



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 19, 2018

### **H.R. 1153** **Mortgage Choice Act of 2017**

*As ordered reported by the House Committee on Financial Services  
on November 14, 2017*

Under current law, a “qualified mortgage” has certain characteristics that make it more affordable. Borrowers who are eligible for such loans are presumed to be able to repay amounts owed, and lenders are provided certain legal protections when issuing such mortgages. To meet the qualified-mortgage definition, certain costs that are incidental to the loan and that are paid by the borrower—for example, title insurance fees, guarantee fees, and service charges—cannot exceed 3 percent of the total loan amount. Lenders offering “high-cost mortgages” (home mortgages with interest rates and fees that exceed certain thresholds) must make certain additional disclosures to borrowers and must comply with restrictions on the terms of such loans.

H.R. 1153 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 determining whether a loan is a qualified mortgage or a high-cost mortgage.

Using information from the Consumer Financial Protection Bureau, CBO estimates that enacting H.R. 1153 would increase direct spending by less than \$500,000 for the agency to update its guidance documents. Because H.R. 1153 would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 1153 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1153 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.