

WHEREAS, the FICO Directorate anticipates that after repaying all of the Obligations and all other liabilities, FICO will have proceeds from maturing Zeros remaining in the segregated account and other short-term assets on its balance sheet (such amounts are referred to herein as the Distribution);

WHEREAS, on November 12, 2018 the FICO Directorate submitted for FHFA's approval a plan of dissolution (Plan) that specifies the manner in which the Director of the Federal Housing Finance Agency (FHFA Director) will dissolve FICO;

WHEREAS, the FHFA Director has determined that approving the Plan would be consistent with the statutory mandate that FICO be dissolved as soon as practicable after it has repaid the last of its Obligations, and that the implementation of the Plan will ensure an orderly and timely dissolution of FICO, including payment of all creditor claims, and payment of the Distribution among the FHLBanks;

WHEREAS, the FHFA Director has determined that it would be appropriate to take certain additional actions to facilitate the dissolution process, which will commence only after FICO has certified that it has repaid the last of its Obligations; and

WHEREAS, the FHFA Director is authorized to issue any regulations, orders, or guidelines as necessary to ensure that the purposes of the Bank Act, one of which is the dissolution of FICO, are accomplished, 12 U.S.C. § 4526(a), and to exercise such incidental powers as may be necessary or appropriate to fulfill the duties and responsibilities of the Director in the supervision and regulation of the FHLBanks, FICO's sole stockholders, 12 U.S.C. § 4513(a)(2)(B), and to exercise, on behalf of FICO and after the date of its dissolution, any powers of FICO that the FHFA Director determines to be necessary to settle and conclude FICO's affairs, 12 U.S.C. § 1441(i)(2), and to issue regulations, orders, and directions to the FICO Directorate, 12 U.S.C. § 1441(b)(8).

NOW THEREFORE, it is hereby ordered as follows:

1. Approval of Dissolution Plan. The Plan, a copy of which is attached to this Order, is hereby approved, pursuant to the authority conferred by 12 U.S.C. §§ 1441(b)(8), 1441(i), 4511(b)(2), 4513(a)(2)(B), and 4526(a). The FICO Directorate and each of the FHLBanks are hereby bound by the terms of this Order and the Plan.
2. Implementation of Dissolution Plan. Pursuant to the authority conferred by 12 U.S.C. §§ 1441(b)(8) and 4526(a), the FICO Directorate is hereby ordered to implement the Plan, commencing promptly after the repayment in full of the last of the Obligations, by delivering to the FHFA Deputy Director of the Division of Federal Home Loan Bank Regulation an executed copy of the Certificate of Dissolution, attached as Exhibit A to the Dissolution Plan, and by taking all other actions required by the Plan. The FICO Directorate is authorized to continue to act on behalf of FICO subsequent to the Effective Date that is specified in the Plan, and to take any actions necessary to carry out the Plan, subject to any conditions or limitations imposed by the FHFA Director. In implementing the Plan, the FICO Directorate may utilize the officers, employees, or agents of any FHLBank or the Office of Finance in any manner that it deems necessary to effectuate the

implementation of the Plan, consistent with 12 U.S.C. §1441(b)(6)(B) and 12 C.F.R. § 1271.34.

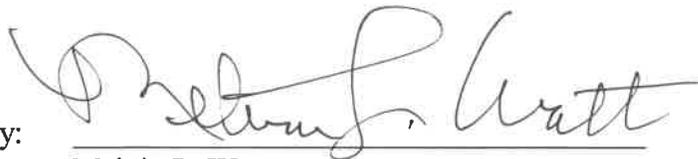
3. Extension of Directorate Terms. Notwithstanding FHFA Director's Order dated December 14, 2012, which specifies the dates on which the terms of office of the FHLBank president members of the FICO Directorate are scheduled to end, it is hereby ordered, pursuant to 12 U.S.C. §§ 1441(b)(8), 1441(i), 4513(a)(2)(B), and 4526(a), that the terms of office of the FICO Directorate members that commenced on November 10, 2018 are extended until the date on which FICO surrenders its Charter to FHFA.

4. Assessment on the FHLBanks. All expenses incurred by FICO in connection with the implementation of the Plan, as well as all valid claims against FICO, whether presented before or after the date of FICO's dissolution, shall constitute administrative expenses of FICO, which shall be paid by the FHLBanks, in accordance with 12 USC 1441(b)(7). FICO shall bill the FHLBanks for all such administrative expenses that it incurs during 2019 and 2020 in accordance with the approved 2019 and 2020 annual FICO budgets, respectively, or any approved amendments thereto, as provided in 12 U.S.C. § 1441(b)(7) and 12 C.F.R. §§ 1271.35 and 1271.36. In collecting payments for all administrative expenses to be paid after September 26, 2019, the FICO Directorate is hereby authorized, pursuant to 12 U.S.C. §§ 1441(b)(8) and 4526(a), either to assess each FHLBank for its *pro rata* share of such expenses (based on its holdings of FICO stock), or to pay those expenses from FICO's remaining assets, in its discretion. Subsequent to the termination of FICO's corporate existence, the FHFA Director shall have the authority, pursuant to 12 U.S.C. §§ 1441(b)(7), 1441(i)(2), 4513(a)(2)(B), and 4526(a), to assess the FHLBanks *pro rata* for any other administrative expenses relating to the dissolution of FICO, including those described in Section 5.1 of the Plan, and hereby authorizes the Office of Finance to assess each Bank for its *pro rata* share of any claims and expenses described in Section 5.1 of the Plan. Each FHLBank shall be liable for payment of its *pro rata* share of any such expenses or claims assessed or billed.

IT IS SO ORDERED, this 30th day of November, 2018

FEDERAL HOUSING FINANCE AGENCY

By:



Melvin L. Watt
Director

Attachment to FHFA Order No. 2018-OR-B-5

Financing Corporation Dissolution Plan

FINANCING CORPORATION
1818 LIBRARY STREET, SUITE 420
RESTON, VA 20190

Financing Corporation Dissolution Plan

This Dissolution Plan (“Plan”) describes the manner in which the Director of the Federal Housing Finance Agency (“FHFA”) will dissolve the Financing Corporation (“FICO”).

Background

FICO was established pursuant to an act of Congress in 1987 as a vehicle for recapitalizing the Federal Savings and Loan Insurance Corporation. FICO issued \$8.2 billion of 30-year bonds (“Obligations”) with maturity dates between 2017 and 2019, the principal of which was to be repaid with the proceeds from zero-coupon U.S. Treasury bonds (“Zeros”) that FICO purchased with \$680 million contributed by the Federal Home Loan Banks (“FHLBanks”) in exchange for nonvoting FICO stock. By statute, FICO must be dissolved “as soon as practicable” following payment in full of the Obligations. 12 U.S.C. § 1441(i). FICO’s Charter provides that upon its dissolution the holders of its stock, the FHLBanks, shall be entitled to receive any assets remaining after FICO has paid, or made provision for payment of, all of its debts and liabilities.

FICO expects to fully repay the last of the Obligations on or about September 26, 2019, after which FICO anticipates that it will continue to hold proceeds from maturing Zeros that were not needed to repay the principal of the Obligations (such excess proceeds are referred to herein as the “Surplus”). The FICO Directorate has determined that the implementation of this Plan will ensure an orderly and timely dissolution of FICO, including the payment of all creditor claims, and distribution of the Surplus among the FHLBanks in exchange for their non-voting FICO stock. The FICO Directorate, on its own behalf and on behalf of the FHLBanks as the sole FICO shareholders, requests that the FHFA Director order the dissolution of FICO in accordance with the terms of this Plan.

1. **Dissolution Process**

- 1.1. **Certificate of Dissolution**. Promptly following the payment in full of the last of its Obligations, FICO shall execute and deliver to the FHFA Deputy Director of the Division of Federal Home Loan Bank Regulation (the “FHFA Deputy Director”) a Certificate of Dissolution (“Certificate”), in the form attached hereto as Exhibit A. The date of delivery of the Certificate shall be the “Effective Date” for purposes of this Plan.
- 1.2. **Cessation of Business Activities**. As of the Effective Date, FICO shall not engage in any business activity, except to the extent necessary to preserve the value of its assets, wind up its business affairs, settle claims, and distribute assets in accordance with this Plan, FICO’s Charter, and any orders or directives of the FHFA Director.
- 1.3. **Commencement of Dissolution**. As of the Effective Date, the FICO Directorate shall act to carry out the actions and responsibilities set forth in this Plan to dissolve FICO, and any other actions or responsibilities imposed by written order or directive of the FHFA Director. In doing so, the FICO Directorate may continue to exercise any power of

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FICO that the FICO Directorate determines to be necessary to settle and conclude FICO's affairs, consistent with the terms of this Plan and with any conditions or limitations imposed by written order or directive of the FHFA Director.

2. Claims and Expenses

- 2.1. Notice to Claimants. Not later than 14 days following the Effective Date, FICO shall publish a Notice of Dissolution in the form attached hereto as Exhibit B in the Wall Street Journal, Financial Times, and New York Times print editions once per week for four consecutive weeks.
- 2.2. Payment of Claims. Following the Effective Date, FICO shall:
- 2.2.1. Pay all timely-filed claims and obligations determined to be valid;
- 2.2.2. Make such provision as will be reasonably likely to be sufficient to provide compensation for any claim against FICO which is the subject of a pending action, suit, or proceeding to which FICO is a party; and
- 2.2.3. Make such provision as will be reasonably likely to provide compensation for claims that have not been made known to FICO or that have not arisen but that, based on facts known to FICO, are likely to arise within 6 years after the Effective Date, if any.

For purposes of paragraphs 2.2.2 and 2.2.3, "provision" may be satisfied, in the discretion of the FICO Directorate: (1) by FICO funding an adequate reserve from cash on hand; (2) by FICO securing a bond; or (3) pursuant to paragraphs 2.3 and 5.1.

- 2.3. Claims Are Administrative Expenses. All claims described by paragraph 2.2, and any claims for indemnification payments under paragraph 2.4, as well as any other dissolution expenses, shall be administrative expenses of FICO, payable by the FHLBanks in accordance with 12 CFR § 1271.36. At the discretion of the FICO Directorate, FICO may bill the FHLBanks for any such expenses in accordance with 12 CFR § 1271.36(b), or may pay those expenses from any FICO assets remaining after the Obligations have been repaid in full.
- 2.4. Indemnification. FICO shall continue to indemnify the members of the FICO Directorate and any officers and agents (including Office of Finance personnel) for actions taken in connection with this Plan and the winding up of FICO's affairs, in accordance with applicable law, FICO's bylaws, and any existing contractual arrangements.

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3. Closing of FICO's Books

- 3.1. Final Accounting. After the deadline for the submission of claims has passed and after FICO has paid, or made provisions for, all claims and obligations in accordance with paragraph 2.2, the FICO Directorate shall cause a final written accounting and closing of the books ("Accounting") to be prepared and shall submit the Accounting to the FHFA Deputy Director. The Accounting shall: (i) certify that FICO has paid all of FICO's liabilities; (ii) certify that there are no other known claims by any third party against FICO (other than those for which FICO has made provision for payment under paragraphs 2.2.2. or 2.2.3.); and (iii) list all assets of FICO as of the date of the Accounting.
- 3.2. FHFA Consent. Following FHFA's receipt of the Accounting, the FHFA Deputy Director will notify the FICO Directorate in writing whether FHFA consents to FICO's Accounting and to the distribution of the Surplus to the FHLBanks in accordance with this Plan.

4. Capital Stock, Surplus, Charter

- 4.1. Cancellation of Capital Stock. From and after the Effective Date, each holder of the outstanding FICO capital stock shall cease to have any rights in respect thereof, except the right to receive distributions of the Surplus in accordance with this Plan. Following FHFA's consent to the Accounting and distribution of the Surplus, the FICO Directorate shall notify all holders of FICO capital stock that they must: (a) surrender the certificates evidencing their ownership of capital stock in FICO; or (b) furnish evidence satisfactory to the FICO Directorate of the loss, theft, or destruction of such certificates, together with such surety bond or other security or indemnity the Directorate may require in its discretion.

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4.2. Distribution of Surplus. In accordance with its Charter, FICO shall distribute the Surplus and any remaining cash on hand (together, “Distribution”) to each FICO capital stock holder in exchange for the surrender of its FICO capital stock. The payment of the Distribution to any FHLBank shall constitute a complete cancellation of that FHLBank’s FICO stock. Each capital stock holder shall receive a pro rata share of the Distribution in accordance with the following table:

<u>FHLBank</u>	<u>Percentage of Distribution</u>
Atlanta	14.4007%
Boston	1.8629%
Chicago	9.6886%
Cincinnati	8.2653%
Dallas	8.8181%
Des Moines	13.0723%
Indianapolis	5.2863%
New York	9.1006%
Pittsburgh	4.2702%
San Francisco	19.9644%
Topeka	5.2706%

4.3. Surrender of Charter. Not less than 30 days following the payment of the Distributions to all holders of FICO stock, the FICO Directorate shall surrender FICO’s Charter to the FHFA Deputy Director. At such time, FICO’s corporate existence shall terminate and such date shall constitute the “date of the dissolution” for purposes of 12 U.S.C. § 1441(i)(2).

5. Miscellaneous

5.1. Future Assessments. Each FHLBank shall be bound by the terms of this Plan and shall be liable for payment of any valid claims that are presented after the date of the dissolution, and for which FICO has not previously made provision. The FHLBanks’ Office of Finance shall administer the review and payment process for any such claims, and may require such proof of the claims as it deems necessary, in its discretion, including reducing any such claim to a judgment, prior to payment. The Office of Finance, on behalf of the FHFA Director, shall assess each FHLBank for its share of any such claim and expenses related to such claims, in an amount that is equal to each FHLBank’s pro rata share of the total Distribution.

5.2. Modification of Plan. The FHFA Director retains the authority to take any action, including modification of this Plan, by written order or directive that the Director deems necessary to ensure that FICO is dissolved in a prudent manner, consistent with applicable laws and regulation, and the FICO Charter.

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- 5.3. Extension of Directorate Terms. The terms of office of each member of the FICO Directorate serving as of the Effective Date may be extended in accordance with any written order or directive of the FHFA Director.

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Exhibit A to the FICO Dissolution Plan

Financing Corporation Certificate of Dissolution

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Financing Corporation Certificate of Dissolution

The Financing Corporation, organized pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987,

BY ITS DIRECTORATE DOES HEREBY CERTIFY AS FOLLOWS:

1. On August 28, 1987, the Federal Home Loan Bank Board (“FHLBB”) established the Financing Corporation (“FICO”) and adopted its charter, pursuant to Resolution 87-933.
2. On November ___, 2018, the Director of the Federal Housing Finance Agency (“FHFA”), as successor to the FHLBB, issued Order No. 2018-OR-B-5 approving a Dissolution Plan for FICO and ordering the FICO Directorate to take certain actions necessary to dissolve FICO in accordance with that Plan.
3. On [September 26, 2019] FICO fully repaid the balance of principal and interest due on the last of the 30-year bonds that FICO had issued, and there are no remaining FICO bonds outstanding.
4. The FICO Directorate will commence the dissolution of FICO by taking the actions specified the Dissolution Plan.

In witness whereof, the undersigned members of the FICO Directorate have hereunto set our hands this _____ day of _____ 2019.

_____, Chairman

_____, Directorate Member

_____, Directorate Member

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Exhibit B to the FICO Dissolution Plan

Notice of Dissolution to Creditors and Other Claimants

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Notice of Dissolution to Creditors

In accordance with 12 U.S.C. §1441(i), notice is hereby given that the Financing Corporation, formed pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987 to provide financing for the resolution of failed savings and loan associations, with its principal place of business address at Financing Corporation, 1818 Library St., #420, Reston, VA 20190, has commenced the process of dissolution as of [September/October xx, 2019], in accordance with the terms of a plan of dissolution approved by the Director of the Federal Housing Finance Agency on November __, 2018, by Order No. 2018-OR-B-5.

Any claims against the Financing Corporation must be submitted in writing and must include the amount, the basis, the origination date and all relevant documentation supporting the claim, to the following address: Financing Corporation, 1818 Library St., #420, Reston, VA 20190, Attn: FICO Claims.

The deadline for submitting claims is [90 DAYS AFTER FIRST DATE OF PUBLICATION] (the "Claim Deadline").

Claims should be filed by the Claim Deadline in order to be considered for payment prior to the dissolution of the Financing Corporation.