



Office of the General Counsel

B-256771

March 24, 1994

Mr.
Authorized Certifying Officer
Department of Energy
Washington, D.C. 20585

Dear Mr. :

This responds to your March 15, 1994 letter requesting a decision on Mr. claim for the full amount of a loan origination fee he paid incident to the purchase of a residence in connection with his transfer from Washington, D.C. to Germantown, Maryland. Mr. paid a fee of 1.75 percent; however, the agency limited Mr. reimbursement to 1 percent.

The Federal Travel Regulations (FTR) provide that reimbursement for a loan origination fee may not exceed 1 percent unless the employee shows by clear and convincing evidence that the higher rate does not include finance charges (prepaid interest, points or a mortgage discount) and that the higher rate is customarily charged in the area where the residence is located. 41 C.F.R. § 302-6.2(d)(1)(ii) (1993).

Also, the FTR requires that a claim in excess of 1 percent include an itemized list of the lender's administrative charges. Id. A general, explanatory letter from a lender indicating that a fee does not include finance charges and is customary in the area does not satisfy the itemization requirement. See , B-250432, Mar. 3, 1993, and , B-246809, Mar. 31, 1992 (copies enclosed).

In this case, Mr. has offered a letter from his lender stating that the higher rate charged him is the rate customarily charged its customers and that the rate does not include finance charges. However, the letter provides no evidence that its rate is the customary rate in the area. On the contrary, the record shows that the Department of Housing and Urban Development informed the agency that the customary charge in that area is 1 percent. See 41 C.F.R. § 302-6.3(c). Also, the letter does not include an itemized

list of the lender's charges as required by the FTR provision cited above.

Accordingly, we find no error in the agency's denial of Mr. _____ claim, and the denial is sustained.

Sincerely yours,

Robert P. Murphy

for Robert P. Murphy
Acting General Counsel

Enclosures

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DIGEST

An employee claiming reimbursement for a loan origination fee in excess of one percent submitted a letter from his lender asserting that the excess fee did not include finance charges and was the rate customarily charged its customers. The claim is denied because a general, explanatory letter from a lender does not satisfy the requirement in the Federal Travel Regulations that a claim for a loan origination fee in excess of one percent must include an itemized list of the lender's charges and clear evidence that its rate is the rate customarily charged in the area of the residence. 41 C.F.R. § 302-6.2(d)(1) (1993).