



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

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B-178433

June 4, 1973

Mr. T. A. Evans
Civilian Disbursing Officer
Ohio River Division, Corps of Engineers
Department of the Army
P.O. Box 1159
Cincinnati, Ohio 45201

Dear Mr. Evans:

This refers to your letter of March 1, 1973, reference ORDDC-F, forwarded to this Office on April 10, 1973, by the Per Diem, Travel and Transportation Allowance Committee, PDTATAC Control No. 73-21, in which you request a decision as to the propriety of certifying for payment a reclaim voucher in the amount of \$150 submitted by Mr. Walter E. Hamilton, an employee of the Ohio River Division of the Corps of Engineers.

The amount in question represents a loan assumption fee charged Mr. Hamilton in connection with the purchase of a residence following his permanent change of station to Cincinnati, Ohio, on June 1, 1970. His claim was administratively disallowed on the basis that our decisions B-169158, April 15, 1970; E-168870, February 13, 1970; and B-168359, February 2, 1970, held that a loan assumption fee is to be regarded as a finance charge under Regulation Z of the Board of Governors of the Federal Reserve System, and as such is not reimbursable. Mr. Hamilton points out, however, that the cited decisions have all involved percentage fees rather than a flat fee as in his case, and that the Savings and Loan Association with which he dealt did not make a new loan but merely transferred an existing one. He has submitted a statement from an officer of the Savings and Loan Association to the effect that the \$150 fee charged is not a finance charge but is instead a flat charge to reimburse the mortgage holder for expenses incurred in processing the assumption.

We addressed the question of whether a flat fee purportedly charged only for administrative costs in connection with a loan assumption was reimbursable in B-170787, November 17, 1970, a copy of which is enclosed. In that decision we noted that an official of the Board of Governors of the Federal Reserve System had advised us that a loan assumption fee on a flat fee basis is regarded as a finance charge, notwithstanding the assertion that such a fee merely covers administrative costs.

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[Claim for Reimbursement of Loan Assumption Fee]

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Accordingly, there is no basis by which Mr. Hamilton's claim for reimbursement of the loan assumption fee charged him in connection with the purchase of his residence may be authorized. The voucher, together with the supporting papers, will be retained in our files.

Sincerely yours,

Paul G. Dozbling

Acting Comptroller General
of the United States

cc ✓ Mr. Roland P. Ceolla, Executive Assistant
Per Diem, Travel and Transportation
Allowance Committee
Forrestal Building, Room 7A153
Washington, D.C. 20314

Reference: PDTATAC No. 73-21

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