DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220
SEP 16 2009

MEMORANDUM FOR HERBERT M. ALLISON

FROM: Bernard J. Knight, Jr.
Assistant General Counsel (General Law, Ethics & Regulation)
and Designated Agency Ethics Official

SUBJECT: Your Participation in Matters Involving Government-Sponsored Enterprises

After consultation with the Counsel to the President, I hereby waive certain requirements of paragraph 2 of the Ethics Pledge of Mr. Herbert M. Allison with respect to his former relationship with Federal National Mortgage Association (Fannie Mae).

Mr. Allison is not in a position to personally benefit from his Fannie Mae relationship. I note that Mr. Allison has no pecuniary interest in Fannie Mae other than a life insurance policy under which Fannie Mae will pay premiums for four more years pursuant to a standard Fannie Mae agreement. Mr. Allison was not otherwise compensated by Fannie Mae, and declined to accept a salary. In addition, Mr. Allison accepted the position at Fannie Mae at the request of the United States Government.

I have determined that it is in the public interest to grant this limited waiver because on February 18, 2009, President Obama announced the Homeowner Affordability and Stability Plan (HASP), which was designed to address problems in the housing market as part of the implementation of the Emergency Economic Stabilization Act (EESA) of 2008. The Homeownership Preservation Office (HPO) was created as part of the Office of Financial Stability (OFS) to implement HASP, which includes a program to refinance loans that are currently held by Fannie Mae. As Assistant Secretary, Mr. Allison is responsible for overseeing the work of OFS in general, including the HPO. He is one of the primary officials responsible for the development of the Department's policies with respect to financial stability, including the homeownership programs. Mr. Allison's knowledge and expertise regarding the issues surrounding the HASP and the HPO make him an ideal person to lead Administration efforts in support of this endeavor.

This waiver does not permit Mr. Allison to be involved in any particular matters involving Fannie Mae that affect Fannie Mae's ability or willingness to pay its contractual life insurance to him. This waiver also does not permit Mr. Allison to make the final decision regarding the award of any contract to Fannie Mae as a financial agent or other contractor. Any final decision to award any contract to Fannie Mae as a financial agent or other contractor will be made by the Under Secretary of Domestic Finance. For all of these reasons, I have determined that it is in the public interest to grant the waiver.

I understand that Mr. Allison will otherwise comply with the remainder of the pledge and with all preexisting government ethics rules.