Mr. Sidak was furnished by the lender characterizes the fee as a prepaid finance charge.

Feimbursement of a transferred Federal employee's relocation expenses is governed by chapter 2 of the Federal Travel Regulations (FTR) (FPMR 101-7, May 1973). Part 6 of chapter 2 covers residence transactions. FTR para. 2-6.2d specifically precludes reimbursement of any fee, costs, charge, or expense which is determined to be a finance charge under Title I of the Truth-in-Lending Act, Public

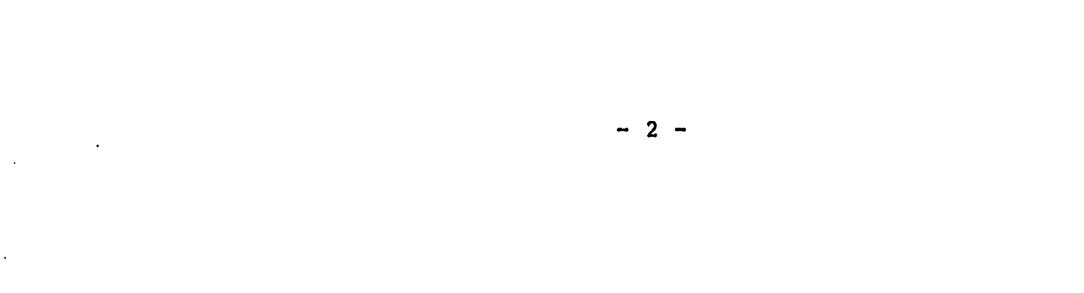
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Law 90-321, and Regulation Z, 12 C.F.R. 226.4, issued pursuant thereto. Costs directly imposed by the lender on the borrower, including those to meet the lender's overhead expenses, are finance charges. We have held that a fee in the nature of a loan origination or closing fee is a finance charge within the meaning of 12 C.F.R. 226,4(a)(3). Donald L. Turley, B-204015, September 18, 1981.

The truth-in-lending statement in this case specifies that the loan closing fee is a finance charge, Accordingly, reimbursement is prohibited by FTR para. 2-6.2d, and the claim is disallowed.

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