



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 15, 2014

H.R. 5148 **Access to Affordable Mortgages Act of 2014**

As ordered reported by the House Committee on Financial Services on July 30, 2014

H.R. 5148 would eliminate requirements that lenders making higher-risk mortgages obtain a written appraisal of the property securing the mortgages if the original loan amount is less than \$250,000 and the lender holds the mortgage in its portfolio for at least three years. (Higher-risk mortgages have, among other things, interest rates that are 1.5 percent or more above the prime rate.) The bill also would exempt certain participants in a real estate transaction from paying civil penalties for failing to notify the appropriate state licensing agency if a real estate appraiser fails to comply with universal standards for appraisal practices. Based on information from the Bureau of Consumer Financial Protection (CFPB) and the financial regulatory agencies (Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration), CBO estimates that enacting H.R. 5148 would increase direct spending by about \$1 million and decrease revenues by an insignificant amount over the 2015-2024 period. Because enacting H.R. 5148 would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO expects that the increase in the workload of the CFPB and the financial regulatory agencies to amend regulations to reflect the new appraisal requirements would not have a significant effect on the agencies' costs individually, but taken together would result in about \$1 million in additional spending over the 10-year period.

H.R. 5148 would reduce civil penalties (which are recorded in the budget as revenues) by exempting participants in real estate transactions such as mortgage lenders or brokers, mortgage bankers, or real estate brokers from penalties that would be assessed for violating federal requirements. CBO estimates the enacting this provision would not have a significant effect on revenue collections.

H.R. 5148 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Financial Analysis.