

Consumer Relief

Eligibility: The Consumer Relief eligibility criteria shall reflect only the terms set forth below and the following principles and conditions: (1) Consumer Relief will not be implemented through any policy that violates the Fair Housing Act or the Equal Credit Opportunity Act; (2) Consumer Relief will not be conditioned on a waiver or release by a borrower, provided that waivers and releases shall be permitted in the case of a contested claim where the borrower would not otherwise have received as favorable terms or consideration; and (3) Eligible modifications may be made under the Making Home Affordable Program (including the Home Affordable Modification Program and the Housing Finance Agency Hardest Hit Fund) and any proprietary or other modification program. Nothing herein shall preclude the implementation of pilot programs in particular geographic areas that do not violate the Fair Housing Act, the Equal Opportunity Credit Act, or any other federal or state civil rights law.

Menu¹

<u>Menu Item</u> ²	<u>Credit Towards Settlement</u>	<u>Minimum/Cap</u>
1. <u>Modification – Forgiveness/Forbearance</u> ^{3,4}		Menu Item 1 Minimum = \$1.75 Billion Credit
A. First Lien – Principal Forgiveness ⁵	\$1.00 Forgiveness = \$1.00 Credit 150% Enhanced Early Incentive Credit ⁶	Menu Item 1.A Minimum = \$980 Million Credit

¹ Start date of crediting is January 1, 2017 (based on first payment date for completed modifications and other actions under this Menu). Consumer Relief to be completed no later than December 31, 2021. No Credit will be provided for a modification if payments are required unless the borrower makes the first three scheduled payments under the modification (including trial period payments). With respect to earned forgiveness principal reduction modifications, Credit can be immediate, provided the borrower makes the required payments (to include any trial payments) and the earned forgiveness period is a maximum of 3 years. If a borrower receives more than one form of Consumer Relief, Credit shall be provided for each form of relief, provided that the forms of relief must be segregated for purposes of determining Credit. Credit can be earned for all forms of relief in the 50 states, the District of Columbia, and the U.S. territories.

² Credit will be provided for any Consumer Relief completed by any servicer pursuant to this Annex 2 and for loans sold to other servicers (including sales of servicing rights) where a modification is completed by the deadline set forth in footnote 1 for Credit Suisse to complete its Consumer Relief obligations, and provided that the agreement providing for such sale of servicing allows for the tracking and reporting of such subsequent Consumer Relief to the satisfaction of the Monitor. With respect to loans held in securitizations, Consumer Relief shall be credited in accordance with this Annex 2 from January 1, 2017 for all eligible modifications described in this “Menu,” provided that all principal forgiveness modifications performed on loans in securitizations shall be eligible only where Credit Suisse has confirmed that: (1) the modification is permitted under the operative documents for the securitization; or (2) Credit Suisse has permission from the relevant investors and/or trustees to provide the principal reduction under the operative documents for the securitization or another agreement with trustees/ investors.

³ For Menu Item 1.A, eligibility is limited to non-performing loans and loans in imminent default (as defined by HAMP), high LTV loans, loans with rates substantially above Freddie Mac’s Primary Mortgage Market Survey (PMMS), and loans with troubled loan history. High LTV Loans are defined as loans at or above 100% LTV. Loans with troubled loan history are defined as loans where the borrower has missed two or more payments during the term of the loan. With respect to all other categories, Credit is available for Consumer Relief provided to all borrowers unless otherwise limited under the Menu.

⁴ With respect to Credits achieved under Menu Items 1.A, 1.B, 1.C and 1.F, modifications must be for loans with an unpaid principal balance prior to capitalization at or below the local GSE conforming loan limit cap as of January 1, 2016.

⁵ With respect to any principal forgiveness modification performed on Credit Suisse held-for-investment loans (including SBO) pursuant to Menu Item 1.A, the non-adjustable post-modification interest rate on the remaining first lien unpaid principal balance shall be no greater than 2% and the post-modification LTV must be equal to or less than 75% LTV. With respect to any principal forgiveness modification performed on loans serviced by Credit Suisse (excluding loans in subservicing) pursuant to Menu Item 1.A, the post-modification LTV must be reduced to equal to or less than 100% or principal must be reduced in order to achieve a post-modification debt-to-income ratio of 25%. As used in this Menu, “LTV” shall refer to loan-to-value ratio. Subject to any applicable investor or contractual requirements, the property value used to calculate the LTV under this Menu shall be based upon a property valuation meeting the standards acceptable under the Making Home Affordable programs received within three months of the transaction.

⁶ Enhanced Early Incentive Credit applies to all Consumer Relief activity under Menu Item 1.A completed by November 1, 2017 (based upon the first payment date, excluding trial payments, for modifications requiring a payment), provided that no Enhanced Early Incentive Credit will be provided for a modification if payments are

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	115% Early Incentive Credit ⁷
	115% Credit for incremental LTV reduction between 90% and 100%
	120% Credit for incremental LTV reduction between 76% and 90%
	If post-modification LTV equal to or less than 75%, 125% Credit for entire amount of principal forgiven
B. Principal Forgiveness of Forbearance	\$1.00 Forgiveness = \$1.00 Credit 115% Early Incentive Credit 115% Credit for incremental LTV reduction below 100% Credit limited to principal reduction that reduces LTV to equal to or less than 100% LTV
C. First Lien – Forbearance (Payment Forgiveness)	$\$ \text{Forgiveness} = \text{Pre Mod Rate} \times \text{Forborne UPB} \times \text{Avg Life}^8$ 115% Early Incentive Credit

required unless the borrower makes the first three scheduled payments under the modification (including trial period payments). Enhanced Early Incentive Credit and other Credits are cumulative (e.g., \$1.00 of principal forgiveness as part of a modification resulting in an LTV of 75% completed prior to July 31, 2017 would receive \$1.875 Credit), except that no Early Incentive Credit applies to consumer relief activity receiving Enhanced Early Incentive Credit.

⁷ Early Incentive Credit applies to all Consumer Relief activity offered or completed by March 1, 2018. Early Incentive Credit and other Credits are cumulative (e.g., \$1.00 of principal forgiveness as part of a modification resulting in an LTV of 75% completed prior to March 1, 2018 would receive \$1.4375 Credit).

⁸ Based on an average life of 8 years.

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D. Second Lien Extinguishments ^{9,10}	<u>Performing (90 days or less past due on the related Second Lien):</u> ¹¹ \$1.00 Forgiveness = \$1.00 Credit 115% Early Incentive Credit <u>Seriously Delinquent & Non-Performing (>90 days past due on the related Second Lien):</u> \$1.00 Forgiveness = \$1.00 Credit 115% Early Incentive Credit	Menu Items 1.D + 1.E Cap = \$1.16 Billion Credit
E. Junior Liens (Liens less than Second Lien position) Outstanding Unsecured Mortgage Debt Principal Forgiveness/ Extinguishment	\$1.00 Forgiveness = \$0.40 Credit 115% Early Incentive Credit	
F. Balance Forgiveness- First Lien	\$1.00 Forgiveness = \$1.00 Credit 115% Early Incentive Credit 115% Credit for incremental LTV reduction below 100% Credit limited to balance forgiveness that reduces LTVs to equal to or less than 100%	

⁹ Credit Suisse may not earn Credit under Menu Items 1.D and 1.E for extinguishment of a second lien, junior lien, or unsecured mortgage debt where Credit Suisse owns or services the first lien and Credit Suisse initiates or prosecutes a foreclosure with respect to the first lien within 6 months of the extinguishment of the second lien. Credit Suisse may not earn Credit under Menu Items 1.D and 1.E for debt that has become unenforceable by operation of state law (e.g., California Code of Civil Procedure sections 580b and 580d). To the extent that any form of relief under Menu Items 1.D or 1.E is offered on an opt-out basis, the opt-out period must be at least 90 days in length.

¹⁰ Eligibility under Menu Items 1.D and 1.E is limited to borrowers with second lien UPBs at or below \$208,500 nationwide with the exception of Alaska, Guam, Hawaii, and the U.S. Virgin Islands, where eligibility is limited to borrowers with second lien UPBs at or below \$312,750. Credit can only be earned under Menu Items 1.D and 1.E for extinguishment of second liens, junior liens, or unsecured mortgage debt.

¹¹ For purposes of this section, the term “delinquent” shall have the meaning provided by the Mortgage Bankers Association definition of delinquency.

2. Affordable Rental and For-Sale Housing

Financing to fund affordable rental and for-sale housing

For Critical Need Family Housing¹² developments:
 \$1.00 Loss¹³ = \$3.75 Credit

For other developments:
 \$1.00 Loss = \$3.25 Credit

115% Early Incentive Credit

Credits for Critical Need Family Housing rental developments and for other rental developments will be given for developments that are equivalent to affordable rental housing developed through LIHTC. For example, rental developments eligible for Credits (i) must have at least 20% of the residential units affordable up to 50% AMI or at least 40% of the units affordable up to 60% AMI, (ii) must have a Land Use Restriction Agreement for at least 30 years, and (iii) must agree to accept Housing Choice vouchers. Other features also must be equivalent to affordable rental

Menu Item 2 Minimum = \$240 Million Credit

With respect to Menu Item 2, at least 50% of units generating Credit must be in Critical Need Family Housing developments.

125% Credit for Losses incurred with respect to units in Critical Need Family Housing developments beyond the minimum of 50% of units generating Credit in Critical Need Family Housing.

Each year, at least 40% of all units generating Credit in Critical Need Family Housing developments must have 2 or more bedrooms. Each year, at least 10% of all units generating Credit in Critical Need Family Housing developments must have 3 or more bedrooms.

To earn Credit, developments must meet the same affirmative marketing standards as are set forth in 24 C.F.R. § 200.620. The

¹² “Critical Need Family Housing” is defined as affordable low-income rental housing developments or affordable low- or moderate-income for-sale housing developments selected by Credit Suisse that (i) are located within Small Area DDAs or State-Defined High Opportunity/Low Poverty Areas, and (ii) none of the units have age restrictions for any of the occupants. For these purposes, “Small Area DDAs” are Small Area Difficult Development Areas defined by the U.S. Department of Housing and Urban Development as set forth in 78 Fed. Reg. 69,113 (Nov. 18, 2013), and “State-Defined High Opportunity/Low Poverty Areas” refers to “high opportunity” or “low poverty” areas as defined in State Qualified Allocation Plans (for those states that use such designations). The list of Small Area DDAs for 2016 is available on the HUD website at https://www.huduser.gov/portal/sadda/sadda_qct.html. The list of Small Area DDAs for subsequent years will also be available on HUD’s website.

¹³ “Loss” for a subordinated loan made to facilitate the construction, rehabilitation, or preservation of affordable low-income rental housing or affordable low- or moderate-income for-sale housing is based on the estimated expected recoveries at the time of loan commitment. Loss is measured as the difference between the amount provided to the borrower and the estimated future cash flows from the loan, discounted at the prevailing interest rate for similar risk profiles, as reflected on the books and records of Credit Suisse on the origination date of the loan. The future cash flows from the loan will be Credit Suisse’s best estimate using all reasonable and supportable assumptions and projections. Origination date is defined as the date the commitment to lend is issued. For crediting purposes, origination date is the determinative date for crediting as described above. In evaluating crediting under this section, the independent Monitor will verify the reasonableness of the loss calculation, including (but not limited to) verification of the reasonableness of the discount rate applied and the calculation of estimated future cash flows. If Credit Suisse’s Loss is substantially reversed within 3 years due to circumstances such as cancellation of the project during the term of this Annex, Credit Suisse’s Credit shall be calculated on the actual Loss incurred. Credit will only be given up to \$100,000 per affordable rental housing unit and \$150,000 per affordable for-sale housing unit. Credit for Critical Need Family Housing developments shall be reduced to \$3.25 for \$1.00 Loss if the location of the project is moved outside a Small Area DDA or State-Defined High Opportunity/Low Poverty Area.

housing developed through LIHTC.

Credits for Critical Need Family Housing for-sale developments and for other for-sale developments will be given for projects that are developed in partnership with a municipal or government housing agency. For-sale developments eligible for Credits (i) must have at least 20% of the units affordable up to 80% AMI (or up to 120% AMI in High Cost areas, as defined by HUD), and (ii) must have a Land Use Restriction Agreement for at least 15 years.

process by which individuals and families apply and are selected for eligible affordable rental or for-sale units will be administered by municipal or government housing agencies or by the developer, in accordance with the typical practices for each type of development.

**Total Credit (Menu Items 1 + 2)
= \$2.8 Billion Credit¹⁴**

Additional Parameters

Credit Suisse shall not be responsible for any tax consequences to borrowers of the Consumer Relief described in this Annex, but Credit Suisse is required to clearly disclose to borrowers the potential tax consequences of any relief offered or provided, and recommend that borrowers seek appropriate counsel as needed.

Required Outreach

Credit Suisse will prepare a short, plain-language document (translated into Spanish, Chinese, Tagalog, Vietnamese and Korean), available online, that can be distributed by third parties to explain the forms of relief available under the terms of this Annex. Credit Suisse shall translate this document into other languages as appropriate on a best efforts basis.

Credit Suisse agrees to hold three outreach events each year until Credit Suisse has satisfied the Consumer Relief obligations set forth in this Annex. Credit Suisse will hold these events in geographically dispersed locations. In preparation for each event, Credit Suisse will conduct

¹⁴ Credit Suisse will utilize its best efforts to endeavor to earn a total of at least \$25 Million of Credit for Menu Item 1.A in the following counties in the District of Colorado: Adams, Alamosa, Arapahoe, Archuleta, Delta, Eagle, Elbert, El Paso, Fremont, Garfield, Grand, Gunnison, Las Animas, Logan, Mesa, Moffat, Montrose, Morgan, Otero, Park, Pueblo, Routt, Summit, Teller, and Weld. Credit Suisse will further utilize its best efforts to endeavor to earn a total of at least \$25 Million of Credit for Menu Item 2 for affordable rental and for-sale housing located in the District of Colorado.

targeted borrower outreach through personalized invitational letters, emails and/or outbound phone calls with eligible borrowers. As part of this preparation, Credit Suisse will notify the respective State Attorneys General, the independent Monitor and other individuals or entities that Credit Suisse deems appropriate of the schedule of events to build further awareness and encourage increased participation. These events will involve a presentation informing attendees about Credit Suisse's efforts and obligations under this Annex. This outreach will be conducted in English and Spanish, and, on a best efforts basis, other languages to encourage eligible borrowers to make appointments in advance. Multilingual translation and interpretation services for Spanish and, on a best efforts basis, other languages will be offered and available to customers requesting such support.

Credit Minimums, Reporting Requirements, and Liquidated Damages

Credit Suisse shall endeavor to satisfy the Consumer Relief obligations set forth in this Annex by December 31, 2020, but shall have until December 31, 2021 to complete all Consumer Relief obligations set forth in this Annex. An independent Monitor acceptable to the parties and paid for by Credit Suisse shall be appointed to publicly: (1) report progress towards completion of Consumer Relief, including reporting on overall progress on a quarterly basis commencing no later than 180 days after the date of this Agreement; (2) report on Credits earned as promptly as practicable following the date the Monitor has confirmed the methodology for validation of Credits under this Menu (including a description of the distribution of Credits at the census block level for Menu Item 1); and (3) ultimately determine and certify Credit Suisse's compliance with the terms of this Annex. If the Monitor determines that a shortfall in any of the Consumer Relief obligations remains as of December 31, 2021, the outstanding amount of any such Consumer Relief obligation shall begin to increase at a rate of 5% per annum, ending upon Credit Suisse's satisfaction of the outstanding Consumer Relief obligation (the "Interest Provision"). Credit Suisse's obligations under the Interest Provision shall be the sole remedy for any failure to complete the Consumer Relief. The calculations regarding the Credit Minimums shall be performed by the Monitor and the Monitor shall determine at the end of the period whether there is a shortfall in any of the Consumer Relief obligations, and if so, shall apply the Interest Provision.

In the event that Credit Suisse is unable to satisfy the Credit Minimums set forth in this Menu despite using its best efforts (as confirmed by the Monitor) to solicit every eligible borrower, barring any legal limitations on its ability to contact a given borrower, for the applicable consumer relief program, Credit Suisse may apply any Credits earned in excess of any of the Credit Minimums or any Credit earned in any Menu Item as to which neither a Credit Minimum nor a Credit Cap applies to offset any deficiency in respect of any of the other Menu Items to which a Credit Minimum applies.

The Monitor shall provide Credit Suisse with flexibility on the evidencing requirements for loans not serviced by Credit Suisse where the standard evidence is unavailable and Credit Suisse is able to provide alternative evidence that enables the Monitor to satisfactorily carry out his duties under this Annex. For example, the Monitor may (but is not required to) determine that balance forgiveness may be evidenced by transaction screenshots, before and after statements and/or 1099C statements.

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For Menu Item 1, Credit Suisse is required to report data to the Monitor at the census block level. For Menu Item 1, Credit Suisse is required to provide the Monitor with a copy of the Internal Revenue Service (“IRS”) Form 1099C issued to each individual for each item of relief provided. Credit will not be given for any item of relief provided pursuant to this Menu where the Monitor determines that Credit Suisse has failed to satisfactorily report data (including census block level data) for that relief as required in this Annex.