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DECISION



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

[Request for Reimbursement of Loan Transfer Fee] 101057

FILE: B-194203

personal name DATE: MAY 07 1979

MATTER OF: Lawrence F. Roth Real Estate
Expenses - Loan Transfer Fee

DIGEST: Employee may not be reimbursed loan transfer fee incurred incident to purchasing a house since fee is finance charge within the meaning of Regulation Z, 12 C.F.R. § 226.4(2) (1978).

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This action is in response to a request dated February 20, 1979, from an authorized certifying officer of the Department of the Interior, regarding the propriety of certifying for payment a reclaim voucher in the amount of \$200 in favor of Mr. Lawrence F. Roth representing a loan transfer fee incurred in connection with the purchase of a residence in Kansas City, Missouri. The purchase was pursuant to a permanent change of station from Sunnyvale, California.

Mr. Roth's claim was denied by the Department of the Interior on the basis that the loan transfer fee represented a cost incident to the extension of credit within the purview of Regulation Z, 12 C.F.R. § 226.4(a) (1978), and was thus not reimbursable under the Federal Travel Regulations (FPMR 101-7) para. 2-6.2d (May 1973). The pertinent part of Regulation Z states:

"226.4 Determination of finance charge.

"(a) General rule. Except as otherwise provided in this section, the amount of the finance charge in connection with any transaction shall be determined as the sum of all charges, payable directly or indirectly by the creditor as an incident to or as a condition of the extension of credit, whether paid or payable by the customer, the seller, or any other person on behalf of the customer to the creditor or to a third party, including any of the following types of charges:

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"(2) Service, transaction, activity, or carrying charge.

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

Mr. Roth contends that the Department of the Interior's determination was improper because the 1976 Realty Bluebook does not refer to a loan transfer fee as a finance charge; Internal Revenue Service (IRS) Publication 17 does not address assumption fees in the section explaining interest deductions; and an Assistant Vice President of the company that made the loan transfer states that the charge covers the cost of doing a credit report, and transferring paperwork.

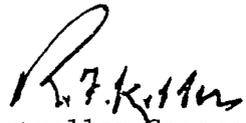
Our Office has long held that a loan transfer fee or loan assumption fee is not reimbursable because it is regarded as a finance charge under Regulation Z, despite the fact that such a fee merely reflects administrative costs. Matter of Dean E. Taylor, B-184626, February 12, 1976; B-180103, June 14, 1974. A loan transfer fee or loan assumption fee is also not reimbursable because it is incident to the extension of credit from the lender to the purchaser. Matter of Bernard C. Zecha, B-187363, December 21, 1976.

Mr. Roth's entitlement is statutory in nature and is provided for by the cited regulations. Therefore, it is irrelevant that a loan transfer fee is not referred to as a finance charge in the 1976 Realty Bluebook, nor is it relevant that it is not addressed as an interest deduction by the IRS in its Publication 17. See Matter of Donald W. Espeland, B-186583, April 11, 1977. Accordingly, the voucher may not be certified for payment.

We have held, however, that charges for a credit report are made specifically reimbursable by FTR para. 2-6.2d, to the extent they do not exceed the customary charges made in the area involved. Matter of William N. Baggett, B-187123,

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February 9, 1977. If Mr. Roth can submit evidence of the specific amount of the loan transfer fee which was chargeable to the credit report he may be reimbursed that amount in accordance with the above. Matter of Kenneth DeFazio, B-191038, November 28, 1978.


Deputy, Comptroller General
of the United States