

United States of America
Office of Federal Housing Enterprise Oversight

In the Matter of
J. TIMOTHY HOWARD

April 16, 2008

**STIPULATION AND CONSENT TO THE ISSUANCE OF A
CONSENT ORDER**

The Director of the Office of Federal Housing Enterprise Oversight (“OFHEO”) issued a Notice of Charges on December 18, 2006, seeking an order to cease and desist, civil money penalties, disgorgement, reimbursement and other relief against J. Timothy Howard pursuant to 12 U.S.C. § 4631 and 12 U.S.C. § 4636.

J. Timothy Howard filed an Answer to the Notice of Charges denying its allegations and asserting defenses thereto on January 8, 2007.

J. Timothy Howard and OFHEO consent to the issuance of a Consent Order, dated April 16, 2008 (“Order”) to resolve this matter.

In consideration of the above premises, the Director of OFHEO and J. Timothy Howard hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

Fannie Mae is a corporation chartered pursuant to the Federal National Mortgage Association Charter Act, 12 U.S.C. §§ 1717 *et seq.*, and subject to supervision and regulation by OFHEO pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, 12 U.S.C. §§ 4501 *et seq.*

J. Timothy Howard was Chief Financial Officer (“CFO”) of Fannie Mae from 1990 until at least 2004 and a member of the Board of Directors from 2003 to at least 2004.

Pursuant to 12 U.S.C. § 4637, the “resignation, termination of employment or participation, or separation of a director or executive officer of an enterprise shall not affect the jurisdiction and authority of the Director to issue any notice and proceed...against any such director or executive officer, if such notice is served before the end of the 2-year period beginning on the date such director or executive officer ceases to be associated with the enterprise.”

ARTICLE II

Agreement

J. Timothy Howard hereby consents and agrees to the issuance of the Order by the Director. J. Timothy Howard further consents and agrees that said Order shall become effective upon execution by OFHEO and Mr. Howard and shall be fully enforceable by OFHEO under the provisions of 12 U.S.C. §§ 4635 and 4636.

ARTICLE III

Waivers

J. Timothy Howard, by signing this Stipulation and Consent, hereby waives:

1. any hearing or any type of administrative proceeding pursuant to 12 U.S.C. § 4633 prior to entry of the Order; and
2. all rights to challenge the validity of the Order.

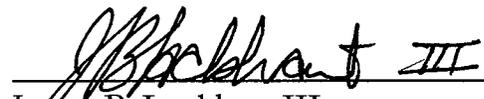
ARTICLE IV

Other Terms

J. Timothy Howard agrees that the provisions of this Stipulation and Consent shall not be construed to limit or otherwise affect regulatory actions by other federal agencies.

By the settlement and the actions taken pursuant thereto, neither OFHEO nor Mr. Howard admits liability in any respect or makes any admission as to factual or legal contents relating to the matters settled herein.

IN TESTIMONY WHEREOF, the undersigned, the Director of OFHEO, has hereunto set his hand on behalf of himself and OFHEO, this 16th day of April 2008.



James B. Lockhart III
Director, Office of Federal Housing Enterprise Oversight

IN TESTIMONY WHEREOF, the undersigned, J. Timothy Howard, has hereunto set his hand of behalf of himself, this 16th day of April 2008.



J. Timothy Howard

**United States of America
Office of Federal Housing Enterprise Oversight**

Order No. 2008-02

**In the Matter of
J. TIMOTHY HOWARD**

CONSENT ORDER

The Office of Federal Housing Enterprise Oversight (“OFHEO”) believes and states as follows:

WHEREAS, OFHEO is authorized by federal law to conduct examinations of the Federal National Mortgage Association (“Fannie Mae”) in order to ensure its safety and soundness, Federal Housing Enterprises Financial Safety and Soundness Act of 1992, 12 U.S.C. §§ 4501 *et seq.* (“Safety and Soundness Act”);

WHEREAS, the Director of OFHEO issued a Notice of Charges on December 18, 2006, seeking an order to cease and desist, civil money penalties, disgorgement, reimbursement, and other relief against J. Timothy Howard pursuant to 12 U.S.C. § 4631 and 12 U.S.C. § 4636, including compensation to Fannie Mae for certain damages suffered by Fannie Mae;

WHEREAS, Mr. Howard filed an Answer to the Notice of Charges denying its allegations and asserting defenses thereto on January 8, 2007;

WHEREAS, a hearing pursuant to 12 U.S.C. § 4633 to adjudicate the Notice of Charges is presently scheduled for September 8, 2008; and,

WHEREAS, the Director believes that it would be in the public interest to enter into this Order;

NOW, THEREFORE, pursuant to the authority vested in him by the Safety and Soundness Act, 12 U.S.C. § 4631 and 12 U.S.C. § 4636, the Director hereby finds and orders:

ARTICLE I

Findings

1. Fannie Mae is a government sponsored enterprise, 12 U.S.C. §§ 1715, *et seq.*, regulated by OFHEO under the Safety and Soundness Act.
2. OFHEO is an independent entity within the Department of Housing and Urban Development with the primary mission of ensuring the capital adequacy and safety and soundness of the government sponsored enterprises it regulates as established in the Safety and Soundness Act.
3. Pursuant to 12 U.S.C. § 4513, the Director is charged with ensuring that the enterprises OFHEO regulates operate safely and soundly and with adequate capital. In this regard, the Director is authorized to make such determinations, take such actions and perform such functions as the Director determines necessary, including the institution of administrative and enforcement actions pursuant to the Safety and Soundness Act. The Director may seek cease and desist orders, the imposition of civil money penalties and restitution, disgorgement and other relief relating to the enterprises and their present and former executive officers and directors.

ARTICLE II

PAYMENTS AND OTHER AGREEMENTS

1. In response to claims for civil money penalties, bonus repayments and other remedies and in exchange for the releases contained in Article III of this Order and the Stipulation and Consent Agreement between Mr. Howard and OFHEO, , Mr.

Howard agrees:

- a. to donate shares of Fannie Mae stock to which Mr. Howard is entitled after taxes under Performance Share Program (“PSP”) cycle 19 to programs and initiatives to assist homeowners threatened with loss of their homes or related initiatives to assist home ownership, as approved by OFHEO; and
- b. that a cash payment be made to the United States Treasury in the amount of seven hundred and fifty thousand dollars (\$750,000); and
- c. to relinquish all claims to 192,444 stock options comprising the following: 47,300 options granted on November 16, 1999, 72,570 options granted on November 21, 2000, 56,712 options granted on November 20, 2001 and 15,862 options granted on January 23, 2004, for a total value of \$5.169 million on the date of grant.

The commitments made under this section shall be satisfied within thirty days of the date of this Order.

2. Nothing set forth in this Consent Order shall be construed to limit, reduce or otherwise affect any benefit due J. Timothy Howard from any party, other than those benefits set forth in Article II, paragraph 1 of this Order.

3. Mr. Howard shall not challenge the restriction imposed by Article I, paragraph 3 of the May 23, 2006, Consent Order between Fannie Mae and OFHEO. Nothing in that provision shall be construed to apply to an entity that employs or is affiliated with Mr. Howard and that does business with Fannie Mae so long as Mr. Howard's compensation is not directly tied to or based on that entity's business relationship with Fannie Mae.

ARTICLE III

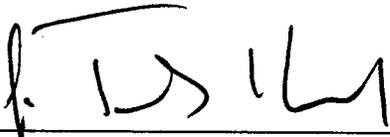
RELEASES

1. The provisions of this Consent Order shall constitute a settlement of OFHEO's December 18, 2006 Notice of Charges insofar as Mr. Howard is named in such charges. The Director shall not institute further proceedings for the acts alleged in the Notice of Charges or any other matters arising out of Mr. Howard's employment at Fannie Mae or service as a member of the Board of Directors at Fannie Mae. Nothing herein constitutes, nor shall J. Timothy Howard contend that it constitutes, a waiver of any right, power or authority of any representative of the

United States or agencies thereof, other than OFHEO, to bring other actions deemed appropriate.

2. Mr. Howard releases fully and covenants not to sue OFHEO, or any officer or employee of OFHEO, for any and all claims or causes of actions related to the issuance of the Notice of Charges, the conduct of the Special Examination or the Report of Special Examination.

Entered into and Agreed to this 16th day of April 2008.



J. Timothy Howard



James B. Lockhart III
Director, Office of Federal Housing Enterprise Oversight