



**The Comptroller General  
of the United States**

Washington, D.C. 20548

## Decision

**Matter of:** Wayne Pfeffer - Relocation Expenses -  
Loan Origination Fee

**File:** B-234288

**Date:** February 8, 1990

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### DIGEST

Under a revision to the Federal Travel Regulations, para. 2-6.2d(1)(b) (Supp. 26, effective Oct. 1, 1987), an employee to be reimbursed for a loan origination fee in excess of 1 percent of the loan amount must show by clear and convincing evidence, including an itemization of the lender's administrative charges, that the fee does not include prepaid interest, points or a mortgage discount. In addition, the employee must show that the fee amount does not exceed the amount customary in the locality of the residence.

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### DECISION

An authorized official of the Veterans Administration asks whether a transferred employee, Mr. Wayne Pfeffer, has submitted clear and convincing evidence establishing his right to be reimbursed more than 1 percent of his loan amount for a loan origination fee incurred in connection with the purchase of a residence at his new duty station.

In regard to loan origination fees and similar charges, the Federal Travel Regulations (FTR) were revised effective October 1, 1987, to state that:

"An employee may be reimbursed for these fees in an amount not in excess of 1 percent of the loan amount without itemization of the lender's administrative charges." FTR, para. 2-6.2d(1)(b) (Supp. 26). (Emphasis added.)

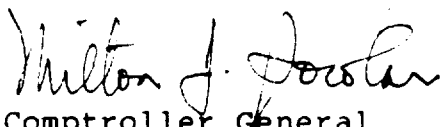
Paragraph 2-6.2d(1)(b) further provides that in order for an employee to be reimbursed more than 1 percent he or she must provide clear and convincing evidence that the higher rate is customary in the area and does not include a charge for prepaid interest, points, or a mortgage discount.

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The reimbursement to an employee for a loan origination fee is intended to cover the lending institution's charges for administrative costs involved in extending credit. The general limitation of 1 percent on the amount that may be reimbursed was established with the view that, except in unusual cases, it will provide a sufficient and fair reimbursement for legitimate administrative costs without requiring the employee to obtain an itemization of the fee and extensive supporting evidence. For those cases where the employee claims a fee exceeding 1 percent, we construe FTR para. 2-6.2d(1)(b) to require that the employee show through clear and convincing evidence, including an itemization of the lender's administrative costs, that the higher rate does not include prepaid interest, points, or a mortgage discount. In addition the higher rate must be shown to be a rate customarily charged in the locality of the residence.

In this case Mr. Pfeffer is seeking a loan origination fee of approximately 2 percent. He did not furnish an itemization of the lender's administrative costs. Therefore, the agency correctly limited his reimbursement to 1 percent of the loan amount.

Since in this case the itemization was not furnished, it is not necessary to determine what further evidence, if any, might also be required. Suffice it to say that clear and convincing evidence generally exists when the fact finder has no serious or substantial doubt as to the correctness of an allegation or conclusion. See B-174608, May 9, 1972. See also Dahman v. Ford Leasing Development Co., 492 P.2d 875, 877 (Colo. App. 1971). This standard should be applied by agencies in reviewing evidence provided to support claims for loan origination fees at rates higher than 1 percent.

*for*   
Comptroller General  
of the United States