

### H.R. 3564, Middle Class Borrower Protection Act of 2023

As reported by the House Committee on Financial Services on June 7, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	1,800	1,800
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	1,800	1,800
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
		<b>Mandate Effects</b>	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 3564 would repeal the structure of upfront fees related to mortgages that was instituted by the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, on May 1, 2023, and reinstate the fee structure that was in place prior to that date. Upfront fees are charged to a borrower when the mortgage is originated and are based on the loan amount. The previous fee structure would be in place until the Government Accountability Office (GAO) completes an assessment of the current upfront fees, at which point, the Federal Housing Finance Agency (FHFA) could propose a new fee structure. As part of that process, the bill would require:

- The FHFA to observe federal procedures for issuing new rules, and
- That any future modifications to upfront fees be based on the risk posed by the mortgage to the GSEs.

CBO expects that it would take GAO a little more than a year to complete its assessment and another year for the FHFA to implement any changes. Thus, under H.R. 3564 any updated fee structure would take effect around the beginning of 2026. Using information from the FHFA and CBO’s projections of GSE mortgage volume, CBO estimates that enacting the bill would increase direct spending by \$900 million in 2024 and 2025. That increase in

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spending would occur because the amount of fees paid under the fee structure that was in place before May 1, 2023, would be less than under the existing structure. Beginning in 2026, CBO expects the FHFA's updated fee structure would be broadly consistent with our current baseline projections. The actual fees could be higher or lower than those projections.

In addition, based on the cost of similar studies, CBO estimates that the cost of GAO's study would be less than \$500,000. Any spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Zunara Naeem. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel'.

Phillip L. Swagel  
Director, Congressional Budget Office