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Kirkpatrick

DECISION



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

FILE: B-205148

DATE: December 21, 1981

MATTER OF: Harding L. Smith - Real Estate Expenses -
Finance Charge

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

We decide in this case that the employee, Mr. Harding L. Smith, is not entitled to reimbursement of a loan closing fee for the purchase of a residence at Ord, Nebraska, where he was transferred by the Bureau of Reclamation on March 11, 1981. We agreed with the certifying officer, who states that the fee, as verified by the lender, was a finance charge not reimbursable under applicable regulations.

Mr. Smith purchased the residence on September 2, 1981. He contends that the loan closing fee is not a finance charge, and he is entitled to reimbursement. However, the Federal Truth-in-Lending Disclosure Statement that he was furnished by the lender characterizes the fee as a prepaid finance charge. Our records contain no information from Mr. Smith explaining why he believes the fee, which is equal to 3 percent of the amount loaned, is not a finance charge.

Reimbursement 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, cost, charge, or expense which is determined to be a finance charge under Title I of the Truth-in-Lending Act, Public Law 90-321, and Regulation Z, 12 C.F.R. 226.4, issued pursuant thereto. Costs directly or indirectly imposed by the lender on the borrower, including those to meet the lender's overhead expenses, are finance charges. Lawrence F. Roth, B-194203, May 7, 1979. 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.

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The truth-in-lending statement in this case specifies that the loan closing fee is a finance charge. No evidence has been offered supporting a contrary conclusion. Accordingly, reimbursement is proscribed by FTR para. 2-6.2d, and the claim is disallowed.

Harry R. Van Cleave
For Comptroller General
of the United States