CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 30, 2017

H.R. 3971
Community Institution Mortgage Relief Act of 2017

As ordered reported by the House Committee on Financial Services on October 12, 2017

Under current law, most mortgage lenders must establish escrow accounts to pay property taxes and certain insurance premiums for properties that secure "high-priced mortgages"—those that have interest rates exceeding certain thresholds. H.R. 3971 would amend the Truth in Lending Act to exempt a lender from the requirement to hold those escrow funds if that lender has consolidated assets of $25 billion or less and if it holds the mortgage on its balance sheet for three years from the date of origination. H.R. 3971 also would direct the Bureau of Consumer Financial Protection (CFPB) to exempt mortgage servicers from certain requirements related to, among other things, administering escrow accounts if they service 30,000 or fewer mortgage loans annually.

Using information from CFPB, CBO estimates that enacting H.R. 3971 would increase direct spending by less than $500,000 for CFPB to update its guidance documents. Because the bill affects direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 3971 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3971 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.