

Plan of Allocation

I. BACKGROUND

1. On December 18, 2013, the New Jersey Bureau of Securities (“Bureau”) filed a Complaint against Credit Suisse Securities (USA) LLC, Credit Suisse First Boston Mortgage Securities Corp., and DLJ Mortgage Capital, Inc. (“Credit Suisse”) related to Credit Suisse’s offer and sale of certain Residential Mortgage-Backed Securities (“Certificates”).¹ On September 4, 2014, the Bureau filed an Amended Complaint. The Amended Complaint alleged violations of the following provisions of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 (“Securities Law” or “NJUSL”): 1) N.J.S.A. 49:3-52(b) (making materially false and misleading statements or omitting facts necessary to make the statements made not misleading in connection with the offer, sale, or purchase of securities); and 2) N.J.S.A. 49:3-52(c) (engaging in any act or practice, or course of business which would operate as a fraud or deceit upon any person in connection with the offer, sale, or purchase of securities). On January 12, 2015, Credit Suisse filed an Answer to the Amended Complaint, denying all claims.
2. On October 24, 2022, the Court entered a Consent Order and Final Judgment against Credit Suisse. On October 25, 2022, the Bureau Chief entered an Administrative Consent Order as to Credit Suisse. Under the Consent Order and Final Judgment and the Administrative Consent Order, Credit Suisse agreed to pay restitution pursuant to N.J.S.A. 49:3-69(a) in the amount of \$300 million (“Restitution Amount”) to restore investors for Credit Suisse’s potential violations of the Securities Law. The Administrative Consent Order contains the Bureau Chief’s Findings of Fact and Conclusions of Law, made solely for

¹ The relevant Certificates are included in the following thirteen Covered Trusts: HEAT 2006-4, HEAT 2006-5, HEAT 2006-6, HEAT 2006-7, HEAT 2006-8, HEAT 2007-1, HEAT 2007-2, HEAT 2007-3, HEMT 2006-4, HEMT 2006-5, HEMT 2006-6, HEMT 2007-1, and HEMT 2007-2.

the purpose of settling the Action, which Credit Suisse neither admitted nor denied.

This Plan of Allocation is in accordance with the Administrative Consent Order.

II. THE PROPOSED PLAN OF ALLOCATION: GENERAL PROVISIONS

1. In accordance with the Administrative Consent Order and this Plan of Allocation, the Bureau will use reasonable best efforts to return as much of the \$300 million Restitution Amount as possible to investors who purchased the Certificates between their issuance and December 18, 2013.
2. The Restitution Amount shall be distributed based on the timely submitted, acceptable Claim Forms of Investors deemed eligible to receive restitution (“Authorized Claimants”).
3. Investors who would otherwise qualify as Authorized Claimants but whose restitution amount is calculated to be less than \$100.00 will not be deemed Authorized Claimants and will not receive any payout. The calculated restitution for these investors will remain in the Restitution Amount for distribution to the Authorized Claimants.
4. Authorized Claimants’ individual share of the Restitution Amount will depend on the total amount of Authorized Claimants and the calculated value of each Authorized Claimant’s restitution amount (as determined by valid Claim Forms). Among other things, this will depend on which Certificates the Authorized Claimant purchased and when the purchase was made; how many Certificates the Authorized Claimant purchased; whether the Authorized Claimant held or sold those Certificates; the date on which the Authorized Claimant sold those Certificates; and the price at which the Authorized Claimant sold those Certificates. The purpose of this proposed Plan of Allocation is to return Authorized Claimants to the position they were in before they purchased the Certificates, on a *pro rata* basis. At this time, it is not

possible to determine how much Authorized Claimants may receive from the Restitution Amount.

5. For each Authorized Claimant, a “Recognized Claim” will be calculated. The calculation of Recognized Claims, as defined in ¶ 3.1 below, is not intended to be an estimate of, nor does it indicate, the amount of restitution that would be paid to an Authorized Claimant after a trial. Nor is the calculation of a Recognized Claim pursuant to the Plan of Allocation an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement, which would depend on the total amount of all Recognized Claims. The formulas for calculating Recognized Claims provide the basis for proportionately allocating the Restitution Amount to Authorized Claimants. Those computations are only a method to weigh Authorized Claimants’ claims against one another. Each Authorized Claimant will receive a *pro rata* share of the Restitution Amount based on the Authorized Claimant’s individual Recognized Claim.

III. CALCULATION OF RECOGNIZED LOSS

1. A “Recognized Loss” or “Recognized Gain” should be calculated for each purchase or acquisition of a Certificate. The calculation of the Recognized Loss or Recognized Gain will depend on several factors, including (i) which Certificate was purchased or acquired; (ii) when the Certificate was purchased or acquired; (iii) when and for how much the Certificate was sold; and (iv) the value of the Certificate as of December 18, 2013.
2. FIFO Matching: For Authorized Claimants who made multiple purchases, acquisitions, or sales during the relevant period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a Recognized Claim. Under the FIFO method, sales of Certificates during the relevant period will be matched in chronological order against Certificates purchased or acquired during the relevant period.

3. For each Certificate, the Recognized Loss or Recognized Gain is equal to the purchase price less principal distributions plus either sales proceeds or the Certificate value as of **December 18, 2013**.
4. A “Total Recognized Loss/Gain by CUSIP” will be calculated for each Authorized Claimant on a CUSIP-by-CUSIP basis.² Accordingly, multiple transactions by an Authorized Claimant in a single CUSIP will be netted; *i.e.*, the total Recognized Gain or Loss Amounts for that CUSIP shall be calculated by (1) totaling the Recognized Loss Amounts for that CUSIP; and (2) subtracting from that total Recognized Loss Amount the total of all Recognized Gain Amounts for that CUSIP. A Total Recognized Loss for a CUSIP cannot be less than zero. CUSIPs with a Net Recognized Gain will not be eligible to receive proceeds from the Restitution Amount.
5. For each Authorized Claimant, a “Recognized Claim” will be calculated as the sum of all Recognized Losses by Certificate CUSIP.

IV. DISTRIBUTION OF THE RESTITUTION AMOUNT

1. The “Recognized Claim” will be used solely to calculate the relative amount of the Restitution Amount for each Authorized Claimant and does not reflect the actual amount an Authorized Claimant may expect to recover from the Restitution Amount. The combined Recognized Claims of all Authorized Claimants may be greater than the Restitution Amount. If this is the case, and subject to the \$100.00 minimum payment requirement described in 2.3 above, each Authorized Claimant shall receive the Authorized Claimant’s *pro rata* share of the Restitution Amount, which shall be calculated as:

The Authorized Claimant’s Recognized Claim divided by the total of all Recognized Claims to be paid, multiplied by the Restitution Amount.

² CUSIPs are unique identification numbers assigned to individual securities by the Committee on Uniform Security Identification Procedures. Each Certificate has its own CUSIP number.

2. The Administrative Consent Order provides the Bureau Chief with the sole discretion over the claims administration process. Payment pursuant to the Plan of Allocation shall be conclusive as to all Authorized Claimants. No Person shall assert any claim based on distributions made in substantial compliance with the Consent Order and Final Judgment, the Administrative Consent Order, this Plan of Allocation, or further order(s) of the Court against the New Jersey Bureau of Securities, its counsel, eligible investors, the Claims Administrator, Defendants and the Credit Suisse Released Parties, or any person designated by the New Jersey Bureau of Securities.
3. Anyone who fails to timely submit an acceptable Claim Form by the deadline October 6, 2026, or otherwise allowed, shall be forever barred from receiving any payments from the Restitution Amount.

V. AMENDMENTS TO THE PLAN OF ALLOCATION

1. This Plan of Allocation may be amended. To obtain the most up-to-date information regarding the Plan of Allocation, please visit www.NJBOSCreditSuisseSettlement.com.