

STATEMENT OF WORK FOR ADVISORY SERVICES FOR FHFA

I. Introduction

Division A of the Housing and Economic Recovery Act of 2008, Public Law No. 110-289, 122 Stat. 2654 (2008), titled the Federal Housing Finance Regulatory Reform Act of 2008 (HERA), established the Federal Housing Finance Agency (FHFA) as an independent agency of the United States Government, effective July 30, 2008.

Under the Federal Housing Enterprises Financial Safety and Soundness Act, as amended by HERA, FHFA is charged with the responsibility to ensure the capital adequacy and financial safety and soundness of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the 11 Federal Home Loan Banks (12 U.S.C. 4513). Fannie Mae and Freddie Mac (the Enterprises, or the GSEs), combined, own or guarantee more than \$5 trillion of residential mortgages in the United States (U.S.), and play a key role in housing finance and the U.S. economy.

FHFA is statutorily empowered to place any regulated entity into conservatorship or receivership in certain circumstances. In September 2008, FHFA was appointed as the conservator of Fannie Mae and Freddie Mac. As Conservator of Fannie Mae and Freddie Mac, FHFA stands in the place of each company's shareholders, boards, and management and may take such actions as are necessary to put the regulated entities in a sound and solvent condition, and as are appropriate to carry on the business of the regulated entity and conserve and preserve its assets and property (See 12 U.S.C. 4617). In conservatorship, the companies continue to operate under their existing charters, with public missions to support the secondary mortgage market.

On September 5, 2019 the U.S. Department of the Treasury issued a Housing Finance Reform Plan (Plan). The Plan was developed pursuant to a Presidential Memorandum issued on March 27, 2019 directing the Secretary of the Treasury to develop a plan for administrative and legislative reforms of the housing finance system. Among other reforms, the Plan states "In parallel with recapitalizing the GSEs, FHFA should begin the process of ending the GSEs' conservatorships." In addition, the Plan identifies a series of options to be considered to recapitalize the GSEs, stating "Each of these options poses a host of complex financial and legal considerations that will merit careful consideration as Treasury and FHFA continue their effort, already underway, to identify and assess these and other strategic options."

In support of the Plan, FHFA has a need to develop a Roadmap to responsibly end the conservatorships (Roadmap), and that Roadmap must consider a variety of options with regard to business and capital structures, market impacts and timing, and available capital raising alternatives, among other things. The Roadmap will require on-going implementation support and monitoring to assure its eventual success.

Background information on FHFA may be found on FHFA's website: www.fhfa.gov. The website includes information on the authorizing statutes, agency activities and programs, procedures, regulations, supervisory guidance, and background information. Additional information about Fannie Mae and Freddie Mac is also available in the Enterprises' 10K and 10Q filings with the

Securities and Exchange Commission. Interested parties are encouraged to review this information.

II. Objective

FHFA requires the services of a Contractor to provide financial institutions, capital markets and restructuring expertise, analysis, and advisory services regarding the preparation of the Roadmap (Phase I) and, if necessary, the implementation and on-going monitoring of the Roadmap (Phase II).

III. Scope of Work

The Contractor shall provide analytical, advisory, consulting, drafting, and other related services to FHFA for the purpose of providing expert advice on developing the Roadmap and, if necessary, the execution and on-going monitoring of the Roadmap's implementation.

These services may include but are not limited to a comprehensive assessment and detailed analysis of the needs of FHFA and the Enterprises for the purpose of providing analyses and recommendations regarding the Roadmap in the following areas:

- Options and recommendations for business and financial restructuring transactions and alternatives.
- Financial projections and sensitivities, including review and assessment of modeling of the Enterprises' financial projections and estimates.
- Capital raising options, timing, and feasibility.
- Regulatory framework, including but not limited to a framework for capital restoration plans.
- Potential revisions to the Treasury Senior Preferred Stock Purchase Agreements (PSPAs).
- Enterprise activities and changes necessary to develop and effectuate the Roadmap.
- Costs, structures, pricing, and terms and conditions of transactions proposed as part of implementing the Roadmap, and suggested modifications.
- Strategic communications, in conjunction with public relations counsel.
- Other financial advisory services as may be mutually agreed.

IV. Services

Advisory services and other assistance shall be required to support FHFA in its role as regulator and conservator in developing and, if necessary, implementing the Roadmap. Types of tasks the Contractor may be required to perform may include but are not limited to the following:

Phase I: Development of the Roadmap

1. Develop a work plan, timeline, and responsibilities schedule including coordination of various parties (other advisors, legal counsel, GSEs, etc.), as appropriate, to finalize the Roadmap.
2. Provide assistance and advise FHFA in assessing the full range of options for structuring an end to the conservatorships.

3. Advise FHFA with regard to potential revisions to the PSPAs.
4. Evaluate the GSEs' business plans, financial models and management projections, including sensitivity analyses on key assumptions and stress scenarios, to inform the development and implementation of the Roadmap. Where necessary, develop independent financial models and projections to support the Roadmap.
5. Identify capital raising options and advise on their cost, feasibility, and timing.
6. Assist FHFA in the identification of all critical financial, regulatory, market or other issues that might be material to the development and implementation of the Roadmap, including the potential impact to the secondary mortgage market and conditions required to exit the conservatorships.
7. Provide FHFA with a Strategic Assessment Report (aggregating the analysis and alternatives reviewed in the items above) to assist in FHFA's deliberative process and the final determination of the Roadmap.
8. Provide other financial advisory services during Phase I as may be mutually agreed.

Phase II: Implementation of the Roadmap

1. Advise FHFA on all key aspects of implementation of the Roadmap, including compliance with the conditions and milestones necessary to exit the conservatorships.
2. Advise FHFA on decisions and assist in the oversight concerning the structuring, pricing, timing and marketing of any transaction(s) executed in connection with the Roadmap, including the potential selection and coordination of underwriters.
3. On request of FHFA, advise regarding the reasonableness of any transaction executed in connection with the Roadmap taking into account the mission of the FHFA and the interests of taxpayers.

The Contractor shall have advanced knowledge and familiarity with: the mortgage finance system; capital, governance and business models; asset classes; and the GSEs' roles in financial markets. The Contractor must possess the expert knowledge of and demonstrated success in the areas of financial restructuring and capital raising for large, complex financial institutions. In addition, the Contractor or its personnel working on this matter must possess experience performing relevant work for the federal government. Except for advising FHFA as provided herein, the Contractor shall be precluded from obtaining work related to the execution of the Roadmap.

V. Delivery of Services and Place of Performance

Services shall be rendered in numerous locations, including meetings and strategy sessions, to be convened when required by FHFA. FHFA shall define delivery schedules in individual work requests.

The Contractor shall provide a wide range of deliverables as required by the FHFA Contracting Officer Representative (COR) or Contracting Officer and as designated in individual work requests. These deliverables may be written or oral. Deliverables may include but are not limited to:

1. Complex analyses and white papers.
2. Recommendations, status reports and performance reports.

3. Financial and other electronic data and models.
4. Analysis reports and memoranda.
5. Internal reviews and program assessments.
6. Scheduled and ad hoc briefings.
7. Scheduled and ad hoc conference calls.
8. Detailed work programs and action steps required to successfully complete tasks.

Specific deliverables shall be defined in each work requirement as required for that specific project. FHFA shall have unlimited rights to all deliverables as defined in FAR 52.227-14. The Contractor shall not mark any portion of a deliverable as having “limited rights,” “limited rights data,” or “restricted rights” as defined in FAR 52.227-14 without the written approval of the COR or Contracting Officer, prior to Contractor(s) performance.

Performance shall take place in numerous places including D.C., Virginia, and other locations as may be required, as well as at the Agency’s facilities, the Contractors’ facilities, the regulated entities facilities, or other locations as may be requested by the FHFA.

The Contractor shall be available on demand on an as needed basis to provide immediate advice to FHFA senior management on matters related to the above-defined scope. The Contractor will be expected to be responsive under very short time frames (24 hrs. or less). The Contractor may be required to travel to perform work on a short notice to FHFA headquarters or any FHFA, or Enterprise offices nationwide to perform work.

VI. Reporting and Communications

The Contractor shall be obligated to keep the FHFA informed of progress, status and completion over the course of the work. The Contractor shall provide a monthly status report using the below format. Reporting and communications shall be rendered in numerous locations as deemed appropriate, including without limitation, FHFA offices or facilities, the Contractor’s offices or facilities, and other locations as necessary. Strategy sessions and meetings are to be convened on an as needed basis in locations where appropriate.

Monthly progress reports shall be submitted to the CO and COR within five (5) business days of the end of the preceding month being reported on and shall include the following:

- a. Requests for and/or status in changes in key and non-key personnel.
- b. Summary of progress during the reporting period.
- c. Unanticipated technical or management problems of significance and suggestions for how to address them.
- d. Issues/risks anticipated in future reporting periods.
- e. Travel Funding CLIN balance
- f. Summary of important meetings and briefings during the reporting period and those planned for the following period.

All reports and correspondence shall be submitted to the COR, with copies simultaneously provided to the CO. The final format of the report will be mutually agreed to by the Contractor and COR and may change when necessary and as requested by the COR.

VII. Information and Communication Technology Requirement (ICT) Accessibility Requirements

All contract deliverables shall be compliant with Section 508 of the Rehabilitation Act of 1973 and meet applicable Section 508 Standards. Section 508 of the Rehabilitation Act, as amended by the Workforce Investment Act of 1998 (P.L. 105-220) requires that when Federal agencies develop, procure, maintain, or use information and communication technology (ICT), it shall be accessible to people with disabilities. Federal employees and members of the public who have disabilities must have access to, and use of, information and data that is comparable to people without disabilities. See also Attachment B, FHFA Specialty Clause 6.223 Information Communication Technology (ICT) Accessibility.

- 1) Products, platforms and services delivered as part of this work statement that are ICT, or contain ICT, must conform to the Revised 508 Standards, which are located at 36 C.F.R. § 1194.1 & Apps. A, C & D, and available at <https://www.access-board.gov/guidelines-and-standards/communications-and-it/about-the-ict-refresh/final-rule/text-of-the-standards-and-guidelines>
- 2) E102 / 702.10 – Web Content Accessibility Guidelines (WCAG) success criteria level A & AA are incorporated as a requirement. The referenced WCAG criteria is available at <http://www.w3.org/TR/WCAG20/>

E202 – No General Exceptions Authorized by FHFA
Items that contains ICT: Financial Advisory Services

Applicable Functional Performance Criteria: All functional performance criteria apply when using an alternative design or technology that achieves substantially equivalent or greater accessibility and usability by individuals with disabilities, than would be provided by conformance to one or more of the requirements in Chapters 4-6 of the Revised 508 Standards, or when Chapters 4-6 do not address one or more functions of ICT.

Applicable requirements for software and Web products:

- E207 – WCAG Level A & AA Success Criteria
- E302 – Functional Performance Criteria

Electronic Documents and/or Support Services:

- E205 – WCAG Level A & AA Success Criteria
- E302 – Functional Performance Criteria
- E602 – Support Documentation
- E603 – Support Services

VIII Travel Requirements

When authorized as part of the work scope on this Contract and within the contract ceiling and as approved by the CO travel expenses may be reimbursed as allowed by the Federal Travel Regulations (FTR) in effect at the time of travel. Travel reimbursement will be made up to the established not-to-exceed amount for Other Direct Cost. Contractor shall not bill for the costs of local transportation or meals and refreshments consumed while performing work for the Government locally.

To be reimbursable, the travel expenses must be:

- a. Allowable under the FTR and the provisions of this Contract and associated technical directives,
- b. Approved prior to travel expenditure by the COR, and
- c. Allocable and necessary for performance of this Contract.

Travel requests must be submitted in sufficient time for the COR to give prior approval, and must identify:

- a. The name of the traveler,
- b. Destination(s) including itinerary,
- c. Purpose of the travel, and
- d. Cost breakdown.

To be reimbursed, invoices including travel expenses must provide a detailed breakdown of the actual expenditures invoiced. Contractor shall submit legible copies of all receipts for all travel expenses with the monthly invoice.