



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE DEPUTY SECRETARY
WASHINGTON, DC 20410-0050

March 7, 2013

Dear Contractor:

As you are likely aware, due to the inability of Congress to pass legislation on balanced deficit reduction to avoid sequestration, the President was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal Government for the remainder of the federal fiscal year. As partners with the Department of Housing and Urban Development, we are writing to provide you with timely and clear information about how these unfortunate budget cuts impact us, and, in turn, what it means for funds utilized in contracts to obtain services from _____ under contract number _____.

At this time, HUD is taking every step to mitigate the effects of these cuts, but based on our initial analysis, it is possible that your company's workforce, revenue, and planning processes may be affected. For example, HUD may decide not to exercise an option on your contract or may need to negotiate lower prices or other terms via a bilateral modification to meet the constraints imposed by sequestration. The Department may also determine it necessary to stop or suspend work, reduce the scope of work, or partially or completely terminate your contract for convenience. Additionally, planned contract actions for new work may be re-scoped, delayed, or canceled depending on the nature of the work and the degree to which it directly supports the agency's mission goals. It is also possible that, if HUD employees are furloughed, your ability to perform under your contract may be disrupted.

To the extent that your contract is affected due to these budget cuts, you will be contacted by the appropriate Contracting Officer with additional details. Thank you for your continued partnership with HUD, and for your cooperation as we work together to manage these unfortunate circumstances.

Sincerely,

A handwritten signature in black ink that reads "Maurice A. Jones". The signature is written in a cursive style with a large initial "M".

Maurice A. Jones