

The State of South Carolina

Department of Consumer Affairs

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Administrative Interpretation No. 3.202-7613

APPRAISAL FEE IS PART OF THE FINANCE CHARGE
AND IS NOT A PERMISSIBLE "ADDITIONAL CHARGE".

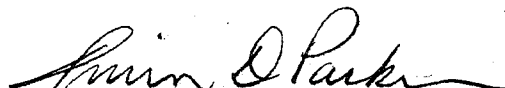
You have asked whether or not the charge of an appraisal fee to the borrower would be a legitimate charge.

Section 3.202(1)(d)(i) provides that a lender may make an "additional charge" for "fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes(Emphasis added)." Does the term "or similar purposes" include a charge for an appraisal?

This section (and §2.202) is the same as §2.501 of the 1974 Official Text of the Uniform Consumer Credit Code. Comment #2 under that section in the Official Text states that:

"...this section... varies from Regulation Z §226.4(2) in that it does not include appraisal fees and credit report charges as additional charges."

It is the opinion of this office that an "appraisal fee" is a charge "for investigating the collateral or credit worthiness of the consumer" and, as such, must be included in the loan finance charge as defined in Consumer Protection Code §3.109(1).


Irvin D. Parker
Administrator