

Chart for Determining Finance Charges

Expense	Is It a Finance Charge?	Authority
Typical 800 level expenses – Broker/Lender		
Mortgage Broker fees (general): Includes origination fees, broker fees, processing fees, administration fees and all other mortgage junk fees, except application fee.	Yes	12 USC 226.4(a)(3)
Application fee	Yes, unless charged to all customers regardless of whether credit is extended or not	12 USC 226.4(c)(1)
Lender fees (general): Includes origination, discount fees, admin fees, underwriting fees and all other junk fees except application fee.	Yes	12 USC 226.4(a) and (b)(3)
Assumption fees	Yes	12 USC 226.4(b)(3)
Appraisal	No, if bona fide and reasonable in amount and done prior to closing	12 USC 226.4(c)(7)(iv)
Inspection, including pest	No, if bona fide and reasonable in amount and done prior to closing	12 USC 226.4(c)(7)(iv)
Flood certification	No, if bona fide and reasonable in amount and done prior to closing	12 USC 226.4(c)(7)(iv)
Tax-related service	Yes, unless performed exclusively prior to close	12 USC 226.4(c)(7)(iv)
Credit report	No, if bona fide and reasonable in amount	12 USC 226.4(c)(7)(iii)
Doc prep	No, if bona fide and reasonable in amount	12 USC 226.4(c)(7)(ii)
Typical 900 level expenses – Interest/insurance		
Interest	Yes	12 USC 226.4(b)(1)
Mortgage insurance premium	Yes	12 USC 226.4(b)(5)

Hazard insurance premium	Yes unless (i) disclosed that insurance may be obtained from insurer of consumer's choice (but creditor may reserve the right to refuse to accept consumer's choice for reasonable cause) and (ii) if the coverage is obtained from or through the creditor, the premium and term of the insurance (if less than the length of the loan) is disclosed in writing.	12 USC 226.4(d)(2)
County property taxes	No	12 USC 226.4(a)(1)
Credit life/insurance premiums	Yes, unless (i) disclosed in writing that the insurance is NOT required, (ii) the premium and term of the insurance (if less than the length of the loan) is disclosed in writing and (iii) any consumer in the transaction signs or initials an affirmative written request for the insurance after receiving the disclosures.	12 USC 226.4(d)(1)
Flood insurance	Yes unless (i) disclosed that insurance may be obtained from insurer of consumer's choice (but creditor may reserve the right to refuse to accept consumer's choice for reasonable cause) and (ii) if the coverage is obtained from or through the creditor, the premium and term of the insurance (if less than the length of the loan) is disclosed in writing.	12 USC 226.4(d)(2)
Typical 1100 level expenses – Title/escrow		
Escrow fees	No, unless the lender: (i) Requires the particular services for which the consumer is charged; (ii) Requires the imposition of the charge; <i>or</i> (iii) Retains a portion of the third-party charge, to the extent of the portion retained.	12 USC 226.4(a)(2)
Title fees	No, if bona fide and reasonable in amount	12 USC 226.4(c)(7)(i)
Title insurance	No, if bona fide and reasonable in amount	12 USC 226.4(c)(7)(i)

Typical 1200 level expenses – Government Recording/Transfer		
Recording fees, transfer taxes and similar charges	No, unless charge exceeds is or will be paid to public officials for determining the existence of or for perfecting, releasing, or satisfying a security interest. If the charge does exceed, the amount exceeding the government charge is included as a finance charge.	12 USC 226.4(e)(1)
1300 - Other Miscellaneous Charges		
Notary	No, if bona fide and reasonable in amount per (c)(7)(iii), but commentary notes in (e)(3) that only excluded if: 1) The document to be notarized is one used to perfect, release, or continue a security interest, 2) the document is required by law to be notarized, 3) a notary is considered a public official under applicable law, and 4) the amount of the fee is set or authorized by law.	12 USC 226.4(c)(7)(iii) 12 USC 226.4(e)(3) (noted in commentary)
Wire transfer fee, courier fee, etc.	Yes, unless not required to be used by the creditor	12 USC 226.4(a)(2) (See commentary)
Attorney fees (for escrow-related type items)	No, unless the lender: (i) Requires the particular services for which the consumer is charged; (ii) Requires the imposition of the charge; or (iii) Retains a portion of the third-party charge, to the extent of the portion retained.	12 USC 226.4(a)(2)