CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 24, 2012

Reconciliation Recommendations of the House Committee on Financial Services

As approved by the House Committee on Financial Services on April 18, 2012

SUMMARY

H. Con. Res. 112, the Concurrent Budget Resolution for fiscal year 2013, as passed by the House of Representatives on March 29, 2012, instructed several committees of the House to recommend legislative changes that would reduce deficits over the 2012-2022 period. As part of this process, the House Committee on Financial Services was instructed to recommend changes to current law that would reduce the deficit by $29.8 billion for fiscal years 2012 through 2022.

CBO estimates that the reconciliation recommendations approved by the Committee on Financial Services on April 18, 2012, would reduce direct spending by $40.9 billion and revenues by $10.6 billion over the over the 2012-2022 period, assuming enactment on or near October 1, 2012. Taken together, CBO estimates that enacting the recommendations would reduce budget deficits by $30.4 billion over the 2012-2022 period, assuming enactment on or near October 1, 2012.

In addition, the Chairman of the House Committee on the Budget has directed CBO to prepare estimates assuming a July 1, 2012, enactment date for this year's reconciliation proposals. If the legislation were enacted by that earlier date, some of the Financial Services Committee's recommendations would result in greater budgetary savings than those estimated assuming an October 1 enactment date. Under the alternative assumption of a July 1 enactment date, CBO estimates that the Financial Services proposals would reduce deficits by $4.4 billion over the 2012-2013 period and $31.1 billion over the 2012-2022 period.

The committee's recommendations would make the following changes:

- Subtitle A would repeal the authority provided to the Federal Deposit Insurance Corporation (FDIC) in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203) to liquidate large, systemically important financial companies in default or in danger of default.

- Subtitle B would terminate the authority of the Secretary of the Treasury to provide new assistance under the Home Affordable Modification Program (HAMP).

- Subtitle C would terminate transfers of funds from the Federal Reserve for expenses of the Bureau of Consumer Financial Protection (CFPB) and authorize appropriations for the CFPB for fiscal years 2012 and 2013.

- Subtitle D would reauthorize the National Flood Insurance Program (NFIP) of the Federal Emergency Management Agency (FEMA) through 2016 and amend the program to increase premiums charged to certain policyholders.

- Subtitle E would eliminate the Office of Financial Research (OFR), established in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

In addition to the changes in direct spending and revenues, CBO estimates that implementing the committee's recommendations would cost $766 million over the 2012-2017 period, assuming appropriation of the necessary amounts. That estimate includes funding for the CFPB, the Financial Stability Oversight Council, and flood mapping and mitigation efforts under the National Flood Insurance Program (NFIP).

The legislation would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on public and private mortgage lenders. Because the mandates would require only small changes in existing industry practice, CBO expects the cost to comply with the mandates would be small relative to the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($73 million and $146 million in 2012, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated impact on direct spending and revenues of the recommendations of the House Committee on Financial Services is shown in the following tables. Table 1 summarizes those effects assuming that the committee recommendations are enacted around October 1, 2012, and Table 2 displays the budgetary impact assuming those recommendations are enacted by July 1, 2012. (Potential effects on discretionary spending are not shown in Tables 1 and 2, but those effects are mentioned in a footnote in each table.) The spending effects of this legislation fall within budget functions 370 (commerce and housing credit) and 450 (community and regional development).

Table 1. Effects on Direct Spending and Revenues for Reconciliation Recommendations of the House Committee on Financial Services, as approved by the Committee on April 18, 2012, assuming enactment around October 1, 2012

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
CHANGES IN DIRECT SPENDING ASSUMING ENACTMENT AROUND OCTOBER 1, 2012 [a]													
Orderly Liquidation Authority													
Estimated Budget Authority	0	-2,350	-3,365	-3,725	-3,360	-2,745	-2,985	-3,180	-3,370	-3,536	-3,704	-15,545	-32,320
Estimated Outlays	0	-2,350	-3,365	-3,725	-3,360	-2,745	-2,985	-3,180	-3,370	-3,536	-3,704	-15,545	-32,320
Home Affordable Modification Program													
Estimated Budget Authority	0	-414	-573	-428	-351	-297	-202	-6	0	0	0	-2,063	-2,271
Estimated Outlays	0	-414	-573	-428	-351	-297	-202	-6	0	0	0	-2,063	-2,271
Bureau of Consumer Financial Protection													
Estimated Budget Authority	0	-448	-495	-509	-524	-539	-557	-575	-593	-611	-631	-2,515	-5,482
Estimated Outlays	0	-381	-488	-507	-522	-537	-554	-572	-590	-608	-628	-2,435	-5,387
National Flood Insurance Program													
Estimated Budget Authority	0	0	-60	-150	210	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	-60	-150	210	0	0	0	0	0	0	0	0
Office of Financial Research													
Estimated Budget Authority	0	-71	-93	-95	-97	-99	-101	-103	-105	-107	-108	-455	-979
Estimated Outlays	0	-62	-93	-95	-97	-99	-101	-103	-105	-107	-108	-446	-970
Total Changes													
Estimated Budget Authority	0	-3,283	-4,586	-4,907	-4,122	-3,680	-3,845	-3,864	-4,068	-4,254	-4,443	-20,578	-41,052
Estimated Outlays	0	-3,207	-4,579	-4,905	-4,120	-3,678	-3,842	-3,861	-4,065	-4,251	-4,440	-20,489	-40,948
CHANGES IN REVENUES ASSUMING ENACTMENT AROUND OCTOBER 1, 2012													
Orderly Liquidation Authority	0	0	-180	-405	-645	-905	-1,135	-1,355	-1,570	-1,770	-1,905	-2,135	-9,870
Office of Financial Research	0	-67	-68	-69	-70	-71	-72	-73	-74	-75	-76	-345	-715
Total Changes	0	-67	-248	-474	-715	-976	-1,207	-1,428	-1,644	-1,845	-1,981	-2,480	-10,585
NET DEFICIT REDUCTION (-) ASSUMING ENACTMENT OF DIRECT SPENDING AND REVENUE CHANGES AROUND OCTOBER 1, 2012													
Net Effect on Deficit	0	-3,140	-4,331	-4,431	-3,405	-2,702	-2,635	-2,433	-2,421	-2,406	-2,459	-18,009	-30,363
Memorandum:													
Change in Net Income to the National Flood Insurance Program [b]													
Estimated Budget Authority	0	0	60	150	265	405	580	775	830	890	945	880	4,900
Estimated Outlays	0	0	60	150	265	405	580	775	830	890	945	880	4,900

Note: Estimates are relative to CBO's March 2012 baseline; components may not sum to totals because of rounding.

a. In addition, CBO estimates that implementing the Financial Services Committee's recommendations would cost $766 million over the 2012-2017 period, assuming appropriation of the necessary amounts. That estimate includes funding for the Bureau of Consumer Financial Protection, the Financial Stability Oversight Council, and for mapping and mitigation efforts under the National Flood Insurance Program.

b. The proposed language would raise premiums for certain subsidized flood insurance policies, increasing net income to the National Flood Insurance Program by $4.9 billion. However, because many policies would continue to be subsidized and the program would continue to face significant interest costs for borrowing over the past decade, CBO expects that additional receipts collected under this legislation would be spent to cover future program shortfalls, resulting in no net effect on the budget over the 2012-2022 period.

Table 2. Effects on Direct Spending and Revenues from Reconciliation Recommendations of the House Committee on Financial Services, as approved by the Committee on April 18, 2012, assuming enactment by July 1, 2012, as directed by the Chairman of the House Committee on the Budget

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
CHANGES IN DIRECT SPENDING ASSUMING ENACTMENT BY JULY 1, 2012 [a]													
Orderly Liquidation Authority													
Estimated Budget Authority	-585	-2,838	-3,046	-3,550	-3,270	-2,756	-2,990	-3,185	-3,375	-3,540	-3,705	-16,045	-32,840
Estimated Outlays	-585	-2,838	-3,046	-3,550	-3,270	-2,756	-2,990	-3,185	-3,375	-3,540	-3,705	-16,045	-32,840
Home Affordable Modification Program													
Estimated Budget Authority	0	-617	-687	-522	-427	-371	-209	-6	0	0	0	-2,624	-2,839
Estimated Outlays	0	-617	-687	-522	-427	-371	-209	-6	0	0	0	-2,624	-2,839
Bureau of Consumer Financial Protection													
Estimated Budget Authority	0	-448	-495	-509	-524	-539	-557	-575	-593	-611	-631	-2,515	-5,482
Estimated Outlays	0	-381	-488	-507	-522	-537	-554	-572	-590	-608	-628	-2,435	-5,387
National Flood Insurance Program													
Estimated Budget Authority	0	0	-60	-150	210	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	-60	-150	210	0	0	0	0	0	0	0	0
Office of Financial Research													
Estimated Budget Authority	0	-91	-93	-95	-97	-99	-101	-103	-105	-107	-108	-475	-999
Estimated Outlays	0	-74	-93	-95	-97	-99	-101	-103	-105	-107	-108	-458	-982
Total Changes													
Estimated Budget Authority	-585	-3,994	-4,381	-4,826	-4,108	-3,765	-3,857	-3,869	-4,073	-4,258	-4,444	-21,659	-42,160
Estimated Outlays	-585	-3,910	-4,374	-4,824	-4,106	-3,763	-3,854	-3,866	-4,070	-4,255	-4,441	-21,562	-42,048
CHANGES IN REVENUES ASSUMING ENACTMENT BY JULY 1, 2012													
Orderly Liquidation Authority	0	-35	-230	-455	-690	-940	-1,175	-1,390	-1,600	-1,785	-1,920	-2,350	-10,220
Office of Financial Research	-15	-67	-68	-69	-70	-71	-72	-73	-74	-75	-76	-360	-730
Total Changes	-15	-102	-298	-524	-760	-1,011	-1,247	-1,463	-1,674	-1,860	-1,996	-2,710	-10,950
NET DEFICIT REDUCTIONS (-) ASSUMING ENACTMENT OF DIRECT SPENDING AND REVENUE CHANGES BY JULY 1, 2012													
Net Effect on Deficit	-570	-3,808	-4,076	-4,300	-3,346	-2,752	-2,607	-2,403	-2,396	-2,395	-2,445	-18,852	-31,098
Memorandum:													
Change in Net Income to the National Flood Insurance Program [b]													
Estimated Budget Authority	0	0	60	150	265	405	580	775	830	890	945	880	4,900
Estimated Outlays	0	0	60	150	265	405	580	775	830	890	945	880	4,900

Note: Components may not sum to totals because of rounding.

a. In addition, CBO estimates that implementing the Financial Services Committee's recommendations would cost $766 million over the 2012-2017 period, assuming appropriation of the necessary amounts. That estimate includes funding for the Bureau of Consumer Financial Protection, the Financial Stability Oversight Council, and for mapping and mitigation efforts under the National Flood Insurance Program.

b. The proposed language would raise premiums for certain subsidized flood insurance policies, increasing net income to the National Flood Insurance Program by $4.9 billion. However, because many policies would continue to be subsidized and the program would continue to face significant interest costs for borrowing over the past decade, CBO expects that additional receipts collected under this legislation would be spent to cover future program shortfalls, resulting in no net effect on the budget over the 2012-2022 period.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes the recommendations will be enacted on or near October 1, 2012, as shown in Table 1. As directed by the Chairman of the House Committee on the Budget, CBO has also prepared a set of estimates based on the assumption that the recommendations are enacted by July 1, 2012. Those estimates are shown in Table 2.

Changes in Direct Spending and Revenues

Five provisions in the committee's recommendations would reduce direct spending by $40.9 billion over the over the 2012-2022 period, assuming enactment around October 1, 2012, and by $42.0 billion over that period, assuming enactment by July 1, 2012.

Orderly Liquidation Authority. Subtitle A would repeal the authority of the FDIC to liquidate large, systemically important financial companies (excluding insured depository institutions, which can be resolved using other authorities of the agency) that are in default or in danger of default.

Under current law, if a financial company is determined to be in default or in danger of default and if its liquidation under applicable federal and state bankruptcy laws would have a significant impact on the nation's financial stability, the FDIC may be appointed as receiver of the failing company. As receiver, the FDIC would liquidate the company in an orderly manner with the goal of minimizing both losses to the receivership and disruption to the financial system. Any losses incurred by the receivership, including administrative costs, would be recouped through proceeds from asset sales and assessments on large bank holding companies and other nonbank financial companies supervised by the Federal Reserve. All of these transactions would be recorded in the federal budget on a cash basis through the Orderly Liquidation Fund (OLF).

CBO's most recent baseline estimates for the cash flows of the OLF project net outlays of more than $30 billion to resolve failing companies and revenues from assessments of nearly $15 billion over the 2012-2022 period to begin the recovery of those costs; under current law, the remainder of the costs would be recovered after 2022. Those baseline projections reflect expected values of the estimated net costs of liquidating one or more financial companies and the subsequent assessments collected to begin to recoup those costs over that period. CBO expects that the probability that the federal government would have to liquidate a financial institution in any given year is relatively small;[1] however, the potential cash flows if the orderly liquidation authority is used would probably be large. As

1. CBO does not alter the probabilities used to calculate the expected values based on the current or expected future status of the financial system. Recognizing that certain economic and financial events are inherently unpredictable, those probabilities reflect CBO's best judgment on the basis of historical experience and do not vary from year to year.

such, actual outlays and revenues will probably vary significantly from the above estimates (in fact, in many years, it is likely that no spending or revenues will be recorded in the budget).

Because CBO assumes some small probability of a large financial event in every year of the projection period and because the majority of spending for an orderly liquidation would precede the recoupment of expenses, a snapshot of projected cash flows in any given 10-year period will reflect net *increases* in the federal deficit under current law. For that reason, the proposed repeal of the orderly liquidation authority would result in *decreases* in the deficit, on a cash basis, over the same period. (As noted above, the recoupment of expenses will ultimately equal the expenses, but not within the 10-year period.)

In addition, any assessments levied under current law to offset costs of the OLF will become additional business expenses for the large financial companies required to pay them. Those additional expenses would result in decreases in taxable income elsewhere in the economy, which would produce a loss of government revenue from payroll and income taxes (estimated to vary between 24 percent and 30 percent of the additional expenses during the 2013-2022 period[2]). By eliminating the orderly liquidation authority (and thus, any assessments that would be collected), expected taxable incomes of large financial companies would increase, resulting in additional revenues from payroll and income taxes. (CBO's estimates do not incorporate any effects of the elimination of the orderly liquidation authority on the probability of a financial crisis or economic slump—both because the agency is unable to assess those effects, and because standard estimating conventions for legislation hold aggregate economic conditions unchanged.)

Assuming enactment around October 1, 2012, CBO estimates that eliminating the FDIC's orderly liquidation authority would result in a net decrease in the federal deficit of $22.5 billion over the 2012-2022 period (or $22.6 billion if enacted by July 1, 2012).

Home Affordable Modification Program. Subtitle B of the committee's recommendations would terminate the Department of Treasury's Home Affordable Modification Program (HAMP) that aims to help homeowners facing the possibility of foreclosure by subsidizing loan modifications as well as other foreclosure alternatives.

HAMP funds are used to cover costs incurred to modify mortgages that are not owned or guaranteed by the government-sponsored enterprises (GSEs) Fannie Mae or Freddie Mac. Generally, the program provides incentive payments to mortgage servicers, investors, and eligible homeowners to either reduce a homeowner's mortgage payment to 31 percent of their monthly income or to sell their house outside of foreclosure. Through February 29, 2012, approximately 974,000 mortgages have been modified through HAMP. Servicers

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2. Percentages used to estimate income and payroll tax offsets can be found at: Joint Committee on Taxation, *The Income and Payroll Tax Offset to Changes in Excise Tax Revenues for 2012-2022* (JCX-23-12), March 6, 2012.

and borrowers currently have until December 31, 2013, to modify mortgages through the program.

CBO estimates that the committee's recommendation would prevent the Treasury from making payments for approximately 150,000 new modifications of non-GSE mortgages assuming an October 1, 2012, effective date. (The cost of modifications entered into prior to enactment would continue to be paid by the Treasury.) Based on data provided by the Office of the Special Inspector General for the Troubled Asset Relief Program, CBO estimates that such modifications cost about $15,000 on average. As a result, CBO estimates that the provisions would reduce direct spending by $2.3 billion over the 2012-2022 period, assuming an October 1, 2012, effective date (or $2.8 billion assuming enactment by July 1, 2012).

National Flood Insurance Program. Subtitle D would authorize the NFIP to enter into and renew flood insurance policies through fiscal year 2016. The committee's recommendations also would make a number of changes that would affect the financial status of the program, including: increasing premiums for some subsidized policyholders, offering temporary discounted premiums for properties that are newly mapped into a flood plain, and requiring the capitalization of a reserve fund for use during higher-than-average loss years.

The changes made by the bill would improve the financial condition of the NFIP and reduce its need to borrow from the Treasury—a source of direct spending—by a total of $210 million in 2014 and 2015, CBO estimates. Because the NFIP would continue to operate with insurance premiums that are not sufficient, in the aggregate, to cover all expected costs after the committee's recommendations were enacted, CBO estimates that reduced borrowing in 2014 and 2015 would be offset by increased borrowing in 2016 (when we expect the program would exhaust its remaining borrowing authority under this proposal), resulting in no net effect on direct spending over the next 10 years.

Section 507(b) of H. Con. Res. 112 requires that CBO estimate the change in net income to the NFIP if the committee's recommendations were enacted. CBO estimates that the proposed changes in subtitle D would increase net income to the NFIP by $4.9 billion over the 2012-2022 period (as shown in the memorandum to tables 1 and 2), mostly because of increases in premiums for subsidized policyholders (some of which would be retained by private insurers which sell the insurance policies). Increased premiums to the program would not result in a net reduction in CBO's estimate of the deficit, however, because we expect that this additional income would be used to fulfill obligations to policyholders that would otherwise be delayed, resulting in no net impact on direct spending over the five- and ten-year projection periods.

Bureau of Consumer Financial Protection. The Dodd-Frank Wall Street Reform and Consumer Financial Protection Act established the Bureau of Consumer Financial

Protection (CFPB) to enforce certain federal laws. The annual operating costs of the CFPB, an autonomous agency within the Federal Reserve, are paid through transfers from the earnings of the Federal Reserve and are recorded as expenditures in the federal budget. Subtitle C would change that funding mechanism by terminating the transfers from the Federal Reserve and authorizing the appropriation of $200 million for each of fiscal years 2012 and 2013 for the agency's operations. CBO estimates that the CFPB will spend $310 million in fiscal year 2012, and that outlays will average about $545 million per year over the 2013-2022 period.

CBO estimates that enacting this change to the method of funding the agency would reduce direct spending by $5.4 billion over the 2012-2022 period, assuming enactment at any point between July 1, 2012, and October 1, 2012.

Office of Financial Research. Subtitle E would eliminate the Office of Financial Research (OFR), which was established to support the Financial Stability Oversight Council (FSOC) by collecting information on financial markets and providing independent research on financial stability issues.

Under current law, the OFR is authorized to collect fees to offset its expenses, which also include the operating costs of the FSOC and certain costs incurred by the FDIC to implement the orderly liquidation authority. Those fees are recorded in the budget as revenues. Subtitle E would terminate the authority to collect those fees as well as spending for all of the activities associated with the OFR. Based on information from the OFR, CBO estimates that spending by the OFR will average about $100 million per year over the 2013-2022 period, and that fee collections will average about $72 million per year over the same period, net of effects on payroll and income taxes.

Thus, enacting this provision would reduce budget deficits by $255 million over the 2012-2022 period if enacted around October 1, 2012 (or $252 million if enacted by July 1, 2012), CBO estimates.

Spending Subject to Appropriation

CBO estimates that implementing the committee recommendations would have a discretionary cost of $766 million over the 2013-2017 period, assuming appropriation of the necessary amounts, to fund activities of the CFPB and the FSOC, as well as mapping and mitigation efforts under the NFIP.

Bureau of Consumer Financial Protection. Subtitle C would change the method for funding the CFPB. Under current law, the bureau's operating costs are covered by amounts transferred from the earnings of the Federal Reserve; the recommendation would terminate those transfers and authorize the appropriation of $200 million each year for 2012 and 2013.

Based on information from the CFPB as well as historical spending patterns, CBO estimates that $325 million, an amount similar to what CBO estimates the agency will spend in 2012, would be sufficient for the CFPB to execute its statutory oversight and enforcement activities in 2013. CBO believes that the agency could not continue its mission with an appropriation of only $200 million in 2013, because the committee recommendations would not diminish the agency's responsibilities. Therefore, CBO estimates that implementing subtitle C would cost $325 million over the 2013-2017 period, assuming appropriation of the necessary amounts for 2013 and assuming enactment anytime between July 1, 2012, and October 1, 2012.

Financial Stability Oversight Council. Under current law, the activities of the FSOC are funded through the Office of Financial Research, which, as noted earlier, would be eliminated under subtitle E. Based on information from the OFR, CBO estimates that continuing the activities of the FSOC would cost about $10 million per year. Therefore, implementing subtitle E would cost $49 million over the 2013-2017 period, assuming appropriation of the necessary amounts and assuming enactment anytime between July 1, 2012, and October 1, 2012.

Flood Mapping and Mitigation Programs. The committee recommendations would direct FEMA to implement new standards for flood insurance rate maps. The agency would have 10 years to incorporate the new standards, subject to the availability of appropriated funds. Based on the costs of FEMA's current map modernization program and the estimated costs of new updates, CBO estimates that implementing this provision would cost $254 million over the next five years.

Subtitle D also would authorize the appropriation of $40 million a year above amounts already authorized in current law for grants to mitigate future flood damages. Such amounts would come from the National Flood Insurance Fund, but would be subject to future appropriation actions. Based on historical expenditure patterns of FEMA's flood mitigation programs, CBO estimates that implementing this provision would cost $138 million over the next five years.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The legislation would impose intergovernmental and private-sector mandates, as defined in UMRA, on public and private mortgage lenders. Because the mandates would require only small changes in existing industry practice, CBO expects that the cost to comply with the mandates would be small relative to the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($73 million and $146 million in 2012, respectively, adjusted annually for inflation).

Flood Insurance

Current law prohibits lenders from making loans for real estate in areas at high risk for flood damage unless the property is covered by flood insurance. This bill would require lenders to accept flood insurance from a private company if the policy fulfills all federal requirements for flood insurance. Under current law, lenders also are required to purchase flood insurance on behalf of the homeowner if, at any time during the life of a loan, they determine that a homeowner does not have a current policy in place. The bill would require lenders to terminate those policies within 30 days of being notified that the homeowner has purchased another policy. Lenders also would have to refund any premium payments and fees made by the homeowner for the time when both policies were in effect. Based on information from industry sources and on current industry practice, CBO estimates that the cost to public and private mortgage lenders of complying with those mandates would be small.

Disclosure Requirements

Current law requires mortgage lenders that make federally related mortgages (as defined in 12 U.S.C. 2602) to provide a good-faith estimate of the amount or range of charges the borrower is likely to incur for specific settlement services. The bill would require those lenders to include specific information about the availability of flood insurance in each good-faith estimate. The mandate would require small changes in existing disclosure requirements. Consequently, CBO estimates that the cost of the mandate to public and private mortgage lenders would be small.

Other Impacts

State, local, and tribal governments would benefit if funds authorized to be appropriated for mitigation and outreach activities related to flood hazards were made available. Any costs to those governments, including matching funds, would be incurred voluntarily.

PREVIOUS CBO ESTIMATES

On March 11, 2011, CBO transmitted a cost estimate for H.R. 839, the HAMP Termination Act of 2011, as ordered reported by the House Committee on Financial Services on March 9, 2011. Differences in the estimated costs of subtitle B and H.R. 839 reflect differences in effective dates and administrative changes that have been made to the HAMP programs.

On June 8, 2011, CBO transmitted a cost estimate for H.R. 1309, the Flood Insurance Reform Modernization Act, as ordered reported by the House Committee on Financial Services on May 13, 2011. Differences in the estimates costs of subtitle D and H.R. 1309 reflect differences in the effective dates as well as the requirement that the NFIP establish a reserve fund, which was included in the recommendation, but not in the committee-reported version of H.R. 1309.

ESTIMATE PREPARED BY:

Federal Costs:
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