

©2021 Essent Guaranty, Inc. All Rights Reserved.

This presentation and its content are the property of Essent Guaranty, Inc. (“Essent”). Any reproduction or sale of this presentation, in whole or in part, without Essent’s prior written approval is strictly prohibited. Essent provides no warranty, express or implied, with respect to the accuracy of the information or the inferences drawn by Essent in this presentation, Essent has no obligation to update this presentation, and Essent shall not be liable for any damages or for the results obtained from the use of the content of this presentation. This presentation is not intended to be and should not be relied upon as legal advice.



INSIDE THE BELTWAY

**LEGISLATIVE & REGULATORY
OUTLOOK FOR THE HOUSING
AND MORTGAGE MARKETS**



Steve Sorge, Vice President, Corporate Development

March, 2021

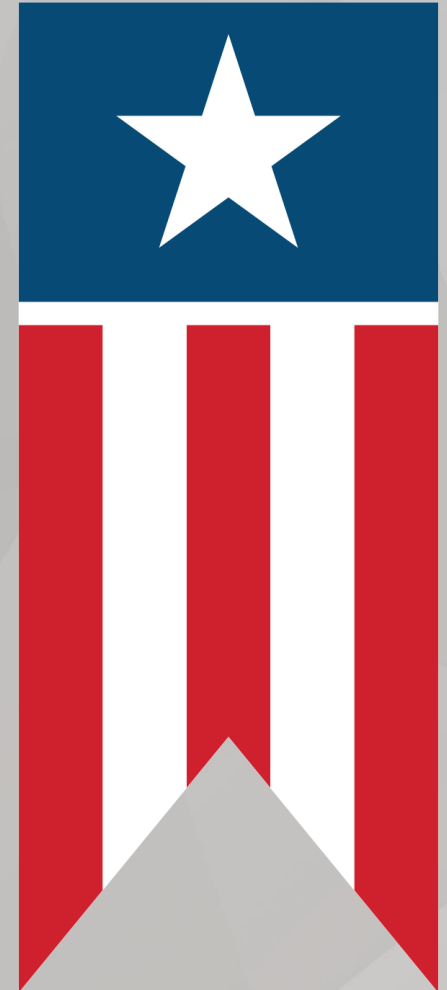
AGENDA

- I. Administration & Congress
- II. FHFA
- III. CFPB

Administration & Congress

New Administration focus on COVID response, economic recovery, social inequality, immigration reform and healthcare

- Housing has been a source of strength
- Biden's Housing Policy focus on affordability and access
- Marcia Fudge – HUD Secretary
- Rohit Chopra – CFPB Nominee



Administration & Congress

Congress

- Senate: 50 / 50 split
 - 6 key Moderates will play significant role in legislation (Machin, Tester, Sinema, Romney, Collins and Murkowski)
 - Senate Banking and Housing: Sherrod Brown (D-OH) new Chairman
- Houses: Democrats maintain majority, but lead is 8 seats
 - Housing Financial Services: Maxine Waters (D-CA) remains Chairwoman
- Unlikely to see Housing Finance Reform legislation in 2021
 - Sen Toomey's (R-PA) GSE Reform Principles



Administration & Congress

- Legislative Update

- \$1.9T COVID Stimulus Bill
 - General Provisions
 - Supplemental Unemployment, Direct Payments, State & Local Government Funding and Vaccine Distribution and Testing
 - Housing Related
 - \$10B Homeowners Assistance
 - \$20B Rental Assistance
 - Housing Vouchers and Housing & Financial Counseling
- Payroll Protection (PPP) 2 month Extension to May 31st
- Infrastructure Bill
 - Timing is 2Q or 3Q
 - Focus on Transportation, Broadband, Green Energy
 - Likely to include tax increases to fund some of the bill
 - Expect Housing to have a significant focus to address Supply related constraints.
 - Tax Credits, Grants, and federal support to ease zoning restrictions on Single and Multifamily
 - Down payment assistance

FHFA

- Bank-like Regulatory Framework
 - New Enterprise Capital Rule
 - Proposed Liquidity Rule
 - Proposed rule requiring Resolution Planning (Living Will)
- Preferred Stock Purchase Agreement (PSPA) amendment in January
 - GSE can retain future earnings towards their Capital rule
 - Product concentration limits: High Risk and 2nd Home/Investment properties
 - Cash Window limitations
 - Pathway to exit Conservatorship
- Director's Role under review by Supreme Court



CFPB

- Qualified Mortgage – Issued a Notice of Public Rulemaking on March 3rd. Comments due by April 5th.

Existing QM Rule	Proposed QM Rule	NPR Proposal
<ul style="list-style-type: none">• GSE Patch• < 43% DTI limitation,• Appendix Q• APOR Pricing Spread to determine Safe Harbor & Rebuttable Presumption• Product Limitations (no neg am, balloons, 40 year amortization, etc.)	<ul style="list-style-type: none">• Removed GSE Patch• < 43% DTI and Appendix Q removed• Product Limitations remain• Spread of Average Prime Offered Rate (APOR)• < 150bps over APOR will fall into QM Safe Harbor;• Between 150-225bps over APOR will get a QM Rebuttable Presumption;	<ul style="list-style-type: none">• The existing QM rule and the final December 2020 QM rule would operate simultaneously from March 1, 2021 through October 1, 2022.• Mandatory compliance date moves from July 2021 to October 2022.

- **Biden's CFPB – Expectations**

- Focus on consumer protections – Mortgage servicers compliance with the CARES Act
- Supervision, Regulations and Enforcement is expected to be more aggressive than prior Administration



THANK YOU

for your attention and for trusting
Essent for your MI needs.

essent.us

CONTACT

Corporate Headquarters

Essent Guaranty, Inc.
Two Radnor Corporate Center
100 Matsonford Road
Radnor, PA 19087

Mortgage Insurance Operations

Essent Guaranty, Inc.
101 South Stratford Road, Suite 400
Winston-Salem, NC 27104

CA Underwriting & Operations Center

Essent Guaranty, Inc.
7700 Irvine Center Drive, Suite 680
Irvine, CA 92618

Contact Us:	877.673.8190
Underwriting:	underwriting@essent.us
EssentCONNECT:	essentconnect@essent.us
Client Services:	clientservices@essent.us