

11/1/85
RM-II

DECISION



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

31587

FILE: B-217719

DATE: July 1, 1985

MATTER OF: Veterans Administration Funding Fee

DIGEST: An employee of the Department of the Interior may not be reimbursed for a Veterans Administration funding fee incurred in purchasing a residence at his new duty station. The funding fee is a finance charge imposed in addition to a loan origination fee. Therefore, unlike a loan assumption fee, it may not be reimbursed under Federal Travel Regulations, paragraph 2-6.2d, as a fee that is "similar to" a loan origination fee. See Veterans Administration, 62 Comp. Gen. 456 (1983).

We have been asked by an authorized certifying officer for the Department of the Interior whether an employee transferred subsequent to October 1, 1982, may be reimbursed for a Veterans Administration funding fee incurred in connection with the purchase of a residence at his new duty station.^{1/} Consistent with our holding in Veterans Administration, 62 Comp. Gen. 456 (1983), we conclude that the fee may not be reimbursed.

The certifying officer asks whether a Veterans Administration funding fee may be reimbursed on the basis that it is similar to a loan origination fee. He notes that in James D. Hoppe, B-214724, August 15, 1984, we allowed reimbursement of a loan assumption fee as a fee or charge similar in nature to a loan origination fee which is reimbursable under paragraph 2-6.2d(1)(f) of the Federal Travel Regulations (FTR). As amended by FPMR A-40, Supplement 4, effective October 1, 1982, FTR paragraph 2-6.2 provides:

"d. Miscellaneous expenses.

"(1) Reimbursable items. The expenses listed below are reimbursable in connection with the sale and/or purchase of a residence, provided they are customarily paid by the seller of a residence in the locality of the old official station or by the purchaser of a

^{1/} The request was made by Edward P. Greenberg, Bureau of Land Management, Department of the Interior.

032457

residence at the new official station to the extent they do not exceed amounts customarily paid in the locality of the residence.

"(a) FHA or VA fee for the loan application;

"(b) Loan origination fee;

"(c) Cost of preparing credit reports;

"(d) Mortgage and transfer taxes;

"(e) State revenue stamps;

"(f) Other fees and charges similar in nature to those listed above, unless specifically prohibited in (2), below;

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"(2) **Nonreimbursable items.** Except as otherwise provided in (1), above, the following items of expense are not reimbursable.

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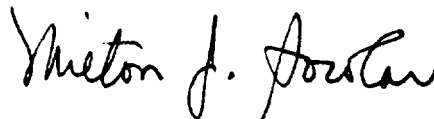
"(e) No fee, cost charge, or expense determined to be part of the finance charge under the Truth in Lending Act, Title I, Pub. L. 90-321, and Regulation Z issued in accordance with Pub. L. 90-321 by the Board of Governors of the Federal Reserve System, unless specifically authorized in (1), above * * *."

We held in 62 Comp. Gen. 456 that FTR paragraph 2-6.2d does not authorize reimbursement of the Veterans Administration funding fee. The distinction between a Veterans Administration funding fee and a loan assumption fee is specifically addressed in Edward W. Aitken, 63 Comp. Gen. 355 (1984). In authorizing reimbursement of a loan assumption fee, we stated:

"Although a loan assumption fee may be characterized as a finance charge, we conclude that this loan assumption fee may be reimbursed under FTR para. 2-6.2d(1)(f) as a fee or charge similar in nature to a loan origination fee. We believe the intent of para. 2-6.2d(1)(f) is to permit reimbursement of fees which are similar to those listed in para. 2-6.2d(1)(a-e) and which are charged instead of one of the enumerated fees.

"By way of contrast, we considered a claim for reimbursement of a Veterans Administration (VA) funding fee which is a loan fee of one-half of one percent and constitutes a user charge which is deposited into the U.S. Treasury as a miscellaneous receipt. We held that the VA funding fee is a finance charge under Regulation Z and is not reimbursable under the amended version of FTR para. 2-6.2d, quoted above. B-209945, June 9, 1983, 62 Comp. Gen. 456. What is crucial for our purposes is that the VA funding fee considered in B-209945 is charged **in addition to** a loan origination fee which compensates the lender for expenses incurred in originating the loan, preparing documents, and related work. In the case before us, the loan assumption fee was charged **instead of** a loan origination fee, and it appears to represent similar expenses incurred by the lender."

Accordingly, the Veterans Administration funding fee is a nonreimbursable item of real estate expenses.



Acting Comptroller General
of the United States