CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 11, 2016

H.R. 2121
SAFE Transitional Licensing Act of 2015

As ordered reported by the House Committee on Financial Services on March 2, 2016

H.R. 2121 would provide temporary authority for licensed mortgage originators to work in a new state or under a new employer—if the new employer is a state-licensed mortgage company—until a new license is issued. Because enacting H.R. 2121 would affect direct spending and revenues, pay-as-you-go procedures apply. However, on the basis of information from the Department of Housing and Urban Development (HUD) and the Nationwide Mortgage Licensing System and Registry (NMLS), CBO estimates that enacting the bill would have no significant net effect on direct spending or revenues.

The NMLS was established by a consortium of states pursuant to requirements under the Housing and Economic Recovery Act of 2008 that mandated the creation of such a system. The purpose of the NMLS is to track mortgage providers across state lines and through changes in employment to ensure that the provider meets certain qualifications and cannot evade pending regulatory action by moving to a new state or changing employers. The bill aims to ease mortgage originators' ability to move between jobs and between states by allowing them to originate mortgages under temporary authority for up to 120 days or until a new license is issued. Licensed originators with certain active or previous regulatory violations would not be eligible to obtain this new temporary status.

On the basis of information from HUD and the NMLS, CBO estimates that enacting H.R. 2121 would have no significant net effect on the federal budget because any change in either the amount or timing of the licensing fees (which are considered to be revenues) paid by applicants and subsequently spent by the NMLS for its operations would be insignificant.

CBO also estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 2121 would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by preempting state licensing laws. The bill would grant a temporary license for some loan originators who become employed by a state-licensed mortgage company. Because the preemption would impose no duty on state governments that would result in additional spending or a loss of revenues, CBO estimates that the cost of the intergovernmental mandate would fall well below the UMRA threshold ($77 million in 2016, adjusted annually for inflation).

H.R. 2121 contains no private-sector mandates as defined in the UMRA.

The CBO staff contacts for this estimate are Stephen Rabent and Aurora Swanson. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.