CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 3, 2015

H.R. 685
Mortgage Choice Act of 2015

As ordered reported by the House Committee on Financial Services on March 26, 2015

The Bureau of Consumer Financial Protection (CFPB) has issued rules for mortgages known as qualified mortgages. A qualified mortgage has certain characteristics that make the loan more affordable; borrowers who are eligible for such loans are presumed to be able to repay amounts owed. Under those rules certain costs that are incidental to the loan amount and are paid by the borrower—for example, title insurance fees, guarantee fees, and service charges—are limited to no more than 3 percent of the total loan amount. H.R. 685 would exclude insurance premiums held in escrow and, under certain circumstances, fees paid to companies affiliated with the creditor from the costs that would be considered in calculating the 3 percent limitation.

CBO estimates that enacting H.R. 685 would affect direct spending; therefore, pay-as-you-go procedures apply. However, we expect those effects would be insignificant. Enacting H.R. 685 would not affect revenues. Implementing the bill would not affect discretionary costs because the CFPB is permanently authorized to spend amounts transferred from the Federal Reserve System.

H.R. 685 would direct the CFPB to amend its regulations related to qualified mortgages to reflect the new exclusions. Based on information from the agency, CBO does not expect that meeting the new requirement would have a significant effect on the agency's workload or operating costs.

H.R. 685 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, Assistant Director for Budget Analysis.