CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 12, 2018

H.R. 2948

A bill to amend the S.A.F.E. Mortgage Licensing Act of 2008 to provide a temporary license for loan originators transitioning between employers, and for other purposes

As ordered reported by the House Committee on Financial Services on December 13, 2017

The Nationwide Mortgage Licensing System (NMLS) was established by a consortium of states in response to requirements of the Housing and Economic Recovery Act of 2008 that mandated the creation of such a system. The purpose of the NMLS is to track people who provide mortgages—across state lines and through changes in employment—to ensure that they meet certain qualifications and cannot evade pending regulatory action by moving to a new state or changing employers.

H.R. 2948 would provide temporary authority for licensed mortgage originators to work in a new state or under a new employer—if the employer is a state-licensed mortgage company—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 the new temporary status.

Using information from the Consumer Financial Protection Bureau (CFPB), CBO estimates that rulemaking to implement the registration requirements would cost $1 million. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve to fund its operations. Because that funding is not subject to appropriation, the CFPB's expenditures are recorded in the budget as direct spending.

Using information from the Department of Housing and Urban Development and the NMLS, CBO estimates that enacting H.R. 2948 would have no significant net effect on the collection of licensing fees (which are considered revenues) or on the NMLS's subsequent spending of those fees for its operations. Any change in the timing of when fees are collected would be insignificant.

Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 2948 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2948 contains no private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

H.R. 2948 would impose an intergovernmental mandate as defined in 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 ($78 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Rachel Austin (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.