

THANK YOU FOR JOINING TODAY'S EVENT:

Inside The Beltway: 2024 Elections & Impact On Housing.

Steve and Isaac will share their unique insights on the Presidential and Congressional races to watch in November, as well as what the legislative and regulatory “hot topics” will be in the coming year.

Isaac Boltansky

MANAGING DIRECTOR AND DIRECTOR
OF POLICY RESEARCH, BTIG

Isaac is responsible for Washington policy analysis and forecasting how potential policy shifts could impact investors, corporations and other market participants. He focuses particularly on financial services, housing policy, digital assets, cannabis policy, tax legislation and Congress. Isaac's prior roles include Director of Policy Research at Compass Point Research and Trading, Research Analyst on the Troubled Asset Relief Program (TARP) and Research Analyst at EJP Capital.



Steve Sorge

Vice President, Public Policy,
Essent Guaranty, Inc.

Steve is responsible for public policy and industry relations at Essent. He has more than 27 years of industry experience, including managing counterparty relations and various risk management roles in the home loan business.



Agenda

- I. The White House
- II. The House & Senate
- III. Key Policy Considerations for 2025



White House

Two Most Recent Presidential Elections

It Will Be Very Close...



White House: Seven States to Decide It All

Electoral College Voting Ratings by Cook Political Report as of October 2024

Solid D		Likely D		Lean D		Toss Up		Lean R		Likely R		Solid R			
California	54	Maine-AL	2	Nebraska-02	1	Arizona	11	Florida	30	Alabama	9	Alaska	3		
Colorado	10	New Mexico	5			Georgia	16	Maine-02	1	Arkansas	6	Idaho	4		
Connecticut	7	Virginia	13			Michigan	15	Texas	40	Indiana	11	Iowa	6		
Delaware	3	Minnesota	10			Nevada	6			Kansas	6	Kentucky	8		
D.C	3	New Hampshire	4			North Carolina	16			Louisiana	8	Mississippi	6		
Hawaii	4					Pennsylvania	19			Missouri	10	Montana	4		
Illinois	19					Wisconsin	10			Nebraska-AL	2	Nebraska-01	1		
Maine-01	1									Nebraska-03	1	North Dakota	3		
Maryland	10									Ohio	17	Oklahoma	7		
Massachusetts	11									South Carolina	9	South Dakota	3		
New Jersey	14									Tennessee	11	Utah	6		
New York	28									West Virginia	4	Wyoming	3		
Oregon	8														
Rhode Island	4														
Vermont	3														
Washington	12														
191		34		1		93		0		71		148			
Votes		Likely D		Lean D		Toss Up		Lean R		Likely R		Solid R			
225 Solid Dem Electoral Votes												219 Solid GOP Electoral Votes			

Swing State	6/27/2024*	8/30/2024	9/26/2024	10/4/2024	10/10/2024
Arizona	Trump +3.5	Harris +0.1	Trump +0.8	Trump +1.3	Trump +1.5
Georgia	Trump +5.3	Harris +0.3	Trump +0.9	Trump +1.3	Trump +0.8
Michigan	Trump +0.3	Harris +2.3	Harris +2.8	Harris +1.6	Harris +0.9
Nevada	Trump +2.7	Harris +0.8	Harris +1.1	Harris +1.0	Harris +0.8
North Carolina	Trump +6.0	Trump +0.5	Trump +0.2	Trump +0.8	Trump +0.9
Pennsylvania	Trump +0.8	Harris +1.2	Harris +1.7	Harris +0.6	Harris +0.6
Wisconsin	Biden +0.2	Harris +3.3	Harris +2.3	Harris +1.6	Harris +0.6
Average	Trump +2.6	Harris +1.5	Harris +0.9	Harris +0.2	Trump +0.4





A candidate must secure at least 270 electoral votes (EVs) to win the White House. As it stands today, the Democrats have 225 safe EVs and the Trump campaign has 219 safe EVs.

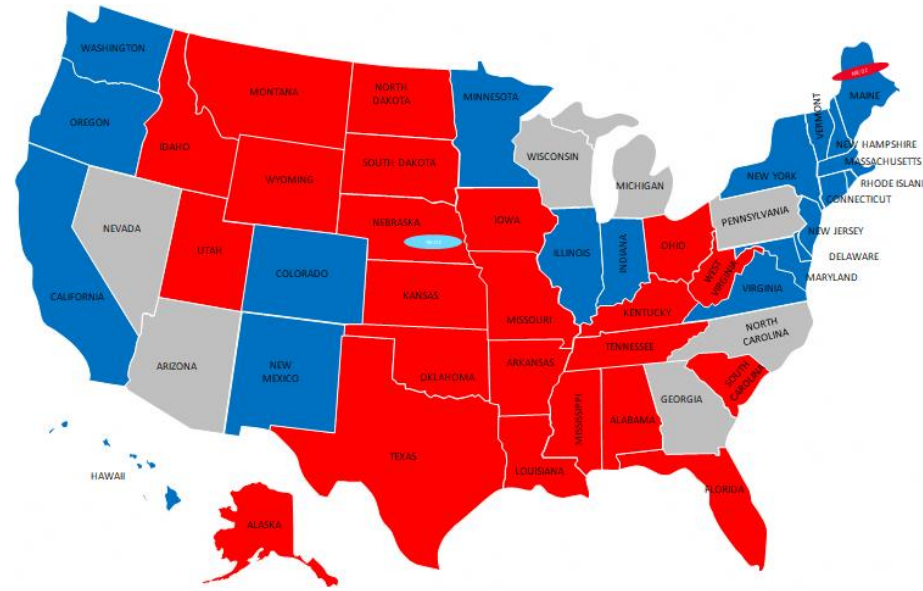
Source: Cook Political Report, BTIG. *This was the date of the Biden v. Trump debate, the other columns reflect Harris v. Trump

White House: Sunbelt vs. Great Lake Swing States



Sunbelt (49 EVs)

- 
Arizona
 - Trump +1.5
 - 11 EVs
- 
Nevada
 - +0.8
 - 6 EVs
- 
Georgia
 - Trump +0.8
 - 16 EVs
- 
North Carolina
 - Trump +0.9
 - 16 EVs



Great Lakes (44 EVs)

- 
Pennsylvania
 - Harris +0.6
 - 19 EVs
- 
Michigan
 - Harris 0.9
 - 15 EVs
- 
Wisconsin
 - Harris +0.6
 - 10 EVs

- Sunbelt vs. Great Lakes.** A useful framing device for this election is looking at the 7 swing states through the lens of Sunbelt vs. Great Lakes. Trump had a 4-to-5-point lead in the Sunbelt swing states of AZ, NV, NC, and GA before Biden dropped out, but that lead has narrowed considerably since Harris entered the race. Harris leads in the Great Lake swing states of PA, MI, and WI, but all of these races are well within the margin of error.
- Finding A Path to 270.** A candidate must secure at least 270 electoral votes (EVs) to win the White House. As it stands today, Democrats have 225 safe EVs and the Trump campaign has 219 safe EVs.

Source: Cook Political Report, 538 (9/24/24), BTIG

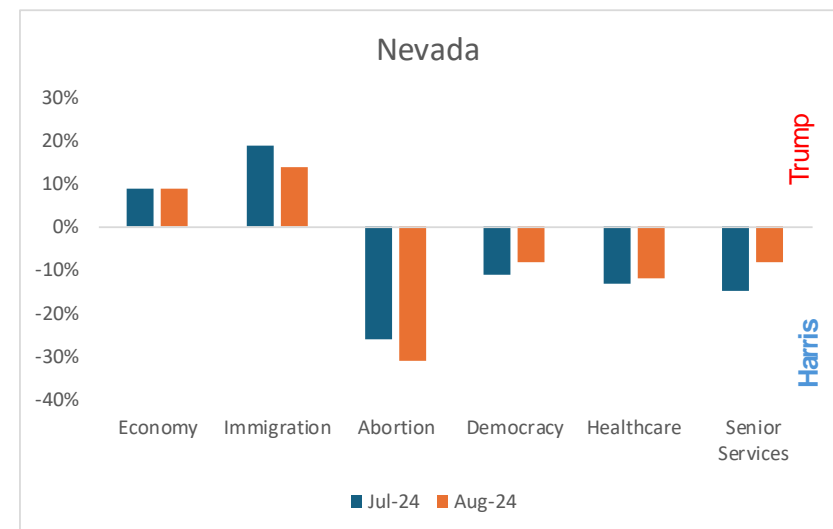
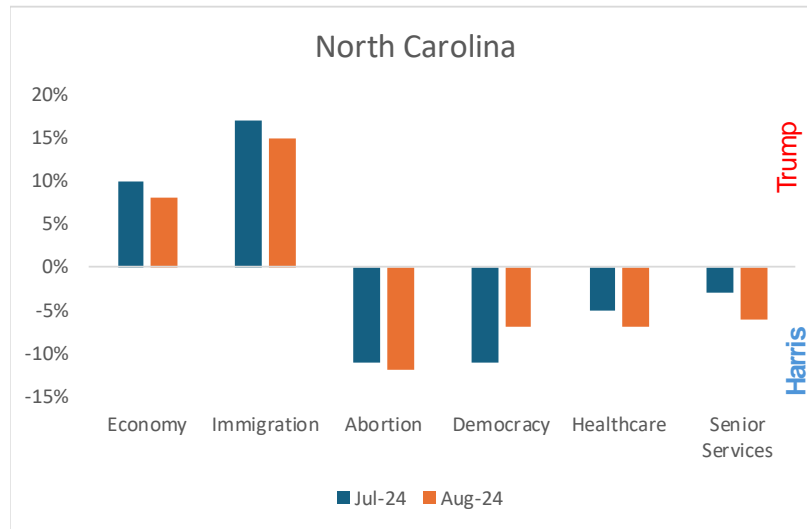
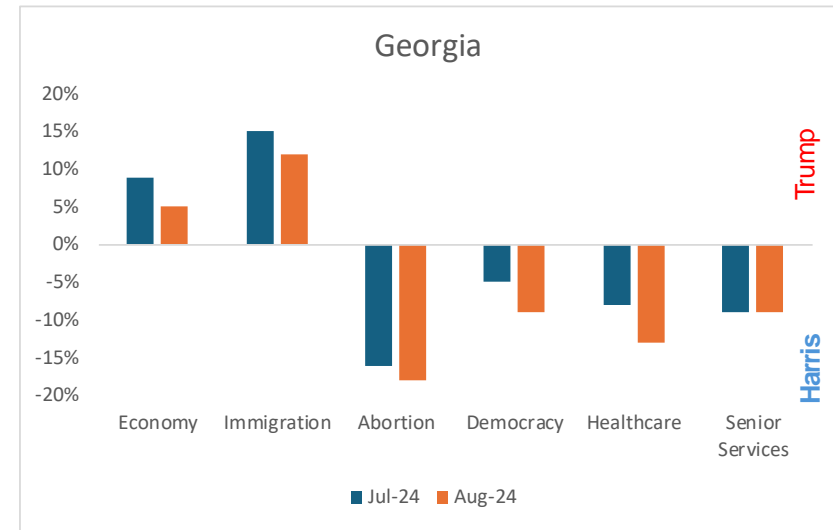
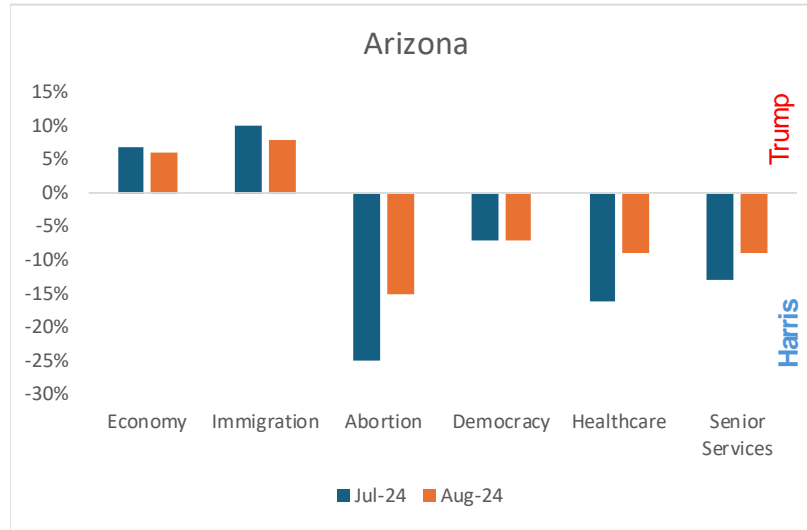
White House: What Do Swing Voters Care About?

What is the single most important issue when deciding how to vote in the presidential election?

	Economy	Immigration	Abortion	Democracy	Healthcare	Senior Services
Arizona (AZ)	33%	20%	14%	10%	3%	6%
Georgia (GA)	43%	10%	7%	12%	4%	6%
Michigan (MI)	39%	13%	7%	11%	5%	8%
North Carolina (NC)	36%	15%	10%	13%	3%	7%
Nevada (NV)	30%	19%	11%	10%	4%	6%
Pennsylvania (PA)	37%	13%	12%	12%	6%	6%
Wisconsin (WI)	37%	11%	9%	14%	6%	6%
Leader Average	Trump +6	Trump +12	Harris +22	Harris +9	Harris +13	Harris +10

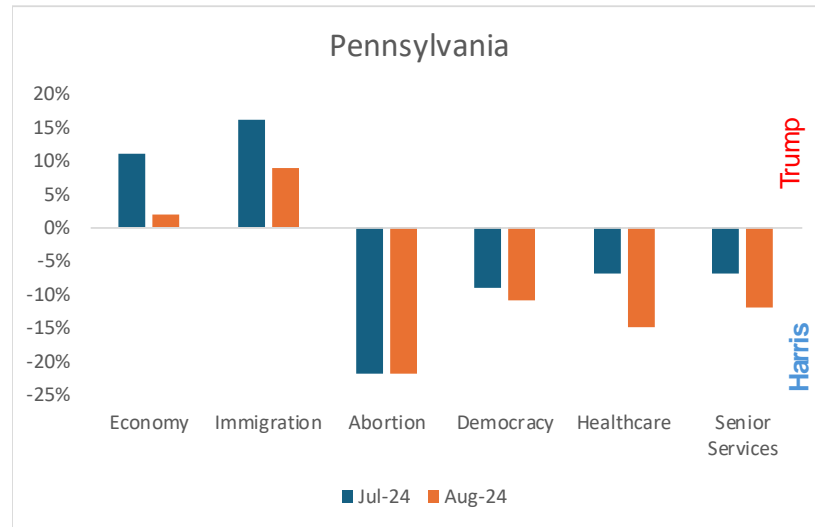
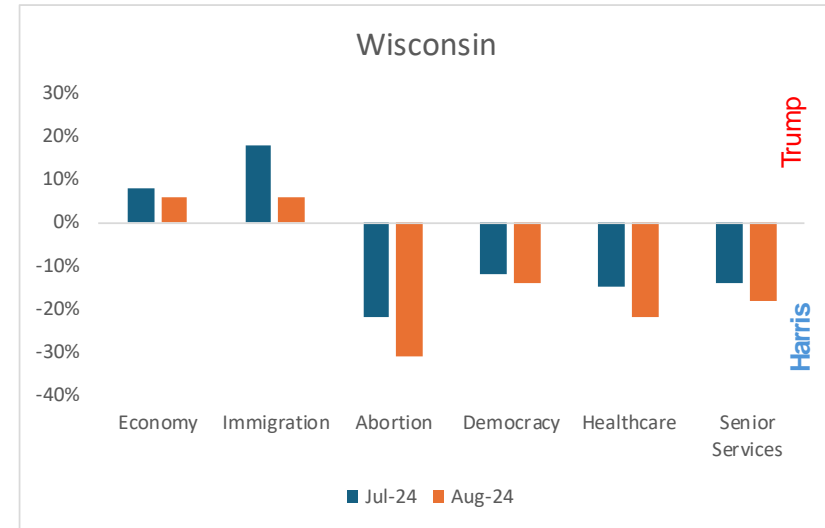
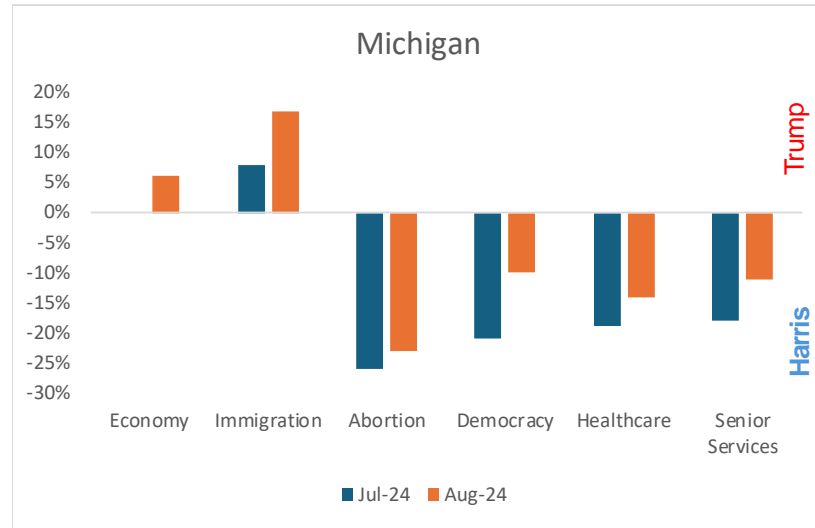
Source: Morning Consult/Bloomberg (September 2024), BTIG

White House: Swing State Polling Insight



Source: Morning Consult/Bloomberg (August 2024), BTIG

White House: Swing State Polling Insight, Continued



Source: Morning Consult/Bloomberg (August 2024), BTIG

Election Outcome Impacts

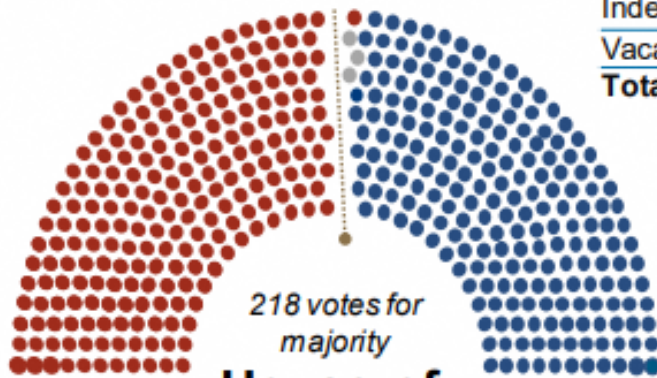
Agency & Current Leadership	Harris Administration Expectations	Trump Administration Expectations
<p>Consumer Finance Protection Bureau (CFPB)</p> <ul style="list-style-type: none"> • Director Rohit Chopra • Serves at the pleasure of the President 	<ul style="list-style-type: none"> • Chopra’s term would end in September 2026 • He would continue to oversee an aggressive enforcement and policy agenda • Rulemaking focus would be on big bank overdraft, ending consideration of medical debt in underwriting, mortgage servicing and mortgage closing costs 	<ul style="list-style-type: none"> • Chopra would be removed Day 1, shifting the Bureau’s supervisory/enforcement agenda • Most items on the Biden/Harris agenda would be stalled • Reducing more closing costs could still move forward due to support of some populist Republicans
<p>Federal Housing Finance Agency (FHFA)</p> <ul style="list-style-type: none"> • Director Sandra Thompson • Serves at the pleasure of the President 	<ul style="list-style-type: none"> • Thompson’s term would end in May 2027 • Thompson’s focus on equitable housing and FHLB Reform would continue • FHFA is expected to release a proposed rule on GSE Pricing later this year. 	<ul style="list-style-type: none"> • We would expect Thompson to be removed quickly. • Trump appointed FHFA Director would like move to narrow the GSE footprint including ending recent pilots (2nd Liens and Title) and changes to Pricing on Investor and Jumbo Conforming • Potential restart the effort to end GSEs conservatorship



House & Senate

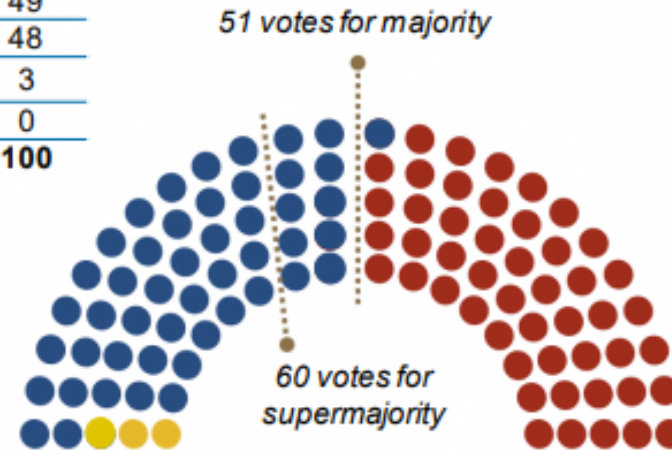
Congress: House & Senate Level-Setting

Party	House	Senate
Republican	219	49
Democrat	213	48
Independents	0	3
Vacancies	3	0
Total Seats	435	100



House of Representatives

- All 435 House members stand for election every two years
- 218 votes yields a majority and full control of floor activity
- All taxing and spending measures must originate here



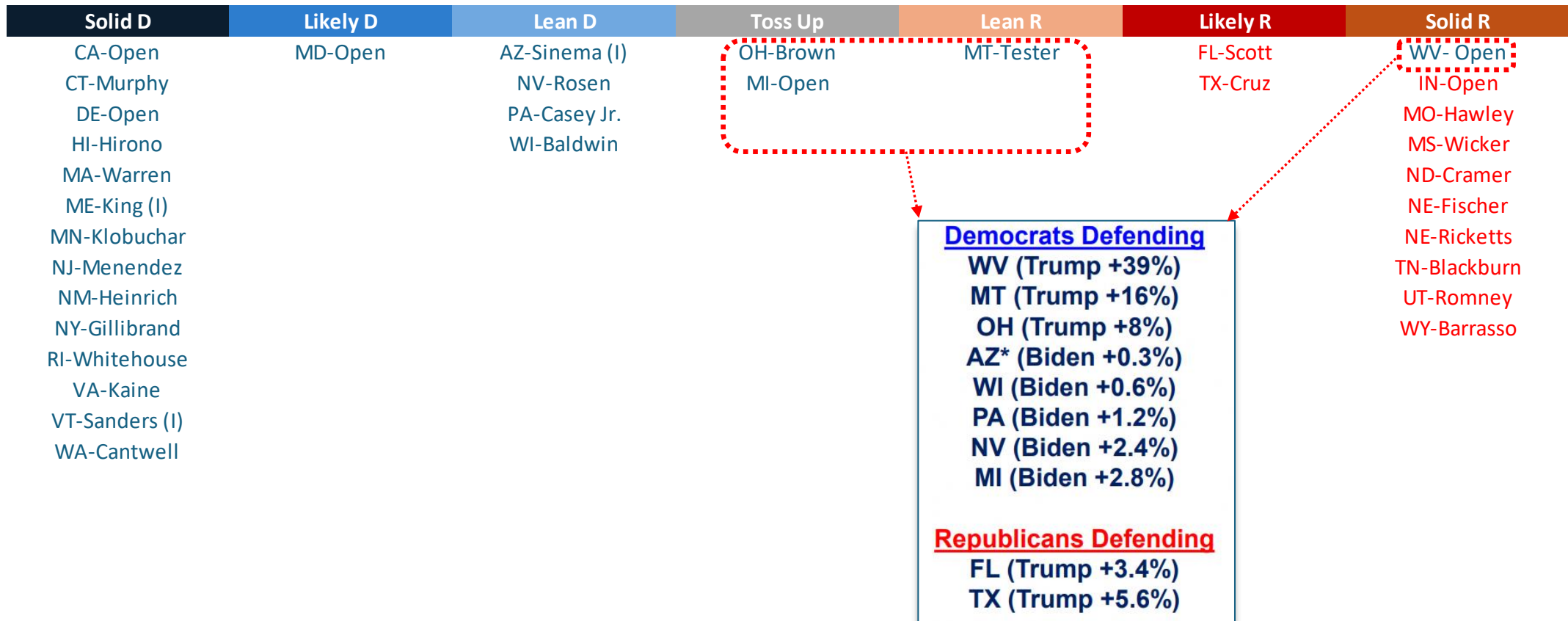
Senate

- 1/3 of Senate up for reelection every 2 years
- VP's vote yields organizational control of 50-50 chamber
- Under current rules, need 60 votes to move most legislation

Source: Bracewell, BTIG

Congress: Republicans Well-Positioned for Senate Races

Senate Electoral Landscape for 2024 Cycle



Source: Cook Political Report, Mehman Consulting, BTIG. * Based on current ratings rather than forecasted outcomes; We count the 3 independents who caucus with the D's in the 48.

Congress: History Positive for GOP, but Dems Expected to Gain

House Control During Presidential Election Years

Year	Control Before	Control After	Outcome
2020	Democrat	Democrat	HOLD
2016	Republican	Republican	HOLD
2012	Republican	Republican	HOLD
2008	Democrat	Democrat	HOLD
2004	Republican	Republican	HOLD
2000	Republican	Republican	HOLD
1996	Republican	Republican	HOLD
1992	Democrat	Democrat	HOLD
1988	Democrat	Democrat	HOLD
1984	Democrat	Democrat	HOLD
1980	Democrat	Democrat	HOLD
1976	Democrat	Democrat	HOLD
1972	Democrat	Democrat	HOLD
1968	Democrat	Democrat	HOLD
1964	Democrat	Democrat	HOLD
1960	Democrat	Democrat	HOLD
1956	Democrat	Democrat	HOLD
1952	Democrat	Republican	FLIP
1948	Republican	Democrat	FLIP

Source: Cook Political Report, Fair Vote, Mehlman Consulting, BTIG

- History Tells A Positive Story for the GOP.** The majority party held the House in every presidential year since 1952.
- 2022 Election Shows the Low Number of Swing Seats.** Out of the 435 U.S. House elections in 2022, five out of every six races were decided by more than 10 percentage points. The average margin of victory for winners in contested elections was 28 percentage points. And that's not counting the 32 seats (one out of every 13) that went uncontested by one of the major parties, compared to 27 uncontested seats in 2020.
- Competition Continues to Decline.** Competition has been steadily decreasing since 2018 – in 2022, only 36 races were true toss-ups (a final margin within 5%), compared to 44 in 2018. The number of "competitive" races (final margin between 5% and 10%) has fallen from 45 to 35. Even the number of races where the final margin was between 10% and 20% fell significantly, from 81 to 73. Meanwhile, the number of landslides and completely uncontested races has jumped from 265 to 291.

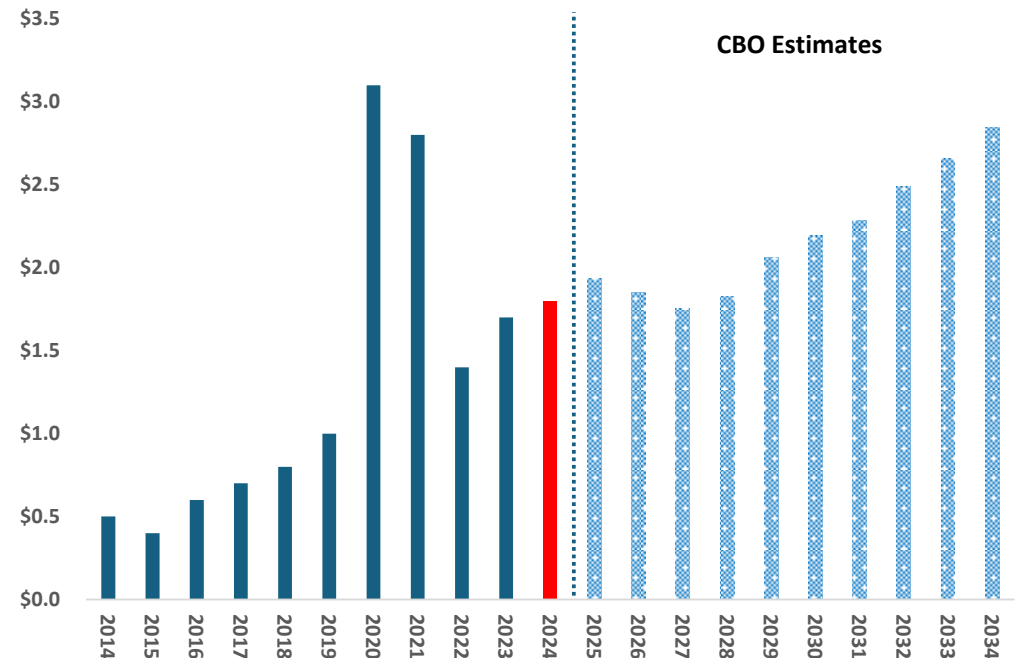


Key Policy Considerations for 2025

What Are the Macro Policy Events Over the Next Year?

- **Lame Duck Session.** Lawmakers will have a considerable amount of work to complete in the post-election period known as the Lame Duck Session. In particular, we will be tracking what could be attached to the NDAA (e.g., CCCA, trigger lead bill).
- **Fiscal Fights Begin.** No matter who wins the upcoming election, 2025 will be defined by fiscal fights. The debt ceiling will drive headlines in 1H24, but it is the expiration of ~\$4.6T in Trump-era tax cuts at the end of 2025 that will define the upcoming fight.
- **Debt Ceiling Deadline.** The debt ceiling technically comes back into effect on 1/1/25, but with extraordinary measures the effective deadline could be punted to the summer. For illustrative purposes, the Treasury Department has estimated that it will have \$700B in its TGA at year-end and previous episodes suggest there will be an additional ~\$300B from extraordinary measures. Therefore, in the simplest terms, the Treasury Department will have ~\$1T in cash to fund \$2T in annual deficit spending, suggesting that the true deadline will be in mid-2025.

U.S. Federal Deficit (\$T)



Source: Federal Reserve, CBO, Library of Congress, Bloomberg, Politico, BTIG Research. * FOMC Meeting w/ Summary of Economic Forecasts

Housing & Mortgage Policy Issues in 2025

- Affordability: What can DC actually do to help mortgage affordability (a bipartisan issue)?
- Housing Finance Reform: Will Congress engage?
- FHFA Modern Credit Score Project: Will this project move forward based on complexity and potential lender impacts
- FHA Health: High FHA Delinquencies vs FHA Actuarial Study.
- CFPB: Changes to Servicing Standards (Reg X) and RFI on Closing Costs
- Regulation Stability: How will the end of the Chevron Doctrine impact rulemaking?



Questions?



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