



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 3, 2014

H.R. 2673
Portfolio Lending and Mortgage Access Act

As ordered reported by the House Committee on Financial Services on May 22, 2014

CBO estimates that enacting H.R. 2673 would affect direct spending; therefore, pay-as-you-go procedures apply. However, we expect those effects would be insignificant. Enacting H.R. 2673 would not affect revenues or discretionary spending.

Under current law, lenders are required to make a good-faith effort to assess a borrower's ability to repay any loan secured by a dwelling. Rules issued by the Consumer Financial Protection Bureau (CFPB) establish standards for "qualified mortgages" that meet those ability-to-pay requirements. H.R. 2673 would broaden the definition of qualified mortgage to include mortgage loans that are held on the balance sheet of the lender. Based on information from the CFPB, CBO does not expect that meeting the new requirement would have a significant effect on the agency's workload.

H.R. 2673 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), and would not affect the budgets of state, local, or tribal governments.

H.R. 2673 would impose a private-sector mandate as defined in UMRA by limiting an existing right of action against lenders that hold mortgages on their balance sheets. Under current law, lenders of mortgages that meet the standards for qualified mortgages are granted legal protection from civil actions based on a claim that the lender failed to comply with the ability-to-repay requirements. By broadening the definition of qualified mortgages to include mortgages held on a lender's balance sheet, the bill would limit the right of borrowers to file claims against holders of such loans. The cost of the mandate would be the forgone value of the awards and settlements in such claims. Based on information from the CFPB, CBO estimates that the number of such claims and the awards in such cases would be relatively small. Therefore, CBO expects that the annual cost of the mandate would probably fall below the threshold established in UMRA for private-sector mandates (\$152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and John Rodier and Paige Piper/Bach (for private-sector mandates). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.