

January

**DECISION**



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

**FILE:** B-205267

**DATE:** September 28, 1982

**MATTER OF:** James A. Gutzwiller - Reconsideration of  
Claim for Loan Origination Fee

**DIGEST:** A transferred Federal employee seeks reconsideration of our prior decision denying him reimbursement for certain services provided as part of a loan origination fee where there was no itemization of the portion of the charge allocable to each of the services for which reimbursement was being sought. He contends that our decisions do not require a dollar amount to be associated with each reimbursable service, and he seeks reimbursement claiming estimated fees for otherwise allowable services which were reasonable in light of the customary charges in the area. We affirm our previous disallowance of the employee's claim because paragraph 2-6.2d of the Federal Travel Regulations prohibits reimbursement of a finance charge and requires that a determination be made on the reasonableness of each otherwise allowable charge. Our decisions require an itemization of the fees in order to determine the reasonableness of each charge.

Mr. James A. Gutzwiller, an employee of the Internal Revenue Service, seeks reconsideration of our decision, James A. Gutzwiller, B-205267, June 15, 1982, denying him reimbursement of certain services provided as part of a loan origination fee where there was no itemization of the portion of the charge allocable to each service. He contends that our decisions do not require a dollar amount to be associated with each service for which reimbursement is being sought, and he seeks reimbursement where the estimated fees claimed for otherwise reimbursable services were reasonable in light of the customary charges in the area.

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We conclude that our previous disallowance of Mr. Gutzwiller's claim was correct. Paragraph 2-6.2d of the Federal Travel Regulations, FPMR 101-7 (May 1973) (FTR), prohibits reimbursement of a finance charge and requires that a determination be made on the reasonableness of each otherwise allowable charge. This was our holding in Anthony J. Vrana, B-189639, March 24, 1978.

The facts of this case are set forth in detail in our previous decision. Briefly, Mr. Gutzwiller's lending institution refused to provide him with an itemization of the portion of the loan origination fee allocable to each of the services which would otherwise be reimbursable. He sought to be reimbursed on the basis of Department of Housing and Urban Development (HUD) estimates for the customary local charges for each of the otherwise reimbursable services.

Mr. Gutzwiller's contention seems to be that our decisions do not require a dollar amount to be associated with each service for which reimbursement is being sought. He recognizes that charges that are part of a loan origination fee are reimbursable only if, among other things, the charges are itemized to show the portion of the loan origination fee allocable to each item. However, he asserts that:

"\* \* \* The itemization is shown in the loan application. Although the actual dollar amount (the portion . . . of the fee) is not stated, it is stated that the charge includes the reimbursable items \* \* \*."

Interspersed with quotes from our decision in Vrana, previously cited, he concludes:

"\* \* \* There is no mention of the need for a dollar amount. \* \* \* The only reason a dollar amount for each item (the portion of the . . . fee) is required is to assure the amount is not unreasonable in comparison to the amount usually charged in the area. I, in fact, used a figure for each item at or below the amount usually charged in the area as determined

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by HUD. \* " \* Where the estimate is, in fact, less than the amount charged in the area, and therefore, more than reasonable, I believe it is unreasonable on your part to require a specific breakdown of the charges by the lending institution. This is especially true when you know that they refuse, and, in fact, are not required by law, to give me such a breakdown."

Mr. Gutzwiller's situation is similar to--though weaker than--that present in Cecil W. Foss, B-185999, October 8, 1976. In Foss, there was an itemization of services but no itemization of the loan origination fee to show the portion allocable to each service. However, all of the services were otherwise reimbursable. In Mr. Gutzwiller's situation, there is an itemization of services, but no itemization of the loan origination fee to show the portion allocable to each service. However, Mr. Gutzwiller's situation is weaker than that in Foss because the services covered by the loan origination fee are not all reimbursable. He seeks to remedy that problem by providing HUD estimates for the customary local charges for each of the otherwise reimbursable services.

In Foss, we concluded that if a determination could be made that the total fee was reasonable in light of customary charges of the area, a claim, supported by an itemization listing only reimbursable charges, could be paid although the itemization did not show the portion of the fee allocable to each item. However, subsequently in Vrana, we reconsidered that position and decided not to follow it. We concluded in Vrana that adherence to the principles enumerated in Foss would not ensure that reimbursement would be limited to only authorized charges. This is applicable to Mr. Gutzwiller's situation where admittedly the loan origination fee is for a mixture of nonreimbursable and otherwise reimbursable services with no itemization of the portion of the fee allocable to each item. We are unpersuaded by Mr. Gutzwiller's arguments to change the position we adopted in Vrana.

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Further, in Vrana, we reexamined the regulatory provisions involved. We noted that paragraph 2-6.2d of the Federal Travel Regulations prohibits reimbursement of any charge determined to be a finance charge under Regulation Z, 12 C.F.R. § 226.4 (1981). Since loan origination fees are finance charges, we observed that claims for reimbursement of such fees may be paid only to the extent the fee includes charges for the items expressly excluded by subparagraph (e) of Regulation Z. More importantly here, we recognized that those fees enumerated as excludable are, by the express terms of Regulation Z, excludable only if "reasonable in amount."

In Vrana, we concluded that in order to determine the reasonableness of each charge, in comparison to the amount usually charged in the area, reimbursable fees must be itemized to show the portion of the total loan origination fee allocable to each charge for which reimbursement is sought. Since services are excludable under Regulation Z only if reasonable in amount, it is necessary to know the actual cost of each such service. Where multiple services are provided for one fee, it is impossible to determine whether an excessive fee for a particular service has been concealed among fees for other services actually provided at low cost.

A dollar amount indicating the actual cost associated with each otherwise reimbursable service for which reimbursement is being sought is, in effect, required by FTR paragraph 2-6.2d. Mr. Gutzwiller can provide no such dollar amounts. Therefore, he may not be reimbursed any part of this loan origination fee.

Accordingly, we affirm our previous disallowance of Mr. Gutzwiller's claim.

*Henry R. Chen*  
for Comptroller General  
of the United States