CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 8, 2018

H.R. 3221
Securing Access to Affordable Mortgages Act

As ordered reported by the House Committee on Financial Services on November 15, 2017

H.R. 3221 would eliminate the requirement that lenders making higher-risk mortgages obtain a written appraisal of the property securing the mortgage if the original loan amount is less than $250,000 and if the lender holds the mortgage in its portfolio for at least three years. Among other characteristics, higher-risk mortgages have interest rates that are 1.5 percent or more above the prime rate. The bill also would exempt certain participants in a real estate transaction from paying civil penalties for failing to notify the appropriate state licensing agency if a real estate appraiser fails to comply with universal standards for appraisal practices.

Using information from the Consumer Financial Protection Bureau (CFPB), CBO estimates that enacting H.R. 3221 would increase net direct spending by about $1 million over the 2019-2027 period. Those costs would be for the CFPB and other financial regulatory agencies (the Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration) to amend regulations to reflect the new appraisal requirements. The Federal Reserve System also would incur costs of less than $500,000 for the same purpose. Those costs would be reflected as a decrease in remittances, which are recorded as revenues in the budget.

H.R. 3221 also would reduce civil penalties (which are recorded in the budget as revenues) by exempting participants in real estate transactions—including mortgage lenders or brokers, mortgage bankers, and real estate brokers—from penalties that would be assessed for violating certain federal requirements. CBO estimates that enacting this provision would not have a significant effect on revenues.

Because H.R. 3221 would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3221 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3221 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). If the federal financial regulators increase fees to offset the costs associated with implementing the bill, H.R. 3221 would increase the cost of an existing mandate on private entities required to pay those fees. Using information from the federal financial regulators, CBO estimates that the incremental cost of the mandate would fall well below the annual threshold for private-sector mandates established in UMRA ($156 million in 2017, adjusted annually for inflation).

The bill contains no intergovernmental mandates as defined in UMRA.

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.