

# HOUSING OPPORTUNITIES MOVE THE ECONOMY (HOME) FORWARD ACT OF 2014 DISCUSSION DRAFT

## *Section-by-Section*

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**Sec. 1. Short title; table of contents.** The title of the bill is the “Housing Opportunities Move the Economy (HOME) Forward Act”. The bill consists of seven titles.

**Sec. 2. Definitions.** Sets out definitions for a variety of terms, including:

“Eligible mortgage” sets out the parameters of mortgages that may be securitized by the Issuer and guaranteed by the Mortgage Insurance Fund. The term includes loans that meet the “Ability to Repay” and “Qualified Mortgage” Rules under the Truth in Lending Act, as well as meeting other requirements concerning loan-to-value ratios, down payment requirements, title insurance, and other provisions. Requires the Administration to include first-time home buyers with a down-payment of 3.5 percent, as well as rental properties not covered by the Truth in Lending standards.

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### **TITLE I—NATIONAL MORTGAGE FINANCE ADMINISTRATION**

**Sec. 101. Establishment.** Establishes the National Mortgage Finance Administration (“Administration”) with the purpose of ensuring provision of access to affordable mortgage credit, including 30-year fixed mortgages, and protecting taxpayers for absorbing losses incurred in the secondary markets in periods of economic stress. Defines the agency’s status under federal law, situs in the District of Columbia, and authority to establish other offices.

**Sec. 102. Director.** Establishes a Director as the head of the agency, as well as criteria for appointment, a term of five years, procedures for filling vacancy, and service after end of term. Specifies that the Director shall serve on the Financial Stability Oversight Committee.

**Sec. 103. Advisory Board; status of employees.** Establishes an Advisory Board made of members with expertise in mortgage lending, mortgage insurance, smaller lenders, multifamily lending, and low income housing. The section also includes language on the status of employees under the securities laws.

**Sec. 104. Office of the Inspector General.** Establishes an Inspector General with responsibilities to evaluate the programs of the agency and the Federal Home Loan Banks, as well as reporting on the adequacy of guarantee fees and the Mortgage Insurance Fund, effectiveness of the placement of credit risk and capital requirements, and the extent to which the government is protected from loss.

**Sec. 105. Staff, experts, and consultants.** Provides the agency with authority to hire staff, including authority to provide compensation at the same rate provided by the federal financial regulatory agencies.

**Sec. 106. Reports; testimony; audits.** Requires the Director to provide a report and testimony to the relevant committees once each year, and details the contents of the report. Requires the GAO to audit the agency annually.

**Sec. 107. Initial funding.** Allows the agency to be funded initially from assessments on the enterprises.

## **TITLE II—DUTIES, RESPONSIBILITIES, AND STRUCTURE OF THE NMFA**

### **Subtitle A—Duties and Authorities**

**Sec. 201. Duties and responsibilities of the NMFA.** Establishes the standards under which the agency shall carry out its duties, including minimizing long-term impact on taxpayers, ensuring a liquid and resilient national housing finance market and the availability of affordable mortgage finance, developing standard form credit risk sharing mechanisms, providing insurance on eligible securities, ensuring all geographic areas have access credit, and charging fees sufficient to protect taxpayers.

**Sec. 202. Credit risk-sharing mechanisms, products, structures, contracts, or other security agreements.** Requires the Director to adopt rules regarding placement or retention of first loss credit risk pieces by either the Issuer or the originator of a loan.

Permits private capital backing securities to include credit-linked notes, guarantees, capital, or such other mechanisms as approved by the Director, but requires that the Director maximize the amount of first loss credit risk that can be placed in the private markets.

Requires these mechanisms be sufficient to cover losses incurred in recessions in the last 100 years.

Where the Director has permitted placement of less than 5 percent of the first loss credit risk, requires the Director to increase capital requirements for the Issuer and authorizes adjustments to the guarantee fee charged.

Requires consultation with the Treasury Secretary and Federal Reserve Chairman concerning the balance of placement of first loss credit risk and capital, as well as on the appropriate level of guarantee fees.

Requires the Director to complete development of initial risk-sharing mechanisms within 5 years.

**Sec. 203. Mortgage Insurance Fund.** Requires the Administration to establish a Mortgage Insurance Fund to receive guarantee fees the Administration establishes.

Requires the Fund to absorb losses incurred on a covered security when first loss credit risk placed in the private markets and all capital of the Issuer have been exhausted.

Requires the Administration to endeavor to attain a reserve balance in the Fund of 1.25 percent within 7 years of certification of the Administration, and 2.25 percent within 12 years.

Authorizes the FHFA to dedicate a portion of guarantee fees received by the enterprises to the Fund.

**Sec. 204. Insurance.** Authorizes the provision of insurance in exchange for a fee. Requires that payment of losses on a security in which there has been a payment default will take place only after: 1) all first loss credit risk placed or guaranteed on that security have been exhausted; and 2) all capital of the Issuer are exhausted.

Provides that the full faith and credit of the U.S. government is pledged in payment of all amounts guaranteed.

Prohibits the use of Federal funds to provide any assistance to defaulting holders or obligors of first loss positions in credit risk.

**Sec. 205. General powers.** Provides general corporate and agency powers to the Administration. Exempts the Administration from any federal, state, or local taxes, except for taxes on real property. Directs the Federal Reserve Banks to act as fiscal agents for the Administration, and authorizes the Administration to direct that services be provided to the Issuer.

**Sec. 206. Exemptions.** Provides that all covered securities guaranteed by the Administration be treated as “exempt securities” under Federal securities laws. Exempts covered securities from QRM rules.

## **Subtitle B—Formation and Oversight of the Cooperative Issuer**

**Sec. 211. Establishment of the Cooperative Issuer.** Establishes the Mortgage Securities Cooperative (the “Issuer”) as the sole issuer of government-insured securities. Provides that governance of the Issuer shall be on the basis of one-member, one-vote, subject to such rules as the Administration may establish. Authorizes use of the common securitization platform established by the enterprises, subject to such rules and requirements as the Administration, FHFA, and Treasury shall establish. Establishes the general corporate powers of the Issuer, as well as providing exclusive use of name and exemption from most state and local taxes.

**Sec. 212. Issuer standards.** Requires the Administration to develop standards for the issuance of covered securities, including standards with respect to placement of credit risk, mechanisms for multi-lender pools, and ensuring access for lenders of all sizes in all geographic locations. The section also includes requirements for rules concerning the financial condition of the Issuer, adequacy of capital, risk presented to the Mortgage Insurance Fund, standards for membership, and other standards.

**Sec. 213. Capital requirements.** Requires the Administration to establish capital standards to protect the Mortgage Insurance Fund from risk, taking into account the risk presented by the mortgages insured and the quality of the first-loss credit risk placement.

**Sec. 214. Limited authority to hold eligible mortgage loans.** Provides for the retention of a limited portfolio for the purposes of working out troubled loans, assembling loans for issuance, aggregating loans from the smallest lenders into multi-lender securities, and holding multifamily loans until securitized. Requires the Administration to examine the portfolio each year and authorizes it to determine when loans can be securitized without undue economic burden.

**Sec. 215. Responsibility to ensure broad market access.** Requires the Issuer to facilitate a robust secondary market across the spectrum of credit-worthy borrowers and includes enforcement authority for the Administration.

### **Subtitle C—Oversight of Market Participants**

**Sec. 221. Approval of private mortgage insurers.** Requires the Administration to adopt standards under which private mortgage insurers may be approved, which shall include standards for financial condition, capital, and risk to the Fund. Requires the Administration to establish an application process, and includes provisions for review and suspension of private mortgage insurers. Prohibits private mortgage insurers from providing both mortgage insurance and other insurance on covered bonds unless it meets such heightened standards as the Administration shall adopt.

**Sec. 222. Approval of servicers and mortgage servicing standards.** Requires the Administration to adopt process and standards for the approval of servicers, including standards for compensation, escrow accounts and taxes, foreclosure loss mitigation programs, conflicts of interest, and forced placed insurance. Provides requirements for adequate staffing, a single point of contact for borrowers, and transfer of servicing. Directs the Administration to provide exemptions or adjustments for small servicers. Includes enforcement authority and borrower ombudsman at the Administration. Provides for authority of Issuer and bond guarantors to transfer servicing rights under certain circumstances.

**Sec. 223. Authority related to oversight of bond guarantors and other private market credit risk guarantors.** Requires the Administration to adopt standards for bond guarantors and any other credit risk holder that will have a continuing obligation to the Issuer. In addition to application and process requirements, requires such standards to include condition of guarantor, capital levels, risk presented to the Mortgage Insurance Fund, adequacy of insurance, and any other standard the Administration believes is appropriate.

**Sec. 224. Additional authority relating to oversight of market participants.** Authorizes the Administration to adopt requirements to ensure competition among and competitive pricing by private mortgage insurers, servicers, bond guarantors, and other approved market participants. Further authorizes the Administration to develop standards to ensure access to affordable mortgage credit, including the 30-year fixed rate mortgage.

**Sec. 225. Civil money penalties.** Establishes enforcement authority of the Administration and process regarding the Issuer and any approved private mortgage insurer, servicer, bond guarantor, or other entity previously approved by the Administration.

**Sec. 226. Protection of privilege and other matters relating to disclosures by market participants.** Adds the Administration to existing lists of agencies in statutes concerning the protection of privilege and related disclosure matters and permits consultation with other financial regulatory agencies.

#### **Subtitle D—Transparency in Market Operations**

**Sec. 231. Review of loan documents; disclosures.** Requires the Administration to write rules that require the Issuer to provide access to all documents relating to eligible mortgage loans, servicing reports, and other relevant information to private market participants seeking to take a first loss position in a covered security. Such rules shall take account consumer privacy and shall expressly prohibit the disclosure of individual borrowers or information that would permit the identification of individual borrowers.

**Sec. 232. Investor immunity.** Provides that investors in covered securities or that have purchased a first loss position concerning a covered security shall have immunity from liability with regard to whether eligible mortgages collateralizing that security met all applicable requirements.

**Sec. 233. Uniform securitization agreements.** Requires the Administration to adopt standard uniform securitization agreements for covered securities guaranteed under the act. Standard documents must include pooling and servicing, loss mitigation, representations and warranties, indemnification and remedies, duties of trustees, and any other term the Administration believes is appropriate. Requires clear standards for what constitutes a violation of representations and warranties, as well as consultation with a broad range of stakeholders. To the extent that private issuers are permitted to use the common securitization platform for securities not guaranteed by the Mortgage Insurance Fund, requires the Administration to determine the extent to which use of such documentation shall be required.

**Sec. 234. Uniform mortgage database.** Requires the Administration to establish a data base for uniform loan level data, building on existing standards and data bases established by other agencies, to the extent appropriate. Requires such rules to establish how the public can access the data base, which will be free of charge for members of the public. Charges the Administration with protecting individually identifiable information, although it may determine to allow the information to be accessed by address. Authorizes the Administration to consolidate the reporting under sections 234 and 235.

**Sec. 235. Electronic registration of eligible mortgages.** Requires the Administration to establish an electronic registry system for mortgages securitized by the Issuer, which shall include ownership of mortgages, interests in notes, and servicing rights. Requires assignment of identifying number to each mortgage document. Requires the Administration to develop procedures for allowing entities to make changes to the data base on behalf of principals.

## **Subtitle E—NMFA Structure**

**Sec. 241. Office of Underwriting.** Establishes an Office of Underwriting with a Deputy Director to be appointed by the Director and responsibility to ensure standards are enforced.

**Sec. 242. Office of Securitization.** Establishes an Office of Securitization with a Deputy Director to be appointed by the Director. The office will have responsibility to oversee the common securitization platform and to ensure that smaller financial institutions have equitable access. Authorizes rules concerning use of the platform and whether private label securities are permitted to use the platform.

**Sec. 243. Office of Federal Home Loan Bank Supervision.** Establishes an Office of Federal Home Loan Bank Supervision with a Deputy Director to be appointed by the Director and responsibility to ensure standards are enforced.

## **TITLE III—TRANSFER OF POWERS, PERSONNEL, AND PROPERTY TO NMFA FROM FHFA**

**Sec. 301. Powers and duties transferred.** Transfers all of the functions and authority of the FHFA with regard to the FHL Banks and FHLB System and with regard to conservatorship and receivership of the enterprises. Provides authority to the Administration to determine whether the Issuer is placed in receivership, notwithstanding the Issuer's capital level. Continues current rules and orders already in place. Allows the Administration to use the property and employees of the FHFA as part of the transition. Provides for continuation of suits. Makes conforming changes to multiple statutes.

**Sec. 302. Transfer and rights of employees of the FHFA.** Provides for transfer of FHFA employees to the Administration, and preserves positions and status. Transfers authority with regard to members of the excepted services. Provides that any reorganization within a year of the transfer shall be considered to be a major reorganization. Permits retention of employee benefits for 12 months after the transfer.

**Sec. 303. Abolishment of FHFA.** Abolishes the FHFA and the position of the Director upon the certification of the Secretary of the Treasury that the winding down of the assets of the enterprises is substantially complete.

**Sec. 304. Transfer of property and facilities.** Provides that all property of the FHFA, except that necessary to complete the wind-down, shall be transferred to the Administration upon the certification of the Secretary under section 303.

**Sec. 305. Residual corpus of enterprises in conservatorship.** Authorizes transfer of the assets of the enterprises to the Administration upon certification by the Secretary under section 303.

**Sec. 306. Technical and conforming amendments.** Adds the Administration to lists of regulators in various statute and other conforming amendments.

## **TITLE IV—IMPROVING TRANSPARENCY, ACCOUNTABILITY, AND EFFICACY WITHIN AFFORDABLE HOUSING**

**Sec. 401. Affordable housing allocations.** Requires the collection each year of 10 basis points for each dollar outstanding of mortgages collateralizing covered securities or other securities issued under the common securitization platform, including multifamily securities. Divides those funds as follows:

- 75 percent to the Housing Trust Fund, of which not more than 5 percent allocated to a state may be used for home ownership activities;
- 15 for the Capital Magnet Fund;
- 10 percent for the Market Access Fund established in section 404.

Permits the Administration to suspend contributions for one year upon submission to the Committees of jurisdiction of a determination that such allocations would contribute to the instability of the Issuer. Requires suspension to be continued upon resubmission of a determination every six months thereafter.

**Sec. 402. Housing Trust Fund.** Preserves the Housing Trust Fund as established under the Housing and Economic Recovery Act of 2008, which will increase the supply of affordable housing for extremely low-, very low-, and low-income families. Provides a provision to ensure that benefits are distributed to rural areas in the same proportions as urban areas.

**Sec. 403. Capital Magnet Fund.** Preserves the Capital Magnet Fund authorized under the Housing and Economic Recovery Act of 2008. The Capital Magnet Fund is an account within the CDFI Fund at the Treasury Department, which is used to develop, preserve, rehab, or purchase affordable housing for extremely low-, very low- and low-income households, and to promote economic development and community service activities

**Sec. 404. Market Access Fund.** Establishes a Market Access Fund to promote innovation in housing finance and affordability through grants and loans to:

- support sustainable homeownership and affordable rental programs for families with incomes not exceeding 120 of area median;
- provide limited credit enhancement; and
- develop abandoned and foreclosed properties.

**Sec. 405. Additional taxpayer protections.** Prohibits funds from being used for political activities, advocacy, lobbying, influencing nominations or appointments, personal counseling not related to potential homeowners or avoidance of foreclosure. Provides for penalties for violation.

## **TITLE V—WIND DOWN OF FANNIE MAE AND FREDDIE MAC**

**Sec. 501. Transition.** Provides for cessation of new guarantees and other new business by the enterprises 5 years after enactment. Enables the Secretary of the Treasury to extend that period for no more than one year.

After new business is ceased, provides for distribution of the net earnings of the enterprises under the conservatorships as follows:

- 1) Repayment of Senior Preferred Shares owned by Treasury;
- 2) Payment of interest to Treasury at a rate of 10 percent per year for the term of those shares;
- 3) Establishment of any reserve fund Treasury determines are needed to complete wind-down of the businesses of the enterprises;
- 4) Payment of any deferred contributions to the Housing Trust Fund and Capital Magnet Fund that have not yet been paid;
- 5) Purchase of any other preferred shares;
- 6) Purchase of outstanding common shares, including any warrants held by Treasury.

Permits later payments after all obligations and earnings of the enterprises are extinguished or received.

Permits Treasury, in consultation with the Administration and FHFA, to sell assets of the enterprises to the Issuer. Permits Treasury to issue preferred shares in connection with such sales.

Places the full faith and credit behind the remaining obligations of the enterprises. States that Treasury remains obligated to ensure that the enterprises are in a position to make payments on all obligations or debt of the enterprises, including continuing employees.

**Sec. 502. Wind down.** Authorizes the FHFA, in consultation with Treasury and the Administration, to take all necessary actions to wind down the operations of the enterprises, consistent with this act. Limits such actions where the Administration has notified the FHFA in writing that it has determined that a proposed sale or other disposition of assets would interfere with the ability of the Administration to carry out this act. Prohibits FHFA from selling any of the guarantee obligations or fees of the enterprises. Provides authority for distribution of assets and to establish holding companies or trusts.

Makes determination of the earnings to be distributed under section 501 joint between Treasury, FHFA, and the Administration.

Requires the wind-down to be managed by the FHFA, in consultation with the Treasury and the Administration to obtain maximum return to Treasury consistent with a sound housing market, applicable laws, and protection of the taxpayer.

**Sec. 503. Aligning purpose of conservatorship with NMFA.** Requires the Agency to ensure efficient wind down of the enterprises, manage the affairs of the enterprises, assist the



Administration in carrying out the requirements of this act, and maintaining a liquid and stable market in connection with the debt of the enterprises.

**Sec. 504. Conforming loan limits.** Fixes the size of the original principle amount of a single-family mortgage eligible for purchase by the enterprises at \$417, 000, with escalating amounts for 2-4 family residences. Makes such limit adjustable every year by an amount equal to the percentage increase in the housing price index. If there is a drop in the index, nets the decrease against increases in later years until there is a positive increase.

Increases the amounts by up to 50 percent for Alaska, Guam, Hawaii, and the Virgin Islands.

For high cost areas (i.e., areas for which 115 percent of the median home price is greater than the limits above), over 5 years phases the high-cost area limit from the lower of: 1) 150 percent of such residence size to 125 percent; or 2) 115 percent of the median home price.

**Sec. 505. Portfolio reduction.** Requires phase out of the retained portfolio of the enterprises from \$552.5 trillion at year end 2014 with reductions of 15 percent each year thereafter.

**Sec. 506. Repeal of mandatory housing goals.** Repeals the mandatory housing goals of the enterprises.

## **TITLE VI— Multifamily Housing Finance Reform**

**Sec. 601. Short title.** Provides a short title for this title of the “Multifamily Housing Finance Reform Act of 2014”.

**Sec. 602. Findings.** Finds that broad housing finance reform is necessary, and that this bill is intended as a roadmap for how broad housing finance reform should deal with multifamily housing. States that housing finance reform should strive to preserve and build on the successful multifamily loss-sharing programs that Fannie Mae and Freddie Mac have developed, as well as other findings related to the multi-family business.

**Sec. 603. Definitions.** Provides for definitions of terms used in this title.

**Sec. 604. Establishment of multifamily platform.** Requires the Issuer to establish the Multifamily Platform with the purposes of fostering a liquid national multifamily finance market; purchasing and securitizing multifamily mortgages; ensuring that rural and underserved markets have equal access to the secondary mortgage market; facilitating credit loss mitigation, collecting guarantee fees, and providing a stable source of liquidity to the multi-family markets. Provides authority to carry out these purposes and to delegate authority to approved lenders, subject to rules by the Administration. .

Authorizes the Administration to requires the Multifamily Platform to complete a minimum amount of first-loss, pari passu, or comparable loss-sharing deals each year. States that 60% of

the rental units financed by the Multifamily Platform in a given year must be affordable to households earning 80% of area median income or less.

**Sec. 605. Transition.** Requires the Administration establish, not later than 12 months after enactment, a schedule for transferring the enterprises' multifamily businesses to the Multifamily Platform, and to set a date for standing up the Multifamily Platform. Requires the Administration to determine, within 15 months, an "Initial Capitalization Amount" for the Multifamily Platform, and to set up a segregated "Initial Capitalization Fund" within 18 months.

Once the Initial Capitalization Fund is set up, requires the quarterly net income attributable to the enterprises' multifamily businesses to be diverted into the Initial Capitalization Fund until the Initial Capitalization Amount is reached. On the Multifamily Platform certification date, requires the Administration to transfer the Initial Capitalization Fund to the Issuer.

**Sec. 606. Membership.** Describes who is eligible to be members of the Multifamily Platform. States that members must be either banks or non-bank mortgage originators that meet existing standards of the enterprises or standards adopted by the Administration. Requires that such standards for approving lenders, include standards relating to the lender's underwriting practices, internal controls, financial condition, and geographic reach. Includes authority to revoke the approval of lenders that no longer meet such standards.

Requires the FMIC to ensure that the makeup of the members gives the Multifamily Platform access to a nationwide network of lenders, including lenders that specialize in small multifamily mortgage loans.

**Sec. 607. Governance of multifamily platform.** Vests the management of the Multifamily Platform in the board of directors of the Issuer. Establishes an Advisory Board, which shall include members elected by the lenders, as well as independent members with relevant experience. Gives each lender, regardless of size, equal voting rights on members of the Advisory Board and members of the Issuer board. Requires the board to administer the Platform impartially.

**Sec. 608. Capitalization; funding.** Requires the Administration to develop a capital structure plan for the Multifamily Platform, which will detail how the approved lenders will capitalize the Platform. Requires the Administration to establish risk-based capital requirements for the Multifamily Platform. Authorizes the Issuer to charge fees to cover the costs of operating the Multi-family Platform.

**Sec. 609. Oversight of multifamily platform.** Establishes a Deputy Director within the Administration that is responsible for the Division of Multifamily Lending, is designated by the Director, and has a demonstrated understanding of multifamily lending.

Requires the Administration to establish prudential standards for the Multifamily Platform relating to safety and soundness, minimum underwriting criteria for multifamily mortgages, internal controls, and liquidity reserves. Authorizes the Administration to require reports and financial statements from, and to examine, the Multifamily Platform and any subsidiary or affiliate of the Platform. Gives the Administration enforcement authority over the Multifamily Platform and any lender performing delegated function. Authorizes the Administration to order the Platform to recapitalize itself by issuing a capital call on its members if the Platform is in danger of failing.

Requires the Administration to establish standards that, to the extent practicable, will ensure broad market access, consistent with section 215, including access for underserved markets, including federally assisted housing, and rural areas.

Subject to section 214, limits the ability to hold multifamily mortgages and multifamily securities to aggregating mortgages for securitizations, engaging in credit loss mitigation, facilitating a liquid and orderly market, and facilitating affordable housing transactions and developing new products.

**Sec. 610. Multifamily mortgage insurance.** Requires the Mortgage Insurance Fund to cover losses on multifamily securities. Credits the Fund with insurance fee amounts deposited by the Administration, guarantee fee amounts, and amounts on the investment of reserves. Requires the reserve ratio goal for multifamily lending to equal 1.25% within 7 years, and 2.25% within 12 years. Authorizes the Administration to set and collect actuarially sound g-fees.

**Sec. 611. Catastrophic insurance.** Authorizes the Administration to insure timely payment of principal and interest on multifamily securities issued by the Multifamily Platform, as long as the minimum loss-sharing requirement is met first. States that the minimum loss-sharing requirement may be met if private market entities agree to take at least: (1) the first 10% of losses on a multifamily security; (2) 15% of all losses on a multifamily security, subject to a pari passu loss-sharing agreement; or (3) a comparable amount of losses on a multifamily security, as determined by the Administration.

In severe market downturns, the minimum loss-sharing requirement will be lowered, provided the Administration adjusts the guarantee fee and capital requirements to protect taxpayers against the risks to the insurance fund.

Places the full faith and credit of the U.S. government behind the insurance provided under this title.

Prohibits requiring multifamily lenders to recapitalizing the Issuer as a result of losses related to single family lending , as well as prohibiting requiring single-family lenders to recapitalizing the Issuer as a result of losses related to multifamily lending ,

**Sec. 612. Exemptions.** Consistent with section 205(c), exempts securities issued by the Multifamily Platform and its subsidiaries from federal, state, and local taxes. Exempts the

multifamily securities issued by the Multifamily Platform from SEC registration and deems such securities to be exempt securities under SEC federal securities laws.

## **TITLE VII – MULTIPLE LENDER ISSUES**

### **Section 701. Multiple Lender Issues.**

With regard to borrower that has a mortgage with a loan-to-value ratio of more than 80 percent, requires the new creditor to obtain the approval of the creditor under the senior mortgage before such junior mortgage becomes valid and enforceable.

## **TITLE VIII—GENERAL PROVISIONS**

**Sec. 801. Authority to issue regulations.** Authorizes the Administration to adopt such rules, guidelines, and orders as are necessary to carry out this act.

**Sec. 802. Accounting method.** Requires any analysis of the cost of the Fund to be conducted under the standards of the Federal Credit Reform Act.

**Sec. 803. Rule of construction.** Clarifies that nothing in this act shall prohibit a holder of a loss position on any covered security from restructuring or re-securitizing such position.

**Sec. 804. Severability.** Ensures that if any provision of this act is found invalid the remainder of the act shall not be affected.