

DECISION

19425
**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D.C. 20548

FILE: B-204015**DATE:** September 18, 1981**MATTER OF:** Donald L. Turley

DIGEST: IRS employee requests reimbursement of \$630 fee charged at settlement claiming the same represents closing costs. Truth-in-lending statement given at settlement indicates that the \$630 loan closing fee was a prepaid finance charge. Reimbursement is proscribed by FTR para. 2-6.2d, which prohibits reimbursement of all costs found to be a finance charge under Regulation Z, 12 C.F.R. 226.4(2).

By a letter dated July 8, 1981, Ms. Virginia G. Leist, an authorized certifying officer with the Internal Revenue Service, requested an advance decision on the reclaim of Mr. Donald L. Turley for certain expenses incurred incident to the purchase of a residence upon change of duty station.

The record shows that Mr. Turley was transferred from Washington, D.C., to Covington, Kentucky. He purchased a residence at his new duty station. In reimbursing Mr. Turley for expenses incurred in connection with that real estate transaction, the certifying officer deducted the \$630 amount charged by the lender as a loan origination fee. It is Mr. Turley's contention that no loan origination fee may be charged in connection with a Veterans Administration (VA) secured loan and that the \$630 amount in question, therefore, is a reimbursable item of real estate expense.

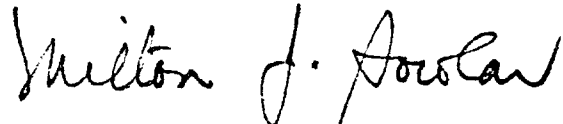
Reimbursement of a transferred Federal employee's relocation expenses is governed by chapter 2 of the Federal Travel Regulations (FTR) (FPMR 101-7, May 1973). Part 6 of chapter 2 covers residence transactions. FTR para. 2-6.2d specifically precludes reimbursement of any fee, cost, charge, or expense 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. We have consistently held that a fee in the nature of a loan origination fee is a finance charge within the meaning of 12 C.F.R. 226.4(a)(3). B-186312, December 21, 1976.

Contrary to Mr. Turley's understanding, the VA does permit a lender to charge a loan origination fee not exceeding 1 percent of the amount of the loan on VA secured loans. See 38 C.F.R. 36.4312(d)(2). The settlement statement given Mr. Turley at closing lists the \$630

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amount as a loan closing charge or a loan origination fee. The truth-in-lending statement supplied to Mr. Turley at settlement includes the \$630 fee among the prepaid finance charges. Accordingly, regardless of whether the \$630 is characterized as closing costs or a loan origination fee, its reimbursement is proscribed by FTR para. 2-6.2d, since it is a finance charge.

A handwritten signature in cursive script that reads "Milton J. Fowler".

Acting Comptroller General
of the United States