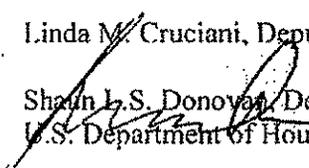


December 30, 2008

MEMORANDUM

TO: Linda M. Cruciani, Deputy General Counsel for Operations

FROM:  Shaun L.S. Donovan, Designate for Secretary  
U.S. Department of Housing and Urban Development

SUBJECT: Ethics Agreement

The purpose of this memorandum is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Secretary of the United States Department of Housing and Urban Development.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or any minor children of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Upon confirmation, I will resign from my position as Commissioner with the New York City Department of Housing Preservation and Development and will have a "covered relationship" for a period of one year under 5 C.F.R. § 2635.502 with New York City. You have advised me that my participation in particular matters involving specific parties in which New York City is a party or represents a party will be authorized pursuant to 5 C.F.R. § 2635.502(d). This authorization will not extend to any particular matter involving specific parties in which I previously participated in my position as Commissioner. This authorization also will not extend to any litigation before a court in which New York City is a party or represents a party.

Upon confirmation, I will resign from my positions as Trustee with the National Housing Conference, as Director with the National Housing Trust, and as Trustee with the Dalton School. For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Upon confirmation, I will also resign from my position as Trustee of the Shaun Donovan 2006 Trust. Despite this resignation, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the Shaun Donovan 2006 Trust or those of the issuers of securities held in the trust, unless I first obtain a

written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I will divest my interest in the Prudential Employee Savings Plan Fixed Rate Fund ("Fixed Rate Fund") within 90 days of my confirmation. If I retain these funds within the Prudential Employee Savings Plan, I will reinvest in a fund offered by the Plan that qualifies as a registered "mutual fund" under 5 C.F.R. § 2640.102(a), (k). Until I have divested the Fixed Rate Fund, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of Prudential to pay the guaranteed annuity associated with the Fixed Rate Fund, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

My spouse is a salaried employee of Michael Van Valkenburgh Associates. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my spouse's compensation or employment with Michael Van Valkenburgh Associates. I also will not participate personally and substantially in any particular matter involving specific parties in which Michael Van Valkenburgh Associates is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).