Eleventh Report of the Monitor for the Credit Suisse RMBS Settlement

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Monitor for the Credit Suisse RMBS SETTLEMENT

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EXECUTIVE SUMMARY

This Report, the Monitor's eleventh pursuant to the Settlement Agreement, provides an update on Credit Suisse's efforts to comply with its obligation to provide consumer relief pursuant to that agreement, and sets forth the Monitor's assessment of Credit Suisse's compliance to date.[1]

The subject of this Report is the Monitor's testing of Credit Suisse's loans to build and renovate affordable rental housing developments. As explained in prior reports, of its $2.8 billion consumer relief obligation, Credit Suisse was required to fund affordable housing developments to achieve $240 million worth of credit toward meeting its obligations, and to use its "best efforts" to earn at least $25 million of that $240 million of credit by making loans to developments in the District of Colorado. As to timing, the Settlement Agreement set an aspirational completion date of the end of 2020, and a deadline for relief of December 31, 2021: "Credit Suisse shall endeavor to satisfy the Consumer Relief obligations . . . by December 31, 2020, but shall have until December 31, 2021 to complete all Consumer Relief obligations."[2]

In recognition of the tremendous need for affordable housing, the Settlement Agreement sets forth a series of requirements that Credit Suisse's loans must satisfy to earn credit, and also provides Credit Suisse the opportunity to earn enhanced credit for loans that meet certain additional criteria. These requirements and incentives are designed to cause Credit Suisse to provide financing to developments supporting families and in areas that have a critical need for affordable housing, and on terms that were advantageous to the developer. Without the loans Credit Suisse provided pursuant to the Settlement Agreement, many of these developments—which received funding from other sources as well—would have been delayed, and in some cases, may not have been completed. In this respect, the affordable housing provisions of the Settlement Agreement have been an unqualified success, helping thousands of individuals and families find affordable housing that otherwise might not have been available to them. The Department of Justice should be commended for seeking this type of meaningful and impactful relief in its settlement with Credit Suisse, and Credit Suisse for its successful execution of the affordable housing requirements of the agreement.

Under the Settlement Agreement, at least 50% of the units generating affordable housing credit were required to be in neighborhoods that the U.S. Department of Housing and Urban Development ("HUD") or the state in which they are located has designated as having a particular need for affordable housing. These are areas where housing costs are high relative to median income and/or the area has low poverty rates and substantial educational, employment, and other opportunities for its residents. The Settlement Agreement also required the developments in critical need areas to have a certain number of units with two or more bedrooms that can house families. These Settlement

Agreement requirements are consistent with HUD policy to move lower-income families out of neighborhoods with concentrated poverty and into areas with lower poverty and greater opportunities for economic mobility. Of the 43 projects (3,631 units) that Credit Suisse funded, 27 projects (2,382 units) were in areas that have a critical need for such housing.

Summary of Affordable Housing Relief		
	Total	**Critical Need Family Housing**
Affordable Housing Developments	43	27
Affordable Housing Units	3,631	2,382
Studio Units	289	218
One Bedroom Units	1,323	753
Two Bedroom Units	1,309	892
Three Bedroom Units	673	495
Four Bedroom Units	37	24

Most affordable housing developments are funded by senior loans made on a for-profit basis by commercial banks, and by low-income housing tax credits sold by developers to private investors in exchange for equity investments in their projects. However, these sources of financing are in many cases insufficient to fully fund an affordable housing project. The Settlement Agreement provides that Credit Suisse earns credit by providing funding in the form of loans to affordable housing developments that are junior in priority, or "subordinated," to the commercial senior loan. Importantly, in the absence of this type of funding from a bank such as Credit Suisse, an affordable housing development typically will not be built unless government entities or non-profit organizations, which are willing to forgo returns and tolerate a total loss, provide a similar type of funding.

Pursuant to the Settlement Agreement, there is not a one-to-one ratio between the number of dollars that Credit Suisse dedicates toward loans to build and renovate affordable rental housing developments and the number of dollars that Credit Suisse earns in credit toward meeting its consumer relief obligation. Rather, the amount of consumer relief credit that Credit Suisse earns is based on a multiple of at least 3.25 times the estimated loss that Credit Suisse projects it will incur on each loan. As a result, because Credit Suisse was seeking to maximize the amount of credit it could receive for each loan, the terms of Credit Suisse's loans differ from standard commercial loans because Credit Suisse was not seeking to make any profit or even to recover the funds that it loaned to the affordable housing developments. Indeed, Credit Suisse's goal was to maximize the amount of its estimated loss on each loan, and thus earn the maximum amount of credit for the loan under the Settlement Agreement. Credit Suisse's estimated loss was maximized by the loans not charging interest, and not requiring any repayment of principal until the loan is scheduled to be repaid in a lump sum in several decades.

The Settlement Agreement provides that for each dollar of estimated loss, Credit Suisse earns at least \$3.25 and as much as \$5.39 in credit, depending on whether the loans satisfy certain criteria. For example, Credit Suisse earns \$3.75 in credit for every \$1.00 of loss on a loan to a development that is an area that has a critical need for affordable housing. To the extent that Credit Suisse funds more affordable housing units in designated critical need areas beyond the minimum requirement set forth in the Settlement Agreement, Credit Suisse receives a 125% credit enhancement on each of the loans that financed those units, or \$4.69 in credit for each \$1.00 of loss. Credit Suisse also receives a 115% "Early Incentive Credit" where it issued a commitment to provide a loan on or before March 1, 2018, regardless of whether or not the development is in a critical need area.

Between 2017 and 2021, Credit Suisse provided approximately \$57 million in loans to 43 affordable housing rental developments in 17 states. These loans ranged from \$250,000 to \$4.5 million, and developers obtained additional sources of funding to complete their projects. Thirty-seven of the developments are dedicated to providing affordable housing, and the other six developments offer market-rate and affordable housing units for rent.

The Monitor's testing found that, by making these loans, Credit Suisse earned \$240.05 million in affordable housing credit by the December 31, 2021 deadline, or just over 100% of the \$240 million credit minimum, and received an average of \$4.18 of credit for each \$1.00 of estimated loss. Credit Suisse also satisfied its obligation with respect to developments in Colorado by providing \$7.2 million in loans to seven affordable housing developments in that state, which generated more than \$25 million in credit.

Summary of Affordable Housing Credit Earned	
Total Number of Loans	43
Total Amount Loaned	$57,376,505.00
Total Amount of Credit Earned	$240,049,597.06
Total Amount of Credit Earned for Loans to Affordable Housing Developments in Colorado	$25,600,872.70

Accordingly, the Monitor has determined that Credit Suisse has met its consumer relief obligations under the Settlement Agreement with respect to funding affordable housing developments. This Report further examines how Credit Suisse fulfilled these obligations.

Unlike some of the other banks that entered into RMBS settlement agreements that had affordable housing components, Credit Suisse's preexisting business did not include providing for-profit loans to developers of affordable housing. Early in the monitorship, Credit Suisse retained National Equity Fund, Inc. ("NEF"), a national non-profit with expertise in affordable housing, to assist with the selection of projects and loan negotiations with affordable housing developers who would receive loans from Credit Suisse. With the support of NEF, Credit Suisse financed both new construction and rehabilitation projects.

Through the process of selecting projects and making loans, Credit Suisse focused on financing developments in areas that have a critical need for affordable housing and developments designed to have a significant positive impact in the community, thereby fulfilling the letter and spirit of one of the Settlement Agreement's fundamental goals. Many of the projects Credit Suisse financed provide affordable housing to underserved populations, offer educational, counseling, and other services to their residents, and serve as a resource to the larger communities in which they are located.

- Housing for Families. Credit Suisse financed seven developments that provide special services to meet the needs of families. There is a substantial need for affordable housing to accommodate families, with a current estimated shortage of 7.3 million affordable rental units for low-income families across the United States. One project that Credit Suisse funded was the Posterity Scholar House in Fort Wayne, Indiana, which provides housing for single-parent households where the parent is seeking post-secondary education. The local government housing authority manages this development and operates a financial literacy program and an on-site reading program for children. Another such project was The Jordan at Mueller in Austin, Texas, which offers on-site after-school care for children who live on the property and in the surrounding community. Credit Suisse also funded Britton Court in San Francisco, California, which offers four-bedroom units designed to meet the needs of larger families who are not typically served by affordable housing developments.

- Housing for Other Underserved and Vulnerable Populations. Credit Suisse financed more than 20 developments providing housing and services to other underserved and vulnerable populations, including individuals experiencing homelessness, individuals with disabilities, and veterans. These housing options can provide stable homes for individuals who are struggling with mental and physical disabilities, need supportive services, or may otherwise be left without long-term housing opportunities. For example, Mason Place in Fort Collins, Colorado includes affordable housing for 60 disabled residents who have experienced homelessness, including 15 affordable housing units reserved for veterans. Each resident is given a case manager and the property offers a range of on-site programming, including health screenings, addiction support groups, and music lessons. Another example is Ebenezer Plaza in Brooklyn, New York, which has 20 affordable housing units set aside for individuals who have experienced homelessness and provides improved pedestrian access to a nearby community center.

- Housing Offering Special Services. Credit Suisse provided funding to other developments that offer special services intended to improve the long-term stability and professional prospects of their tenants. These services may help to improve residents' ability to find employment. For example, Heart's Place in Arlington Heights, Illinois provides residents with a range of supportive services, including life and parenting skills training, employment counseling, and case management services. Monarch Apartments in Palm Springs, California offers 60 hours of adult education classes each year, with training on finances, home buying, GED preparation, resume building, English as a second language, and various after-school programs, including mentoring and homework assistance for children in the development.

Credit Suisse also funded projects that had been delayed, or were at risk of not being completed, due to a lack of funds. Beginning in 2017, at about the same time that the Department of Justice and Credit Suisse entered into the Settlement Agreement, one of the principal sources of affordable housing funding, low-income housing tax credits, decreased significantly due to anticipated changes in the tax code, as explained in more detail below. These changes caused unanticipated funding gaps that developers had to fill before their projects could be built. Because of this, a NEF senior executive remarked that Credit Suisse's Settlement Agreement funding during that period was like "manna from heaven." In addition, the onset of the COVID-19 pandemic in 2020 resulted in construction delays due to supply chain disruptions and material increases in the cost of construction materials. Developers of several affordable housing projects who sought funding in 2020 and 2021 reported that if Credit Suisse had not made its loan, the development would have been significantly delayed or potentially not completed.

The Monitor, in addition to reviewing documentation to determine if the loans Credit Suisse submitted satisfied the applicable requirements in the Settlement Agreement, conducted site visits at six projects. During those visits the Monitor interviewed the project developers and observed the impact the developments have on their residents and the surrounding community. Those six projects are discussed throughout this Report, and a description of each of the 43 developments that Credit Suisse funded appears in Appendix B.

Credit Suisse has also continued to make submissions of loan modifications to the Monitor, including principal forgiveness modifications, principal forbearance modifications, and short sales. The Monitor's review of these submissions is in progress and will be the subject of a future report, anticipated to be published at the end of July 2023.

PART I:
BACKGROUND

On January 18, 2017, Credit Suisse Securities (USA) LLC, together with its current and former U.S. subsidiaries and U.S. affiliates (collectively, "Credit Suisse"), entered into an agreement with the U.S. Department of Justice ("DOJ") to resolve claims related to Credit Suisse's alleged unlawful conduct in connection with the packaging and sale of residential mortgage-backed securities, or "RMBS," between 2005 and 2007 (the "Settlement Agreement").[3]

To remediate harms resulting from Credit Suisse's alleged unlawful conduct, the Settlement Agreement requires Credit Suisse to provide consumer relief to distressed borrowers and others affected by the financial crisis.[4] Specifically, the Settlement Agreement provides that Credit Suisse must earn $2.8 billion in "credit" by providing various types of consumer relief in two main categories.[5] First, Credit Suisse must give loan modifications to homeowners who are having difficulty making their mortgage payments or who owe more than their homes are worth.[6] Second, Credit Suisse must provide funding to construct, rehabilitate, or preserve affordable housing developments for low-income residents.[7]

The Settlement Agreement required that Credit Suisse engage an independent monitor to oversee and periodically report to the public on Credit Suisse's progress toward meeting its consumer relief obligation.[8] Neil M. Barofsky of the law firm Jenner & Block LLP was appointed to serve as the independent monitor (collectively, the "Monitor").[9]

The Monitor has published ten reports to date:

- Initial Report. On October 27, 2017, the Monitor published its initial report pursuant to the Settlement Agreement (the "Initial Report").[10] Among other things, the Initial Report described Credit Suisse's plan for complying with its consumer relief obligation by completing first lien principal forgiveness and principal forbearance modifications for borrowers. The Initial Report explained that Credit Suisse is relying on Select Portfolio Servicing, Inc. ("SPS"), its mortgage servicer subsidiary, to complete these modifications. The Initial Report outlined the types of principal forgiveness and principal forbearance loan modifications that qualify for credit under the Settlement Agreement, as well as the amount of credit that Credit Suisse may earn for completing these types of loan modifications. In addition, the Initial Report described Credit Suisse's preliminary efforts to provide no-interest loans to developers of affordable rental housing.

- Second Report. On February 20, 2018, the Monitor published its next report (the "Second Report"), which provided an update on Credit Suisse's efforts to provide consumer relief pursuant to the Settlement Agreement, including a discussion of the Monitor's and Credit Suisse's ongoing work to finalize the eligibility, credit calculation, and testing protocols governing the principal forgiveness and principal forbearance loan modifications contemplated by SPS.[11] The Second Report noted that, after the protocols were finalized, the next step would be for Credit Suisse to submit an initial sample of 100 completed principal forgiveness and principal forbearance loan modifications to the Monitor.

- Third Report. On August 31, 2018, the Monitor published its third report (the "Third Report"), which principally discussed the Monitor's testing of the initial 100-loan sample.[12] The Third Report explained that, because Credit Suisse's regular submissions of loan modifications would typically include thousands of loans, reviewing a smaller set of 100 loans at the outset was important because the Monitor, Credit Suisse, and SPS were able to work through any issues as early as possible. As a result of the Monitor's testing of the 100-loan sample, the Monitor confirmed that the protocols the Monitor developed with Credit Suisse and SPS were functioning as envisioned. The Monitor also found that Credit Suisse was entitled to receive a total of $3,477,702.94 in credit toward its consumer relief obligation, which was the full amount that Credit Suisse had claimed for credit.

- Fourth Report. On February 28, 2019, the Monitor published its fourth report (the "Fourth Report"), which focused on the Monitor's testing of 3,249 principal forgiveness and principal forbearance loan modifications that were submitted for credit in June 2018 and September 2018.[13] The Fourth Report also explained how the Monitor used statistical sampling as a way to confirm the eligibility and credit amounts for each loan modification. As a result of the Monitor's testing of the June 2018 and September 2018 loan submissions, the Monitor found that Credit Suisse was entitled to receive $69,902,191.79 in credit for the June 2018 and September 2018 submissions, for an overall total of $73,379,894.73 in credit toward its consumer relief obligation.

- Fifth Report. On July 31, 2019, the Monitor published its fifth report (the "Fifth Report"), which focused on the Monitor's testing of 3,201 principal forgiveness and principal forbearance loan modifications that were submitted for credit in December 2018.[14] As a result of the

Monitor's testing of the December 2018 loan submission, the Monitor found that Credit Suisse was entitled to receive $83,410,909.54 in credit toward its consumer relief obligation. As of the date of the Fifth Report, Credit Suisse had earned an overall total of $156,790,804.27 in credit.

- Sixth Report. On December 20, 2019, the Monitor published its sixth report (the "Sixth Report"), which focused on the Monitor's testing of 3,680 principal forgiveness and principal forbearance loan modifications that were submitted for credit in April and June 2019.[15] As a result of the Monitor's testing of the April and June 2019 loan submissions, the Monitor found that Credit Suisse was entitled to receive $85,714,229.13 in credit toward its consumer relief obligation. As of the date of the Sixth Report, Credit Suisse had earned an overall total of $242,505,033.40 in credit.

- Seventh Report. On October 1, 2020, the Monitor published its seventh report (the "Seventh Report"), which focused on the Monitor's testing of 2,749 principal forgiveness and principal forbearance loan modifications that were submitted for credit in September 2019, December 2019, and March 2020.[16] As a result of the Monitor's testing of the September 2019, December 2019, and March 2020 loan submissions, the Monitor found that Credit Suisse was entitled to receive $54,716,866.47 in credit toward its consumer relief obligation. As of the date of the Seventh Report, Credit Suisse had earned an overall total of $297,221,899.87 in credit.

- Eighth Report. On October 23, 2021, the Monitor published its eighth report (the "Eighth Report"), which focused on the Monitor's testing of 1,328 principal forgiveness and principal forbearance loan modifications that were submitted for credit in June 2020, September 2020, and December 2020.[17] As a result of the Monitor's testing of the June 2020, September 2020, and December 2020 loan submissions, the Monitor found that Credit Suisse was entitled to receive $20,473,540.42 in credit toward its consumer relief obligation. As of the date of the Eighth Report, Credit Suisse had earned an overall total of $317,695,440.29 in credit.

- Ninth Report. On October 25, 2022, the Monitor published its ninth report (the "Ninth Report"), which described the significant shortfall in Credit Suisse's progress toward completing its principal forgiveness obligations by the

December 31, 2021 deadline in the Settlement Agreement.[18] The report also described the Monitor's testing of 806 principal forgiveness and principal forbearance loan modifications that were submitted for credit in March, June, September, and December 2021. As a result of the Monitor's testing of those submissions, the Monitor found that Credit Suisse was entitled to receive $9,092,887.59 in credit toward its consumer relief obligation. As of the date of the Ninth Report, Credit Suisse had earned an overall total of $326,788,327.88 in credit.

- Tenth Report. On January 31, 2023, the Monitor published its tenth report (the "Tenth Report"), which focused on the Monitor's testing of 7,854 short sales that were submitted for balance forgiveness credit in 2021 and 2022.[19] The report also described the Monitor's testing of 4,391 principal forgiveness and principal forbearance loan modifications that were submitted for credit in March, June, and September 2022. The submissions of principal forgiveness and principal forbearance loan modifications included both modifications completed prior to the December 31, 2021 deadline in the Settlement Agreement to satisfy all consumer relief obligations, and modifications completed after that deadline. As a result of the Monitor's testing of those submissions, the Monitor found that Credit Suisse was entitled to receive $1,324,337,833.82 in credit toward its consumer relief obligation. As of the date of the Tenth Report, Credit Suisse had earned an overall total of $1,636,495,689.01 in pre-deadline credit and $14,630,472.64 in post-deadline credit.

In addition to publishing these periodic reports, the Monitor has established a website with information about the Settlement Agreement (www.creditsuisse.rmbsmonitor.com). The Monitor's website answers frequently asked questions about the agreement and provides the Monitor's contact information. The website lists a point of contact at Credit Suisse for affordable housing developers interested in learning about potential funding opportunities, as well as resources for distressed borrowers and homeowners facing foreclosure, including contact information for free or low-cost tax and legal services, and information about Credit Suisse-sponsored borrower outreach events. In addition, the website includes a map showing the location of each affordable housing project that received a loan from Credit Suisse pursuant to the Settlement Agreement. The website also includes interactive maps showing the total number of loan modifications and the amount of principal forgiveness, principal forbearance, and balance forgiveness for which Credit Suisse has received credit toward its consumer relief obligation at the national, state, and county level. These maps are updated periodically.

This Report, and all previous and subsequent reports, are or will be posted on the Monitor's website for the duration of the monitorship.

PART II:
SETTLEMENT AGREEMENT AFFORDABLE HOUSING OBLIGATIONS

The Settlement Agreement requires Credit Suisse to provide financing to facilitate the construction, rehabilitation, or preservation of affordable housing for rent or sale.[20] Of its $2.8 billion consumer relief obligation, Credit Suisse is required to achieve $240 million worth of credit by providing loans to affordable housing development projects.[21] Credit Suisse was required to use its "best efforts" to earn at least $25 million of this $240 million of credit by financing developments in Colorado.[22]

The Settlement Agreement provides that each loan that Credit Suisse makes to an affordable housing development must be junior in priority, or "subordinate," to at least one other loan made to the development, meaning that when Credit Suisse's loan comes due, it will not be repaid until the developer first repays all of the more senior loans to the development.[23] The Settlement Agreement does not establish any other requirements for the economic terms of the loan, but as discussed below in Part V.A, Credit Suisse's loans do not charge any interest, and do not require that the amount borrowed, which is called the "principal," be repaid until the loan comes due several decades after Credit Suisse provided the funds to the developer.[24]

The Settlement Agreement establishes certain requirements with respect to the types of affordable housing developments that Credit Suisse can obtain credit for financing.[25] In large part, the Settlement Agreement tracks the eligibility requirements of the federal government's **low-income housing tax credit ("LIHTC")** program discussed below in Part VII.A.1.[26] As a result, if a project meets the LIHTC requirements, the project generally will also meet a substantial portion of the eligibility requirements set forth the Settlement Agreement.[27] As discussed below in Part VII.A, the Monitor conducted an independent assessment to ensure that a development satisfied each requirement set forth in the Settlement Agreement.

The Settlement Agreement also sets forth requirements that are designed to ensure that Credit Suisse funds affordable housing developments in areas that have a critical need for such housing.[28] For example, at least 50% of the units generating affordable housing credit must be in developments that are located in neighborhoods that HUD or the state in which they are located has designated as having a critical need for affordable housing because housing costs are high relative to median income and/or because the area has low poverty rates and substantial educational, employment, and other opportunities for its residents.[29]

The consumer relief credit that Credit Suisse earns is based on the estimated loss that Credit Suisse projects it will incur on each loan.[30] The Settlement Agreement provides that Credit Suisse receives $3.25 in credit for every $1.00 of projected loss on its loans to all developments in areas that have not been deemed as having a critical need for affordable housing.[31] For developments in areas that have been so designated, Credit

Low-Income Housing Tax Credit ("LIHTC"): Federal tax credit awarded to certain affordable rental housing projects. Once awarded, project developers sell the tax credits to private investors, who use the tax credits to reduce their federal tax liabilities. To receive the tax credit, an affordable rental housing project must meet certain requirements. For example, the project must set aside at least 40% of the residential units for renters earning no more than 60% of the area's median income (the 40-60 test) or 20% of the residential units for renters earning 50% or less of the area's median income (the 20-50 test). These units are subject to rent restrictions to ensure that the rent is affordable, which the project must maintain for at least 30 years.

Suisse earns $3.75 in credit for every $1.00 of loss.[32] The Settlement Agreement also gives Credit Suisse the opportunity to earn additional credit for financing developments in critical need areas. To the extent that Credit Suisse funds more affordable housing units in designated critical need areas beyond the 50% requirement described above, it receives a 125% credit enhancement on each of the loans that financed such units.[33] Credit Suisse also receives a 115% "Early Incentive Credit" where it issued a commitment to provide a loan on or before March 1, 2018, regardless of whether the development is in a critical need area.[34]

The Monitor's role under the Settlement Agreement is to determine whether each loan complies with the requirements set forth in the Settlement Agreement, assess whether Credit Suisse's projected loss is a reasonable estimate, and calculate the amount of credit that Credit Suisse has earned for each loan.[35]

PART III:
LOW-INCOME HOUSING TAX CREDITS

Low-Income: A household is generally considered low-income when its annual income is less than a certain fraction of the area median income. The specific fraction applied depends on the particular statute at issue. For example, the Community Reinvestment Act defines low-income as less than 50 percent of the area median income.

According to the U.S. Census Bureau, rent for many market-rate apartments in the United States is not affordable for **low-income** households.[36] Housing advocates have also concluded that no state in the United States has enough affordable rental housing for the lowest income renters.[37] Housing generally is considered "affordable" if it costs no more than 30% of a household's income. For example, rent of $1,250 per month is considered affordable for a household with an annual income of $50,000 because an annual income of $50,000 is a monthly income of $4,167, and 30% of $4,167 is $1,250.

In order to create more rental housing that is affordable for low-income households, federal, state, and local governments provide various incentives and subsidies to fund the development of affordable rental housing. One major source of funding for affordable housing is the LIHTC program, and all of the projects that Credit Suisse financed received LIHTCs. Congress created LIHTCs in 1986 to incentivize private investment in the development of affordable housing.[38] Under the LIHTC program, investors purchase tax credits issued to developers of affordable housing, and these credits reduce the amount of federal income tax the investor would otherwise pay, usually over a 10-year period.

The federal government allocates LIHTCs on an annual basis to each state based on the state's population. In 2017, when DOJ and Credit Suisse entered into the Settlement Agreement, each state was allocated $2.35 in credits for each person in the state, provided that states with relatively small populations received a minimum allocation of $2,710,000 in credits.[39] Developers seeking to build affordable housing in a state apply to that state's housing finance agency to receive LIHTCs. As part of the application process, the developer must demonstrate that the project will satisfy the applicable federal LIHTC program requirements that are designed to ensure that the developments provide affordable residential housing to low-income tenants.[40] The state housing finance agency allocates the LIHTCs to the developers who satisfy the applicable LIHTC requirements, and any additional requirements the state has established, as discussed below in Part VII.A.1.[41] The developers who receive LIHTCs sell them to investors in exchange for an equity interest in the project.[42]

The LIHTC program is not intended to be the sole source of funding for an entire project.[43] A developer will need to rely on other sources of funding in addition to LIHTCs, which can include commercial loans, the proceeds from the sale of tax-exempt bonds, and grants from the government or non-profit organizations.

This Report includes case studies of several affordable housing developments that received funding from Credit Suisse, including six that the Monitor visited as part of its review. Summaries of all 43 developments that Credit Suisse financed appear in Appendix B to this Report.

Case Study: Ebenezer Plaza in Brooklyn, New York

Ebenezer Plaza is an affordable housing development in the Brownsville neighborhood of Brooklyn, New York.[44] The development was built on land purchased by the Church of God of East Flatbush, which had originally intended to build a new facility for the church on the property. After the church had difficulty obtaining financing, it partnered with local developers to construct a mixed-use complex with multiple buildings, several hundred affordable apartments, ground floor commercial space, and a new sanctuary for the church.[45]

Credit Suisse's loan helped to fund the initial phase of the complex, a 197-apartment building with a mix of studios, one-, two-, and three-bedroom units.[46] The 11-story building has two elevators, a laundry room, community room, and tenant bicycle storage.[47] Twenty of the apartments are set aside for families and individuals that had previously experienced homelessness.[48] Additionally, half of the affordable apartments are reserved for residents who live in the Brooklyn Community Board 16 area, which includes the Ocean Hill and Brownsville neighborhoods.[49] More than 60,000 individuals applied to live in the building, and qualified tenants were selected through a lottery administered by the City-operated New York Housing Connect online portal.[50] The building opened to residents in September 2020, and when the Monitor visited in August 2022, only one of the building's original tenants had moved out.[51]

Credit Suisse's loan was used to fill a funding gap that arose when the developer discovered that the site, which previously housed an auto shop, required extensive environmental cleanup due to petroleum contamination in the soil.[52] The clean-up effort lasted four months and involved removing thousands of cubic yards of soil and injecting cleaning chemicals into the ground.[53] In addition to Credit Suisse's loan, the project received funding through the LIHTC program, New York state's Brownfield tax credit program, and New York City's housing programs.[54]

The Monitor conducted a site visit in August 2022, during which the Monitor toured the property and interviewed representatives from the project's developer and general contractor, NEF, and Credit Suisse. Representatives from the project's developer and NEF told the Monitor that a key mission for the project was to improve community access to a neighborhood recreation center, which sits between the project and a highway.[55] Before Ebenezer Plaza was constructed, the recreation center had been cut off from the rest of the neighborhood, and pedestrians had a hard time accessing it because the auto shop that previously occupied the property parked cars on the sidewalk, and illegal drag racing often took place on the street.[56] The design of Ebenezer Plaza addressed those issues, and community access to the center has since been greatly improved.

Pursuant to the Settlement Agreement, Credit Suisse received $16,702,888 in credit for its $4.5 million loan to the project. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

A. Material Decrease in Market Value of LIHTCs Beginning in 2017

At or around the time that DOJ and Credit Suisse entered into the Settlement Agreement, it became more difficult to finance the development of affordable housing due to a substantial decrease in the market price of LIHTCs.[57] The typical LIHTC investor is a corporate entity that projects it will earn profits that will be subject to federal tax, and uses LIHTCs to reduce its federal tax obligation over the course of 10 years.[58] There is an active market for LIHTCs, and the value of LIHTCs to an investor decreases when the corporate tax rate decreases, because investors have less need for tax credits when their tax liability lessens.[59]

After the 2016 presidential election, the incoming administration pledged to make corporate tax reductions a priority.[60] Investors that were anticipating a lower corporate tax rate revised their view of the economic value of LIHTCs, and many decided not to participate at all in the LIHTC market in 2017.[61] In the last half of 2016, the market price of LIHTCs ranged as high as $1.06 per credit.[62] On December 22, 2017, the Tax Cuts and Jobs Act was signed into law, which among other things, lowered the corporate tax rate from 35% to 21%.[63] For the period beginning January

2018 through the end of 2021, the LIHTC market price maxed out at $0.95 per credit.[64]

As described below, this decrease in the market price of LIHTCs left certain developers with significant shortfalls in the funding they needed to build their affordable housing projects.

B. Loans from Credit Suisse Helped To Fill a Funding Gap for Affordable Housing Projects

Given this timing, Credit Suisse provided loans to several developments that used the funds to address the shortfall in financing that had resulted from the decline in the market price for the tax credits. For example:

- The Littleton Crossing development in Littleton, Colorado initially secured a bid from an investor that priced the project's tax credits, which were awarded on October 1, 2016, at $1.10 per credit.[65] However, the investor backed out in light of the developments in the LIHTC market described above, and by the second quarter of 2017, the price of the tax credits had dropped to $0.875, reducing the total market value of the project's tax credits from $14.7 million to $11.7 million.[66] Credit Suisse's $1.3 million loan helped to cover this difference.

- The Fulton Commons development in Fulton, Illinois applied for LIHTCs in the first quarter of 2016, and received a bid from an investor at $1.01 per tax credit.[67] However, due to the anticipated reduction in the corporate tax rate, by the first quarter of 2017, investors were only willing to pay $0.875 per LIHTC.[68] This lowered the value of the tax credits issued to the developer by $1.4 million, which produced a funding gap that was partially addressed by Credit Suisse's $412,000 loan.

- Grayson Street in Berkeley, California created its financing plan in 2016 based on a projected LIHTC market price of $1.08.[69] When the developer sought to sell its LIHTCs in the middle of 2017, the price had dropped to $0.90.[70] This reduced the value of the project's LIHTCs from $6.26 million to $5.22 million—a gap that Credit Suisse's $533,324 loan helped to close.[71]

Case Study: Waverly Historic Lofts in Waverly, Iowa

Waverly Historic Lofts is an affordable housing development in the suburban community of Waverly, Iowa, approximately 15 miles outside of Cedar Rapids.[72] The project is an adaptive reuse of a three-story historic office building originally constructed in 1932.[73] Prior to the development of this project, the building had sat vacant for many years.[74]

The development has 34 apartments, 30 of which are affordable, with a mix of one-, two-, and three-bedroom apartments.[75] The building was completely renovated to convert it from an office structure to apartments. The developer replaced the building's roofs, doors, and all mechanical systems, including the elevator and HVAC systems, and refurbished its exterior. The building was also upgraded to meet accessibility requirements, including the addition of ramps, accessible parking stalls, and four fully-accessible apartments. Apartments have central air conditioning, dishwashers, garbage disposals, and in-unit washer-dryers. The building also includes a community room, playground, storage units, two elevators, on-site management, as well as a surface parking lot, and provides Internet service at no additional charge to its residents.[76]

The building is located one block from Waverly's downtown strip.[77] The project is thus more walkable for residents than other rental properties in the community. The City of Waverly offers family-friendly amenities including numerous parks, a community swimming pool, and walking paths.

The development was scheduled to be completed in 2019, but was delayed significantly due to increased construction costs and other issues. The project began to move in residents in March 2020, during the onset of the COVID-19 pandemic, even though some construction was ongoing. The project was completed and fully leased by the end of 2020.[78]

The developer applied for LIHTCs in the third quarter of 2016, and had forecasted to sell each tax credit for $1.00, which was consistent with the market price at that time.[79] However, by the time the developer sold the tax credits in the second quarter of 2017, the market price had dropped to $0.835. Credit Suisse's $695,640 loan covered a substantial portion of the funding gap caused by the decrease in LIHTC value.[80]

Pursuant to the Settlement Agreement, Credit Suisse received $2,996,066 in credit for its loan to the project. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

C. Credit Suisse Loans Covered COVID-Related Financing Shortfalls

Credit Suisse's loans also addressed shortfalls in affordable housing funding that emerged because of the COVID-19 pandemic. Construction costs rose dramatically in the months following the onset of the pandemic,[81] and affordable housing developers told the Monitor that this trend continued through late 2022.[82] Credit Suisse committed to funding 39 of the 43 loans prior to the onset of the pandemic, from June 2017 to July 2019, and committed to fund the four remaining projects after March 2020. Each of these four loans helped to address financing gaps that resulted from rising construction costs during that timeframe:

- The Alta Verde project in Breckenridge, Colorado had a financing gap of $1.7 million due, in part, to rising lumber costs that occurred between late 2019, when the developer created the budget, and early 2021, when it was obtaining financing.[83] Credit Suisse's $500,000 loan helped to close that gap.

- The Monarch Apartments project in Palm Springs, California, experienced a $2.8 million increase in its estimated construction costs between June and September 2021.[84] Credit Suisse's $1.3 million loan helped to cover this financing gap.

- The New Hope Housing Savoy project in Houston, Texas, experienced a $3.2 million increase in construction costs, driven primarily by rising lumber prices, between August 2020 and July 2021, which created a substantial funding gap that Credit Suisse's $818,654 loan helped to bridge.[85]

- The Passage development in Indianapolis, Indiana, experienced an increase in construction costs of $1.6 million between March 2021, when the initial financing plan was put into place, and September 2021, when the project received a contractor bid.[86] Credit Suisse's $1.1 million loan helped close this funding gap.

PART IV:
CREDIT SUISSE'S AFFORDABLE HOUSING LOAN PROCESS

Affordable Rental Housing Working Group: Internal Credit Suisse group composed of senior members of Credit Suisse's Commercial Real Estate group, among others. The Affordable Rental Housing Working Group reviewed and approved all financing approvals for Credit Suisse's affordable housing projects and engaged with Credit Suisse's third-party partners to review the status of Credit Suisse's loan commitments and its progress in achieving its obligations under the Settlement Agreement.

Prior to the Settlement Agreement, Credit Suisse did not participate in the affordable housing financing market in the ordinary course of its business, and one of its first priorities was to address its lack of experience in order to satisfy its affordable housing obligations under the Settlement Agreement.[87] Credit Suisse established an internal working group, which it called the **Affordable Rental Housing Working Group**, to manage the fulfillment of these obligations. It, in turn, reported to the Internal Review Group ("IRG"), which is composed of senior Credit Suisse personnel, including the CEO of Credit Suisse Global Markets, the General Counsel for Credit Suisse Global Markets and Credit Suisse Holdings (USA) Inc., and additional personnel from the Legal, Compliance, Product Control, and Internal Audit groups. One of the IRG's principal roles is to confirm that Credit Suisse's consumer relief meets the requirements of the Settlement Agreement before submitting that consumer relief to the Monitor for credit.

The Affordable Rental Housing Working Group decided to fund only projects that receive LIHTCs because a development satisfying the requirements for LIHTC eligibility would ensure that the project met several of the Settlement Agreement's eligibility requirements.[88] This internal working group also focused on financing projects that, absent Credit Suisse's financial support, might not otherwise be able to secure adequate funding to proceed.[89]

The Affordable Rental Housing Working Group recognized that, given Credit Suisse's lack of experience making loans to affordable housing developments, it needed a third-party firm with such experience to assist Credit Suisse to make the required loans under the Settlement Agreement. After studying the financing market for LIHTC-eligible developments, Credit Suisse engaged NEF for this purpose.[90]

A. NEF

NEF is an established LIHTC syndicator, asset manager, and lender for affordable housing projects.[91] NEF was founded in 1987, the year after the LIHTC statute was passed. As a LIHTC "syndicator," it connects investors interested in purchasing LIHTCs with developers that have received LIHTCs, and works with both parties to structure and close the sale of LIHTCs to investors.[92] Since NEF's founding, it has facilitated more than $22.7 billion in equity investments in affordable housing, supporting 231,500 affordable housing units.[93] In 2022, it administered nearly $900 million in affordable housing preservation loans and facilitated $1.23 billion in LIHTC investments.[94]

NEF provides a range of services beyond LIHTC syndication in support of affordable housing development. For instance, NEF provides asset management services to the investors it helped to purchase LIHTCs, which includes monitoring the projects to ensure that they continue to comply with the LIHTC program's requirements.[95] As discussed below in Part IV.B.2, the Internal Revenue Service ("IRS") can cancel the LIHTCs previously awarded to the development and sold to investors if the project is no longer in compliance with those requirements.

In some cases, NEF will also provide pre-development loans to projects that have secured tax credit awards but have not yet closed on full project financing, in order to help those projects cover various costs that arise early on.[96] NEF also offers financing for certain moderate-income housing developments that do not qualify for LIHTCs.[97]

B. NEF's Work for Credit Suisse

NEF served two principal roles for Credit Suisse in connection with the loans it made pursuant to the Settlement Agreement. First, NEF assisted and advised Credit Suisse with respect to the process of making each loan, beginning with the identification of potential affordable housing developments to finance, and concluding with the making of each loan.[98] Second, it monitors the developments for the entire term of Credit Suisse's loan to ensure they continue to comply with the requirements of the LIHTC program and the loan agreements.[99]

1. Loan Origination

Beginning in 2017, NEF informed developers nationwide that Credit Suisse was interested in providing loans to support affordable housing projects, and also searched for suitable projects and invited developers to apply for financing.[100] Any interested developer was required to submit an application to NEF, which included a copy of its state LIHTC application, a market study, a list of properties it owned, an overview of the development team, financial information, and information about the area in which the development would be located.

In assessing whether a development fulfilled the Affordable Rental Housing Working Group's guidance, NEF considered whether it met the requirements set by the Settlement Agreement as well as, among other things, whether the project needed financing that the developer could not otherwise obtain, how much financing it needed, and whether the project would be financially viable if it received that financing.[101] In performing this analysis, NEF considered factors such as the project's proposed operating expenses, the reasonableness of the proposed rents and leasing schedules in light of market conditions, and the property manager's experience with, and ability to manage, LIHTC developments.[102]

After NEF determined that a project met all applicable criteria, Credit Suisse reviewed NEF's analysis. If Credit Suisse decided to move forward with a project, Credit Suisse and NEF would work together to develop a term sheet that outlined the key terms of the loan.[103] NEF took the lead role in negotiating the terms of the loan with the developer, and provided regular updates to Credit Suisse.[104] When Credit Suisse and the developer agreed on the terms, they signed the term sheet.[105] NEF then performed additional due diligence on both the developer and the project.[106] This review included an updated analysis of the project's financing, capital structure, and feasibility.[107]

The next step was for Credit Suisse and the developer to enter into a commitment letter that set forth Credit Suisse's intent to make the loan, subject to the satisfaction of certain conditions, which then led to the execution of the applicable loan documentation, such as the loan agreement and mortgage.[108] NEF, together with Credit Suisse's counsel, handled the closing of the loan, at which time Credit Suisse provided the funds to the developer.[109]

2. Ongoing Monitoring

After Credit Suisse makes a loan, NEF monitors each property's construction, and after the development opens, NEF conducts ongoing oversight with respect to the development's compliance with the LIHTC regulations. Under LIHTC, beginning with when a building is first leased to tenants, the development is required to operate for a minimum of 30 years in accordance with the LIHTC requirements discussed below in Part VII.A.1.[110] In the event that the IRS determines during its first 15 years a development is not complying with the LIHTC requirements, the IRS can cancel, or "recapture," the tax credits.[111] Accordingly, a development must remain LIHTC compliant during this 15-year period in order for the investors to receive the full benefit of the tax credits that they have purchased. NEF reviews documents provided by developers and periodically inspects properties to confirm that the developments meet the applicable eligibility requirements.[112]

After this initial 15-year compliance period, LIHTC program regulations require state housing agencies to monitor compliance for an "extended use period" of at least 15 years.[113]

In its agreement with Credit Suisse, NEF promised to perform annual physical inspections of each development during the initial 15-year compliance period, and thereafter to obtain from the developer an annual certification that the development is in compliance with the applicable LIHTC requirements.[114]

Case Study: Posterity Scholar House in Fort Wayne, Indiana

Posterity Scholar House is a 44-unit complex in Fort Wayne, Indiana. The development is comprised of two- and three-bedroom apartments. All of the apartments are affordable.

Posterity Scholar House's target population is single-parent households in which the parent is seeking post-secondary education.[115] Qualified residents receive state vouchers to cover their rent while enrolled in school.[116] The project is located within close proximity to post-secondary education facilities, including Indiana Tech and the Fort Wayne campuses of Indiana University and Purdue University, and is also close to the area's public schools.[117] The project is also situated within a half mile of neighborhood shopping, a convenience store, bus stop, and park and recreation center, and within a mile of a medical clinic.

The development was awarded LIHTCs through Indiana's Moving Forward initiative, which specifically sought to fund innovative affordable housing projects with technological and energy-efficient features. The development's environmentally-focused features include rooftop solar panels and special thermostats designed to encourage tenants to reduce their energy usage.[118] The Fort Wayne Housing Authority, the property manager for the site, hosts an on-site reading program for children and operates a financial literacy program for residents.[119]

The Monitor conducted a site visit in October 2022 and interviewed representatives from the project developer, Fort Wayne Housing Authority, and NEF. A representative from the Fort Wayne

Housing Authority told the Monitor that one resident had become a registered nurse while living on the property, and another had completed carpentry trade school. That representative also reported that the project had an active waitlist of 400 individuals, in part because efforts to promote the property to students at local universities had generated many interested applicants.[120] A representative from the project's developer also noted that Credit Suisse's loan helped to fill a funding gap created by the decrease in the market price of LIHTCs.[121]

As part of its ongoing monitoring, NEF has conducted annual site visits to assess the condition of the property and report on the status of the project's construction, leasing, and other issues. Among other matters, NEF reports on any complaints of prohibited discrimination in connection with the project.[122] NEF's site visit report for 2020 described one such complaint, and NEF subsequently provided the Monitor with documentation that the Fort Wayne Metropolitan Human Relations Commission had investigated the allegation and found there was no reasonable cause to believe there was any discriminatory conduct.[123]

Pursuant to the Settlement Agreement, Credit Suisse received $3,812,893 in credit for its $1,020,272 loan to the Posterity Scholar House project. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

PART V:
CREDIT SUISSE LOAN TERMS

A. Interest and Repayment Terms

The Settlement Agreement provides that Credit Suisse earns credit toward satisfying its obligation to make loans to affordable housing developments by incurring projected losses under those loans.[124] Accordingly, the terms of Credit Suisse's loans differ from standard commercial loans in several material respects because Credit Suisse is not seeking to make any profit or even to recover its loan proceeds. Indeed, Credit Suisse's goal was to maximize the amount of its estimated loss on each loan, which results in Credit Suisse's earning the maximum amount of credit for the loan under the Settlement Agreement, as discussed below in Parts VII.B and C.

Credit Suisse's affordable housing loans do not accrue any interest and do not require any repayment of principal until the loan matures, meaning that the only repayment called for in the lending agreements will be the repayment of the same amount originally loaned (*i.e.*, the principal) at the end of the loan's term (*i.e.,* the maturity date).[125] The interest-free nature of these loans bolsters developers' cash flow by eliminating periodic payments.[126] In a traditional commercial mortgage loan, the borrower is required to make periodic payments, as often as every month.

B. Maturity Date

The loans provided under the Settlement Agreement have maturities of between 30 and 60 years. Credit Suisse initially considered providing loans that had a 30-year term to coincide with the 30-year LIHTC compliance period described above. However, Credit Suisse and NEF found that many affordable housing developers wanted longer maturities.[127] Credit Suisse decided to extend the term as long as the developer requested, with the substantial majority requesting a maturity of 40 years, and no developer requested a term of longer than 60 years.[128] These long maturity dates, together with the interest and repayment provisions discussed above, materially benefit the developer because there is no obligation to make any payments under the loan for decades. The loan maturities are set forth in the following table.

Maturity Date	Number of Loans
30 Years	1
40 Years	29
50 Years	3
55 Years	8
57 Years	1
60 Years	1

C. Subordination Provisions

The Settlement Agreement provides that the loans must be "subordinated,"[129] which means that they must be junior in priority of repayment to at least one other loan. A subordinated loan is not repaid at maturity until the borrower repays all loans with higher priority (which are commonly described as being "senior" to the subordinated loan) that are also due to be paid. Accordingly, a subordinated loan has a greater risk of not being repaid in full. As a result, it is commonplace in commercial financing that a subordinated loan will bear a higher interest rate than the senior loan to compensate the lender for this additional risk of not being repaid when the loan comes due. All of the affordable housing loans that Credit Suisse submitted for credit satisfied the Settlement Agreement's subordination requirement.

In order to maximize its projected losses (and thus to maximize the credit it could receive), Credit Suisse went beyond this subordination requirement in two important respects. First, each Credit Suisse loan is subordinated to all other loans to the development, as opposed to just one senior loan, which the Settlement Agreement requires at a minimum. As a result, the Credit Suisse loan bears the greatest risk of not being repaid at maturity. Second, Credit Suisse agreed that if any of the loans that are senior to its loan are replaced by a new loan, which is commonly referred to as a "refinancing," then Credit Suisse's loan will maintain its existing subordinated position. Absent this express provision in the applicable loan documents, a refinancing of a senior loan could result in Credit Suisse's loan no longer being the most junior loan. As with the interest, repayment, and maturity provisions described above, these subordination terms materially benefit the developer because they allow the developer to obtain additional senior loans at more attractive rates, and to refinance those loans in the future (such as when interest rates are lower), with the assurance that Credit Suisse's loan will always be the most junior loan.

The 43 loans that Credit Suisse made to affordable housing developments for which it sought credit are set forth in the following table.

Development	Location	Loan Amount
6th Street	Corona, CA	$1,970,980
Alta Verde	Breckenridge, CO	$500,000
Arlington Ridge	Akron, OH	$250,000
Attention Homes	Boulder, CO	$1,070,240
Bottineau Ridge	Maple Grove, MN	$1,159,400
Britton Court	San Francisco, CA	$2,133,296
Brook Hill Village	Suffield, CT	$805,323
Casa Veracruz	Chicago, IL	$742,016
Cass County Homes	Virginia, IL	$463,760
Colma Vets Village	Colma, CA	$950,000
Coral Bay Cove	Homestead, FL	$2,000,000
Ebenezer Plaza	Brooklyn, NY	$4,500,000
Flats at Two Creeks	Lakewood, CO	$1,430,000
Freedom Springs	Colorado Springs, CO	$1,150,000
Freedom Village Gibbsboro	Gibbsboro, NJ	$1,000,000
Freedom Village West Windsor	Princeton, NJ	$700,000
Frye Apartments	Seattle, WA	$1,500,000
Fulton Commons	Fulton, IL	$412,000
Grayson Street	Berkeley, CA	$533,324
Heart's Place	Arlington Heights, IL	$371,008
Homestead Palms	El Paso, TX	$812,000
Littleton Crossing	Littleton, CO	$1,311,044
Mason Place	Fort Collins, CO	$1,200,000
Metamorphosis	Sylmar, CA	$864,000
Milton Meadows	Lansing, NY	$850,000
Mission Trails	Lake Elsinore, CA	$1,878,228
Monarch Apartments	Palm Springs, CA	$1,333,600
New Hope Housing Savoy	Houston, TX	$818,654
North 5th Street	North Las Vegas, NV	$3,524,576
North Park Estates	Gulfport, MS	$1,580,000
Oasis on Ella	Houston, TX	$802,500
Posterity Scholar House	Fort Wayne, IN	$1,020,272
Princeton Park	Miami, FL	$3,478,200
River Bend	Idaho Springs, CO	$500,000

Development	Location	Loan Amount
River Place	Portland, OR	$3,000,000
Somerset Lofts	Houston, TX	$1,000,000
Sun Ridge	Concord, CA	$3,000,000
The Jordan at Mueller	Austin, TX	$2,344,900
The Passage	Indianapolis, IN	$1,100,000
Towne Courts	Annapolis, MD	$857,956
Valley Brook Village II	Basking Ridge, NJ	$581,000
Vets Village of Carson	Carson, CA	$1,182,588
Waverly Historic Lofts	Waverly, IA	$695,640

PART VI:
SUBMISSION OF LOANS FOR TESTING

A. Eligibility and Credit Calculation Protocols

The Monitor worked extensively with Credit Suisse to develop agreed-upon eligibility and credit calculation protocols for Credit Suisse's loans to affordable housing developments. These protocols set forth the criteria to determine whether the financing Credit Suisse provides to an affordable housing development is eligible for credit under the Settlement Agreement, and the documents Credit Suisse would provide to demonstrate that it had satisfied those criteria and had earned the amount of requested credit.[130]

B. Supporting Documentation

Credit Suisse, pursuant to the agreed-upon protocols, provided supporting documentation for each affordable housing development loan. Supporting documentation for each project included the following:

- Loan Documents. Documents including the loan agreement, the mortgage, and other transaction documents, including the initial term sheet and commitment letter.

- LIHTC Compliance. Documents demonstrating that the development satisfied the LIHTC program's criteria, including land use restriction agreements (discussed below in Part VII.A.1) and the property management agreement.

- Fair Housing Compliance. Agreements and other documents that governed the development's compliance with fair housing and equal opportunity requirements, such as the property management agreement and the property manager's affirmative fair housing marketing plan, as well as marketing materials used during the leasing phase, such as advertisements in local publications.

- Critical Need Family Housing. For those loans for which Credit Suisse sought credit because the development was located in an area with a critical need for affordable housing, documents that established that the development was in such an area, as determined either by HUD or the applicable state government authority, such as the governing state's qualified allocation plan, scoring sheet for the development under such a plan, or a map of HUD-designated Small Area Difficult Development Areas. This documentation is discussed in further detail in Part VII.A.4 below.

- NEF Development Selection Process. The documents created by NEF in the course of the development selection process, including the developer's application materials, NEF's analysis of each project, and other underwriting and credit review materials generated by NEF in connection with the project.

- Compliance After Loan Made. Post-loan closing reporting documents, such as quarterly reports on a project's risk and performance, and, to the extent applicable in light of when the development opened, annual certifications from project owners that developments continue to meet the LIHTC and other affordable housing requirements.

- Loss Valuation Reports. A separate report for each loan provided by the accounting and consulting firm that Credit Suisse retained to estimate the loss on each loan, as discussed in Part VII.B below. These reports set forth the estimated loss for each loan and the methodology pursuant to which that amount was determined.

- Clayton Work Papers. Work papers of the IRG's third-party consultant, Clayton Holding LLC ("Clayton"), that documented the testing Clayton conducted to confirm that each loan met the requirements of the Settlement Agreement, and that Credit Suisse was claiming the correct amount of credit for each loan, including credit calculation sheets for individual developments and cumulative credit calculations for all developments.

- IRG Testing and Certification. Documents that summarized the results of the IRG's testing of five sample loans submitted for credit, and the certification, signed by the Chair of the IRG, that the credit amounts claimed by Credit Suisse with respect to the affordable housing loans were correct.[131]

C. Credit Suisse Submitted Supporting Documentation to the Monitor

During the period beginning June 2019 through March 2023, Credit Suisse submitted supporting documentation to demonstrate that the loans and the developments met the requirements set forth in the Settlement Agreement, as well as the more detailed eligibility and credit calculation protocols described above. Credit Suisse submitted supporting documentation for 38 loans between 2019 to 2021.[132] In response to issues that the Monitor raised and discussed with Credit Suisse during the course of the Monitor's review of those materials, and to allow Credit

Suisse to revise its submissions to identify the loans for which it was seeking enhanced credit for making loans to developments in areas with a critical need for affordable housing, in January 2022 Credit Suisse resubmitted to the Monitor all 38 previously submitted projects.[133] That resubmission included a number of documents that previously had not been included but were necessary for the Monitor to confirm the projects' eligibility and perform credit calculations. At that time, Credit Suisse also submitted supporting documentation for four additional loans.[134] In August 2022, Credit Suisse submitted supporting documentation for the last affordable housing loan that Credit Suisse made under the Settlement Agreement, for a total of 43 loans.[135]

The Monitor reviewed these submissions and identified certain instances in which documents set forth inconsistent information, were missing, or did not include the necessary provisions to satisfy the applicable requirements under the Settlement Agreement or the agreed-upon eligibility and credit calculation protocols. For example, and as discussed above in Part V.C, Credit Suisse represented that the loan documents required it to resubordinate each loan in the event the borrower refinanced any of the senior loans that were secured by the same property. During the eligibility review, the Monitor noted that the mortgages for the loans to two developments—Cass County Homes in Virginia, Illinois and Posterity Scholar House in Fort Wayne, Indiana—only obligated Credit Suisse to resubordinate in the event the most senior loan to the development was refinanced. Credit Suisse agreed with the Monitor's analysis and provided amended mortgages for those properties that required Credit Suisse to resubordinate its loan in the event that the borrower refinanced *any* of the loans that were senior to Credit Suisse's loan.

Credit Suisse made further submissions to address each of the issues the Monitor identified during the course of the eligibility review, and provided a restatement regarding the total amount of credit sought in February 2023. It submitted the last supporting documentation for several loans in March 2023.

Housing Choice Vouchers: Housing choice vouchers are part of a federal government program known as Section 8 which provides subsidies to renters. Under the program, the federal government allocates housing choice vouchers to low-income families. The family can then live in the apartment of their choice and use the voucher to pay a portion of their rent so that the family does not have to contribute more than 30% of their own income toward rent. Alternatively, some vouchers are assigned to particular affordable housing projects and made available to whichever tenants qualify to live at the project.

Case Study: Britton Court in San Francisco, California

Britton Court is a six-building, 92-apartment development in the Sunnydale neighborhood of San Francisco, California.[136] The development has two-, three- and four-bedroom apartments.[137] All of the apartments are affordable, and the project principally rents to households earning between 50% and 60% of the area's median income. Half of the units are subsidized through **Housing Choice Vouchers**.[138]

Britton Court was originally built in 2000. Credit Suisse's loan helped fund a rehabilitation of the property, which included structural renovations, like new roofing, flooring, and appliances, and the addition of safety features, such as 52 security cameras across the property, remodeled interior walkways to increase sightlines, and gated entrances to interior parking lots.[139] The property's common areas include a community room, community kitchen, computer room, basketball court, and seven laundry facilities. The property also has an onsite daycare center, which is open to residents as well as the larger community. The project has had an active waitlist since it was built.[140]

The Monitor conducted a site visit of Britton Court in September 2022 and interviewed representatives from the project's developer and property manager, Credit Suisse, and NEF. The developer's representatives told the Monitor that there are relatively few affordable housing developments in California with four bedrooms, making the site particularly attractive for larger families who often find it difficult to find affordable housing that fits their needs.[141] The developer's representatives also told the Monitor that the safety upgrades were particularly important to residents, given crime rates in the surrounding neighborhood.[142] They observed that the renovations gave residents a deeper sense of pride in their homes, which made residents more likely to report issues or concerns to the property management team.[143]

A representative from NEF told the Monitor that Credit Suisse's funding helped to complete the project after it had stalled for two years.[144] The representative said that obtaining funding for renovating existing affordable housing developments in California is particularly challenging because the state prioritizes funding new construction projects and projects focused on providing housing to individuals experiencing homelessness.[145]

During the renovation, existing residents were typically required to move out of the property for up to four months and were provided with alternative housing options.[146] Representatives from the project developer told the Monitor that they were not aware of any residents who declined to come back to the development as a result of the renovations.[147]

Pursuant to the Settlement Agreement, Credit Suisse received $9,199,408 in credit for its $2,133,296 loan to the Britton Court development. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

PART VII:
THE MONITOR’S REVIEW AND TESTING

The Monitor's review and testing of Credit Suisse's loans to affordable housing developments had three principal elements: first, to determine whether the loan and the corresponding affordable housing development satisfied the applicable criteria set forth in the Settlement Agreement and the eligibility protocols; second, to assess whether Credit Suisse's estimation of the loss that it would incur with respect to each loan was reasonable; and third, to validate the amount of credit that Credit Suisse requested with respect to each loan, including the application of credit enhancements. Each aspect of this review and testing is discussed below.

A. Eligibility Review

The Monitor assessed whether each loan and the corresponding housing development satisfied the applicable criteria set forth in the Settlement Agreement and the eligibility protocols.[148] These criteria fall into the three categories discussed below: (i) the requirements equivalent to those under the LIHTC program, (ii) the fair housing requirements, and (iii) in those cases where Credit Suisse sought credit for making a loan to a development located in an area with a critical need for affordable housing, the critical need housing requirements. The Monitor, for the reasons set forth below, ultimately determined that each of the 43 Credit Suisse loans and the corresponding developments satisfied the applicable requirements set forth in the Settlement Agreement, as well as the criteria set forth in the agreed-upon eligibility protocols.

1. Equivalent to LIHTC Developments

The Settlement Agreement provides that credit may only be awarded with respect to loans to rental developments where the development is "equivalent to affordable rental housing developed through LIHTC."[149] The Monitor thus conducted an analysis to assess whether each development satisfied the LIHTC requirements.

Affordable Units for Low-Income Tenants. To receive LIHTCs, the development must set aside a certain number of affordable units for tenants who are low-income, and the rent for those units must be affordable, pursuant to the tests described below. As described above, 37 of the developments Credit Suisse financed are entirely dedicated to providing affordable housing, and the other six developments offer both market-rate and affordable housing for rent.

When DOJ and Credit Suisse entered into the Settlement Agreement, the LIHTC program required a development to satisfy multi-part tests that establish the number of units that must be reserved for low-income households, the income of the households that are eligible to rent those units, and the amount of rent that can be charged for each unit.

Specifically, the developments must meet either the "20-50 test" or the "40-60 test."[150] The first two criteria for these tests are:

Area Median Gross Income ("AMGI"): The area median gross income is determined by HUD each fiscal year for every metropolitan area and every nonmetropolitan county in the country. For example, for fiscal year 2019, the area median gross income for Boulder, Colorado was $113,600 and the area median gross income for Miami, Florida was $54,900.

- 20-50 test: at least 20% of the units are reserved for tenants earning no more than 50% of **area median gross income**; or

- 40-60 test: at least 40% of the units are reserved for tenants earning no more than 60% of area median gross income.[151]

For instance, if a project has 80 units, then under the 20-50 test at least 16 of those units would need to be reserved for tenants who earned no more than 50% of the area median gross income. The development could lease as many as 64 units to tenants at the market rate. Under the 40-60 test, an 80-unit development would need to reserve at least 32 units for tenants who earned no more than 60% of the area median gross income.

The next element of the test addresses which households are eligible to live in the affordable housing units and depends on the area median gross income for the area where the development is located. For purposes of illustration, assume that the development is located in El Paso, Texas, and in 2019 the developer sought an allocation of LIHTCs from the Texas housing finance agency, and only planned to include studio apartments, which are designated for one tenant each.[152] The area median gross income in El Paso for a one-person household in 2019 was $41,100.[153] Under the 20-50 test, in order for an apartment to qualify as affordable housing, at least 20% of the prospective tenants could not earn more than $20,550, which is 50% of the area median gross income. If the development sought to qualify under the 40-60 test, then at least 40% of the prospective tenants could not earn more than $24,660, which is 60% of the area median gross income.

The final part of each test is that the rent for every affordable housing unit must not be greater than 30% of the applicable income limitation.[154] Accordingly, under the 20-50 test, rent for an affordable housing unit could not exceed 30% of 50% of the area median gross income. The test does not impose any rent limit on the units that are leased to tenants at the market rate.

For instance, if the illustrative development described above used the 20-50 test, the maximum rent for an affordable housing unit would be based on the 50% annual income limitation, which as noted above is $20,550. Because the monthly rent cannot be greater than 30% of this amount, the annual rent could be no higher than 30% of $20,550, or $6,165. On a monthly basis, the maximum rent would be $513.75. In similar fashion, if that development used the 40-60 test, the maximum rent would be based on the 60% applicable income limitation, which is $24,660.

The maximum annual rent would be 30% of this amount, which is $7,398, and the monthly rent would not be more than $616.50.

The income limitations under the LIHTC regulations are adjusted based on the unit's number of bedrooms because a larger unit will house more individuals.[155] For example, the illustrative LIHTC development in El Paso, Texas, described above would have to adhere to the following income limitations and maximum rents for the affordable housing units pursuant to the 20-50 test in 2019:

Units Reserved for Tenants Earning No More Than 50% AMGI		
	Annual Income Limitation	Maximum Monthly Rent
Studio Apartment	$20,550	$513.75
One-Bedroom Apartment	$22,025	$550.63
Two-Bedroom Apartment	$26,450	$661.25
Three-Bedroom Apartment	$30,525	$763.13

For purposes of illustration, suppose that in 2019 a family of four with an annual household income of $25,000 wants to move into an affordable unit in a development in El Paso that adheres to the 20-50 test—a unit that is required to be reserved for tenants earning no more than 50% of the area median gross income. The development would not be able to rent a studio or one-bedroom apartment that was designed to satisfy the 20-50 test to that family because a household income of $25,000 would exceed the income limitation for those units. However, the development could rent a two-bedroom or three-bedroom apartment satisfying the 20-50 test to that family. If the family decided to rent such a rent-restricted two-bedroom apartment, their rent would be capped at $661.25 per month, or approximately 32% of their monthly income. If the family decided to rent a rent-restricted three-bedroom apartment, their rent would be capped at $763.13, or approximately 37% of their monthly income.

To test that each development that obtained a Credit Suisse loan met either the 20-50 or 40-60 test, the Monitor reviewed the Land Use Restrictive Agreement ("LURA") between the property owner and Credit Suisse.[156] A property owner will generally enter into several LURAs—a LURA with each lender when the lender makes the loan, and a LURA with the state housing authority. As a general matter, a LURA for an affordable housing development that receives LIHTCs includes provisions that obligate the owner to operate the development in accordance with the

LIHTC program. For example, a LURA between Credit Suisse and the property owner sets forth how many units must be leased to tenants in accordance with the income limitations described above. In addition, that LURA sets forth other obligations that are relevant to the Monitor's analysis, such as compliance with affirmative fair housing marketing standards, which are discussed below in Part VII.A.2.

A LURA generally has a term of 30 years, which is the LIHTC compliance period described above in Part IV.B.2. Each LURA between the property owner and Credit Suisse, however, has a term that is the same as the maturity of the corresponding Credit Suisse loan (*e.g.,* if the loan has a maturity of 40 years, the LURA is enforceable for 40 years). Each LURA is filed in the local government land records office where mortgages are filed, and in the event the development is sold, the LURA is binding on the new owner during the LURA's term.[157]

The Monitor reviewed the recorded LURA between Credit Suisse and the property owner for each project, which in each case expressly required the property to satisfy the 20-50 or 40-60 test and set forth the required income limit for each of a project's residential units based on the area median gross income and the number of the unit's bedrooms. In addition, for each development that was operating and leasing units to tenants, the Monitor confirmed that the development's annual compliance certification stated that the project was in compliance with either the 20-50 or 40-60 test.

The LURAs for each property were one of the key pieces of evidence to demonstrate that the property initially complied with the Settlement Agreement's requirements when Credit Suisse made its loan, and provided assurance that the development would continue to comply with the LIHTC program's requirements. As described above in Part IV.B.2, in the event that a development does not comply with the LIHTC program's requirement during the first 15 years after the development opens, the IRS can cancel the tax credits previously sold to investors, and one of NEF's principal roles is to monitor on an ongoing basis to ensure that the developments continue to meet the LIHTC program's requirements, including the 20-50 test and 40-60 test.

Case Study: North 5th Street in North Las Vegas, Nevada

North 5th Street is a new construction project in North Las Vegas, Nevada. The project contains 152 affordable housing units, ranging from one- to three-bedrooms, and targets individuals who earn up to 60% of the area median gross income.[158] The project also includes 24 market-rate apartments. Because more than 85% of the units are restricted to individuals making 60% or less of area median gross income, it satisfies the 40-60 test to be eligible for LIHTCs. When the project opened up for applicants in the summer of 2019, its income restrictions ranged from

$29,280 to $55,260, depending on the size of the household, and monthly rents ranged from $707 to $1,332 per month.[159]

The eight-building project is part of a multi-phase development by a local non-profit developer. Credit Suisse's loan helped to fund the first phase of the project, which features a fitness center, pool, picnic area, on-site parking, and units with private balconies.[160] The second phase included the development of a 116-unit building with 105 affordable apartments, and the third phase, which is currently under construction, will be a 225-unit senior living facility.[161]

Credit Suisse's $3,524,576 loan helped to address a funding gap resulting from a drop in the value of the project's LIHTC credits from $1.10 in 2016 to $0.875 by the second quarter of 2017.[162] Pursuant to the Settlement Agreement, Credit Suisse received a total of $13,119,283 in credit for that loan. The formula for calculating affordable housing credit is discussed below in Part VII.C.

<u>Tenants' Right To Enforce Limitations on Rent</u>. Under the LIHTC program, every income-eligible prospective future tenant, current tenant, and past tenant must have the right to sue the development to enforce the development's obligation to maintain the required number of low-income units during the 30-year period after the development opens.[163] This right is expressly set forth in the LURA between the property owner and the state housing authority. The Monitor reviewed the LURA with the state housing authority for each development that had completed construction and found that the LURA granted tenants this right and was for a term of at least 30 years.[164]

<u>Development Must Accept Vouchers</u>. The LIHTC program and the Settlement Agreement provide that the development must accept Housing Choice Vouchers as payment for rent.[165] The Monitor confirmed that each property owner had entered into a LURA with Credit Suisse that required the development to accept Housing Choice Vouchers, and provided that the development could not refuse to rent a unit to a prospective tenant because that individual planned to use these vouchers.

<u>Lease Duration</u>. The LIHTC program requires that units must not be used on a transient basis.[166] Generally, this means the initial lease term for each tenant must be for a minimum of six months.[167] The Monitor reviewed each project's property management agreement and confirmed that leases are required to be for a minimum of six months.

<u>General Use Requirement</u>. The low-income units in a LIHTC development must be available for use by the general public.[168] This means the development cannot restrict access to the units to particular groups, such as the members of a particular social organization.[169] The units also must not be part of a hospital, nursing home, sanitarium, lifecare

facility, trailer park, or intermediate care facility for the mentally and physically disabled.[170] However, a development may have occupancy restrictions or preferences that favor tenants in three groups:

1. Tenants with special needs, such as tenants who are elderly or have mental, physical, or developmental disabilities;[171]

2. Tenants who are members of a specified group under a government program or policy that supports housing for that group, such as persons experiencing homelessness;[172] or

3. Tenants involved in artistic or literary activities.[173]

The Monitor reviewed the LURAs between Credit Suisse and the property owners, as well as the property management agreements for each development, and confirmed each development complied with this LIHTC requirement.

2. Fair Housing Requirements

Marketing Standards. The Settlement Agreement provides that each development that receives a Credit Suisse loan must meet the Fair Housing Act's affirmative fair housing marketing standards.[174] These standards require property owners to provide equal opportunity for prospective tenants and tenants regardless of race, color, religion, sex, handicap, familial status, or national origin.[175] The affirmative fair housing marketing standards require developments, among other things, to implement a nondiscriminatory marketing program, maintain a nondiscriminatory hiring policy, instruct all employees and agents in its nondiscrimination policy, and display Equal Opportunity posters and signage.[176] In addition, the Settlement Agreement provides that Credit Suisse cannot provide any consumer relief, whether in the form of loan modifications or loans to affordable housing developments, "through any policy that violates the Fair Housing Act or the Equal Credit Opportunity Act."[177]

For each development, the Monitor reviewed documentation, including property management agreements, property management policies, and the LURAs between the property owner and Credit Suisse, and confirmed that each development's governing agreements met the affirmative fair housing marketing standards and that none of the developments had a policy that violates the Fair Housing Act or the Equal Credit Opportunity Act. The Monitor also reviewed marketing materials provided by Credit Suisse for each development to confirm that they were consistent with fair housing requirements.

In addition, for the six developments for which the Monitor conducted site visits, the Monitor requested and reviewed the property's tenant selection plan, sample tenant application forms, and the developer's policy regarding discrimination in employment to confirm that the documents reflected non-discrimination policies and language. During the site visits, the Monitor spoke with representatives from each project about their marketing efforts to identify and attract potential tenants, and the training that employees who review applications and speak with tenants and prospective tenants undergo with respect to non-discrimination laws.[178] The Monitor also conducted a visual inspection to confirm that there were Equal Opportunity Housing posters and signage at the project sites or leasing offices.

Tenant Selection. The Settlement Agreement requires developments receiving a loan from Credit Suisse to have tenant application and selection processes that are "in accordance with the typical practices of each type of development."[179] The Monitor confirmed that the LURAs with Credit Suisse required the property owner to select tenants in accordance with all applicable state and federal laws, including fair housing laws, rules, and regulations. The Monitor also reviewed each development's property management agreement (including any addendums), and confirmed that the development is obligated to use its best efforts to lease to tenants who qualify for affordable housing based upon their income and rent levels and that leasing agents will determine tenant income using low-income worksheets approved by the applicable state housing authority. In addition, for the six projects for which the Monitor conducted site visits, the Monitor reviewed the additional documentation noted above and spoke with representatives of each development about their policies and procedures for selecting tenants and the training that employees responsible for making tenant selection decisions receive to confirm compliance with these requirements.

3. Additional Review

In addition to reviewing the LURAs and other documentation noted above, the Monitor took additional steps to confirm that projects continue to comply with the applicable LIHTC and fair housing requirements. First, the Monitor reviewed NEF's post-closing reports, which NEF provides to Credit Suisse and the investors that purchased LIHTCs for each project. These post-closing reports include: (a) risk rating reports, which NEF issues on a quarterly basis after a project has been awarded LIHTCs and contain information on the project's construction and leasing status, financials, and any compliance issues; and (b) site visit reports, which NEF prepares on an annual basis after the project has begun leasing to tenants and contain information on the project's occupancy rates, maintenance, and any complaints of discrimination. In each of the reports that the Monitor reviewed, NEF did not identify issues with a project's ongoing compliance with applicable LIHTC and fair housing requirements. NEF has further represented to the Monitor that, as of the date of this Report, it is not aware of any project submitted for credit that is not in compliance with such requirements. Second, the Monitor reviewed the certifications that developers must file with the applicable state housing authority each year after the project has finished construction. In each of the filings that the Monitor reviewed, the developer certified that its project continued to meet the applicable LIHTC requirements, such as the 20-50 or 40-60 test. Third, the Monitor conducted news and Internet searches about each project to identify and assess any red flags reported about the project's compliance with nondiscrimination, tenant selection, or affordability requirements. The Monitor did not identify any issues in that review.

Case Study: The Jordan at Mueller in Austin, Texas

The Jordan at Mueller is a 132-unit housing complex in the Mueller district of Austin, Texas.[180] The Mueller district is on the site of a former airport that is under a city-governed development plan that requires 25% of the housing units built in the area to be affordable.[181]

A key focus of the development is to provide housing for families. The project has an on-site learning center that offers free after-school care for residents and the community.[182] This learning center provides tutoring services and runs a physical fitness program for children, which was developed in collaboration with the University of Texas Nursing School.[183] Prospective tenants apply for spots in the development through a regional platform called Haven Connect, which allows local social service organizations to direct interested households to a central repository of affordable housing options.[184]

The project features apartments with between one and three bedrooms.[185] It is open to residents earning between 30% and 60% of the area median gross income.[186] As of September 2022, when the Monitor visited the development, monthly rent rates ranged from $621 for a one-bedroom unit for a household earning 30% or less of the area median gross income, to $1,721 for a three-bedroom unit for a household earning 60% or less of the area median gross income.[187] At that time, there were approximately 1,000 people on the waiting list for the development.[188]

Fourteen of the units are reserved for households with children who have experienced homelessness and who participate in a two-year program known as the Children's HOME Initiative ("CHI"). To qualify for the CHI program, a family must be at or below 30% of the area median gross income.[189] CHI participants receive further reduced rental rates and on-site social services, including employment assistance and financial literacy training.[190] After completing the program, households can continue living in the development if they meet the overall income requirements for the property, and the substantial majority of CHI graduates have continued to live there.[191]

The Monitor conducted a site visit of the development in September 2022 and interviewed representatives from the project developer, Credit Suisse, and NEF. With respect to fair housing, the project developer described the mandatory training on fair housing laws that staff reviewing tenant applications must complete.[192] The Monitor reviewed the project developer's tenant application and employee manual and found that each had the applicable non-discrimination provisions. During the site visit, the Monitor observed the required Equal Opportunity Housing signage displayed in the leasing office.[193]

Credit Suisse's $2,344,900 loan was part of the original funding package for the project, and the project developer told the Monitor that the project may not have been possible without Credit Suisse's funds.[194] Pursuant to the Settlement Agreement, Credit Suisse received $12,593,039 in credit for making that loan. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

4. Critical Need Family Housing

Financing for developments in areas that have a critical need for affordable housing plays a central role in the Settlement Agreement, both in terms of the minimum requirements and the opportunity for Credit Suisse to earn enhanced credit to the extent it exceeds those requirements. The Settlement Agreement refers to developments in such an area as a "Critical Need Family Housing development." As noted above, these are areas that HUD, or the state in which they are located, has determined to have a particular need for affordable housing due to a number of factors, including high housing costs relative to median income, low poverty rates, and substantial educational, employment, and other opportunities for their residents.[195]

The determination of whether the development is in such an area is important for three reasons. First, Credit Suisse earns $3.75 of credit for each dollar of loss under a loan to each such development, as compared to $3.25 of credit for each dollar of loss under loans to developments that do not qualify as a Critical Need Family Housing ("CNFH") development.[196] Second, the Settlement Agreement provides that at least 50% of the units (which can be apartments, townhomes or detached homes) in the aggregate must be in CNFH developments.[197] Finally, Credit Suisse earns a 125% enhancement to credits that are allocated to units that are in critical need areas above the 50% requirement noted above.[198] As illustrated in the table below, Credit Suisse made 27 loans to developments that the Monitor determined qualified as CNFH developments, and the total amount of loans to these developments was $35,211,380.00.

Project Type	Number of Projects	Aggregate Loan Amount	Total Credit
CNFH	27	$35,211,380.00	$160,603.343.45
Not CNFH	16	$22,165,125.00	$79,446,253.61

The Settlement Agreement provides that, in order for a development to qualify as a CNFH development, it needs to satisfy certain criteria. The first criterion is a development must be located within either (i) "Small Area Difficult Development Areas" ("SADDAs") as determined by HUD, or (ii) areas state authorities define as having low poverty rates or that present high opportunity due to factors such as substantial advantages in education, employment, or transportation ("State-Defined High Opportunity/Low Poverty Areas").[199]

SADDAs. SADDAs are areas with "high construction, land, and utility costs relative to area median gross income" that HUD designates annually in connection with its administration of the LIHTC program.[200] HUD publishes each year's designated SADDAs on its website, and to qualify under the Settlement Agreement as a CNFH development, it must be located in a SADDA published by HUD for the year in which Credit Suisse issued its commitment to make a loan to the development.[201] Credit Suisse has submitted 13 loans where it sought CNFH credit because the housing development was in a SADDA.[202] In each case, the Monitor confirmed that the location of each development was in a SADDA. These developments, together with the amount of the loan and credit that Credit Suisse earned, are set forth in the following table.

Project	State	Loan Amount	Credit Amount
6th Street	CA	$1,970,980	$8,497,263.75
Britton Court	CA	$2,133,296	$9,199,407.75
Colma Vets Village	CA	$950,000	$5,120,015.63
Coral Bay Cove	FL	$2,000,000	$8,602,143.75
Freedom Village West Windsor	NJ	$700,000	$2,999,775.00
Grayson Street	CA	$533,324	$2,299,528.50
Metamorphosis	CA	$864,000	$4,655,343.75
Mission Trails	CA	$1,878,228	$8,097,702.00
Princeton Park	FL	$3,478,200	$14,887,612.50
River Place	OR	$3,000,000	$12,937,500.00
Sun Ridge	CA	$3,000,000	$16,164,328.13
Towne Courts	MD	$857,956	$3,697,779.00
Vets Village of Carson	CA	$1,182,588	$5,097,754.50
Total		**$22,548,572.00**	**$102,256,154.26**

State-Defined High Opportunity/Low Poverty Areas. The Settlement Agreement provides that State-Defined High Opportunity/Low Poverty Areas are "'high opportunity' or 'low poverty' areas as defined in State Qualified Allocation Plans (for those states that use such designations)."[203] Each state publishes its own Qualified Allocation Plans (each a "QAP"), often on an annual basis, and these are used in connection with the state allocating LIHTCs to individual developments. As discussed above in Part III, HUD grants LIHTCs to states on a statewide basis, and then the state allocates those credits to individual developments.

QAPs use a variety of approaches to assess projects for the potential award of tax credits. Many QAPs explicitly use the terms "opportunity" or "poverty" when defining criteria for LIHTC awards, and in general, QAPs are more likely to award tax credits for projects in areas of high opportunity or low poverty.[204] In addition, QAP methodologies vary by state in how they assess project locations for attributes related to opportunity and low poverty, with some state QAPs making clear determinations whether locations are, or are not, in designated areas of opportunity or low poverty, and others score locations on a sliding scale.[205] For those QAPs using this sliding scale approach, the QAPs assign scores to projects based on various criteria related to opportunity or low poverty characteristics such as access to education, economic growth, or income levels, and projects are more likely to receive tax credits based on how they score on these criteria.[206]

Credit Suisse initially asserted that it made loans to 18 developments that were in State-Defined High Opportunity/Low Poverty Areas.[207] The Monitor, however, questioned whether four developments met the applicable criteria under the Settlement Agreement.[208] Three of these projects were located in states that use a sliding scale to measure whether, and to what extent, the development is in an area with a critical need for affordable housing,[209] and it was unclear whether these developments had received sufficiently high scores such that they would qualify under the Settlement Agreement as being a CNFH development.[210] After discussion, the Monitor and Credit Suisse agreed that where the state QAP uses such a sliding scale approach, the project would need to have received the maximum possible number of points for criteria related to opportunity or low poverty in order to qualify as being in State-Defined High Opportunity/Low Poverty Area.[211] This resulted in Credit Suisse withdrawing its claim for CNFH credit for the loans to these three projects, and instead sought credit as loans to non-CNFH developments.[212]

The Monitor identified a different issue with respect to a fourth development, the Casa Veracruz development in Chicago, Illinois, which is spread among multiple sites in the city. The Monitor noted that only approximately 20% of the 157-unit development was in a State-Defined High Opportunity/Low Poverty Area. After discussion with the Monitor, Credit Suisse elected to withdraw its claim for CNFH credit for the corresponding loan, and as with the three loans discussed above, sought credit as a loan to a non-CNFH development.

The Monitor concluded that each of the remaining 14 projects was in a State-Defined High Opportunity/Low Poverty Area, and therefore qualified as a CNFH development.[213] The table below lists these developments, together with the amount of each loan and the credit that Credit Suisse earned.

Project	State	Loan Amount	Credit Amount
Arlington Ridge	OH	$250,000	$1,074,675.00
Cass County Homes	IL	$463,760	$1,996,083.75
Freedom Village Gibbsboro	NJ	$1,000,000	$5,374,992.19
Frye Apartments	WA	$1,500,000	$6,464,868.75
Fulton Commons	IL	$412,000	$1,767,262.50
Heart's Place	IL	$371,008	$1,587,897.00
Homestead Palms	TX	$812,000	$4,344,304.69
Milton Meadows	NY	$850,000	$3,661,743.75
North Park Estates	MS	$1,580,000	$6,812,887.50
Oasis on Ella	TX	$802,500	$3,438,787.50
Somerset Lofts	TX	$1,000,000	$3,734,625.00
The Jordan at Mueller	TX	$2,344,900	$12,593,039.06
Valley Brook Village II	NJ	$581,000	$2,499,956.25
Waverly Historic Lofts	IA	$695,640	$2,996,066.25
Total		**$12,662,808**	**$58,347,189.19**

No Age Restrictions. Some affordable housing developments include age restrictions, such as reserving housing for seniors.[214] The Settlement Agreement provides that CNFH projects may not have age restrictions, which allows families with children to live in those developments.[215] The Monitor confirmed that none of the projects Credit Suisse has submitted to the Monitor as CNFH have age restrictions, and that the LURA between the property owner of each development and Credit Suisse includes a representation that there would be no age restriction for any units.[216]

Case Study: Oasis on Ella in Houston, Texas

Oasis on Ella is a new construction project in Houston, Texas.[217] The project contains 102 apartments, ranging from one- to three-bedroom units, and targets individuals who earn between 30% and 60% of the area median gross income.[218]

The project is located in a State-Defined High Opportunity/Low Poverty Area based on Texas's QAP.[219] It received the maximum possible number of "Opportunity Index" points under the state's plan.[220] Under that plan, a project is awarded an initial set of two "Opportunity Index" points if it is located in a census tract with (i) a poverty rate less than 20% (or less than the median poverty rate in the region, if greater), and (ii) an income rate in the top 40% in the region.[221] Projects eligible for an initial allotment of "Opportunity Index" points on this basis can also receive additional consideration, or points, and thus be more likely to secure state funding, based on the proximity to various services.

Oasis on Ella met the criteria for the initial allotment of points, and received the maximum possible number of additional points given its proximity to grocery, urgent care, childcare, and university facilities, and because approximately 32% of adults in the area had an associate degree or higher—all of which were considered in awarding projects points for being built in an opportunity area under the state's plan.[222]

Credit Suisse's $802,500 loan helped to address a gap in financing brought about by a drop in the market value of the project's LIHTCs from $1.00 in 2016 to $0.89 in September 2017.[223] Credit Suisse received $3,438,788 in credit for making this loan. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

After determining which projects qualified as CNFH developments, the Monitor's next step was to assess whether those developments, considered in the aggregate, satisfied the Settlement Agreement's other requirements that are discussed below.

<u>50% CNFH Requirement</u>. The Settlement Agreement provides that at least 50% of all units in developments receiving Credit Suisse loans must be in CNFH developments.[224] Credit Suisse satisfied this requirement because 65.6% of the units are in such developments.

<u>Two and Three Bedrooms</u>. The Settlement Agreement requires that, for each year in which Credit Suisse issues a commitment to lend to a CNFH development, at least 40% of CNFH units in those developments, considered in the aggregate, must have two or more bedrooms, and at least 10% of such units must have three or more bedrooms.[225] The Monitor confirmed that Credit Suisse exceeded this requirement for 2017

and 2018, which were the years in which Credit Suisse made commitments to lend to CNFH developments.

Year of Commitment to Lend	Number of CNFH Projects	% of 2+ Bedroom CNFH Units	% of 3+ Bedroom CNFH Units
2017	12	62.14%	23.18%
2018	15	57.06%	20.67%

Case Study: Cass County Homes in Virginia, Illinois

Cass County Homes is a seven-acre development in Virginia, Illinois comprised of 20 single-family homes.[226] The project was built along a newly developed cul-de-sac on land that was purchased by the developer from a farmer and is surrounded by corn fields.[227]

The development is designed for families and includes eight two-bedroom homes and 12 three-bedroom homes.[228] Six of the homes are reserved for tenants who receive Housing Choice Vouchers, and the remainder are reserved for individuals earning up to 60% of the area median gross income.[229] Credit Suisse's loan to this project received CNFH credit because the property is located in a State-Defined High Opportunity/Low Poverty Area.[230]

The Monitor conducted a site visit of Cass County Homes in October 2022 and met with representatives from the project developer, Cass County Housing Authority (which manages the project), and NEF. A representative from the housing authority told the Monitor that there are limited rental housing options in the surrounding rural community, and affordable housing is in very short supply.[231] A representative from the housing authority told the Monitor that the development attracted between 80 and 90 applicants when it first opened, about half of whom were qualified to move into one of the homes, and there has been an active waitlist since then for prospective tenants.[232] The representative said that about one-third of the residents came from the town of Virginia itself, and most others were from the surrounding community in Cass County.[233]

Credit Suisse's $463,760 loan was used to close a funding gap created by the decline in the market price of LIHTCs described above in Part III.A.[234] Pursuant to the Settlement Agreement, Credit Suisse received $1,996,084 in credit for making this loan. The Settlement Agreement's formula for calculating affordable housing credit is discussed below in Part VII.C.

B. Estimated Loan Losses

The Settlement Agreement provides that the amount of credit that Credit Suisse receives for each loan is based on the amount of loss that Credit Suisse reasonably estimates it will incur on the loan.[235] That loss amount is equal to the difference between the amount of the loan and Credit Suisse's estimate of how much a hypothetical investor would pay for the right to receive at maturity repayment of the amount loaned by Credit Suisse.[236] As described above, the loans do not charge interest, the borrower does not make any payments before maturity, and the maturity date is between 30 and 60 years. Accordingly, the price a hypothetical investor would be willing to pay reflects the fact that the investor would need to wait decades to receive payment.

The Settlement Agreement requires the Monitor to "verify the reasonableness of [Credit Suisse's] loss calculation" for each loan.[237] Thus, Credit Suisse is required to submit a loss amount for each loan, and the Monitor's role is to confirm that such determination is reasonable.[238] The Monitor, for the reasons set forth below, determined that the loss estimates that Credit Suisse provided for each loan were reasonable.

1. Loss Valuation Process

Although Credit Suisse has considerable experience valuing financial assets, as noted above it does not participate in the affordable housing financing industry in the ordinary course of its business. In light of this, Credit Suisse retained Novogradac & Company LLP ("Novogradac") to estimate the amount of loss that Credit Suisse was projected to incur on each loan. Novogradac is an accounting and consulting firm whose services include conducting valuations for clients, including valuations of the financial instruments used to fund real estate projects, and has significant experience in the field of affordable-housing finance.[239]

2. Discounted Cash Flow Method of Valuation

The Settlement Agreement prescribes a specific method for determining the estimated loss on Credit Suisse's affordable housing loans, known as the discounted cash flow method ("DCF").[240] The DCF method is commonly used to value assets that, like Credit Suisse's affordable housing loans, are not traded in any active market and therefore have no market price.[241] The idea underlying the DCF method is that because having a certain amount of money in the future is worth less than having that same amount today—a concept known as the *time value of money*—that future payment is adjusted downward to estimate how much the prospect of receiving it in the future is worth today.[242] In other words, the result of a DCF valuation is to determine the *present value* of a promised *future* payment—which, of course, may or may not ultimately be received.[243] Credit Suisse's loss on each loan is therefore the difference between the amount that the development is obligated to repay in a lump sum at maturity and the present value of the right to receive that amount at maturity.

The DCF method necessarily yields only an estimate of present value. As a leading academic authority on valuation has explained, the result of a DCF valuation is "the value that would be attached to an asset by an all-knowing analyst with access to all information available right now and a perfect valuation model."[244] Of course, "[n]o such analyst exists," and "none of us ever gets to see what the true intrinsic value of an asset is[.]"[245]

The DCF method has two central components: (1) an estimate of the asset's future cash flow and (2) a discount rate, which is applied to the estimate of future cash flow to determine the present value.[246] In this case, Novogradac determined that the estimated future cash flow for each loan was the amount borrowed that is to be paid back on the maturity date.[247] Determining the appropriate discount rate, however, is a more complicated endeavor that attempts to quantify a variety of factors that cannot be known with precision, such as the probability that the loan will not be repaid in full. As described below, Novogradac considered a number of criteria to arrive at the discount rate for each loan.

After determining the discount rate, the last step in a DCF valuation is to apply that rate to the estimate of future cash flow.[248] The higher the discount rate, the more quickly the present value of a given future cash flow falls each intervening year. The table below illustrates the present value ("PV") of a $1 million loan that does not bear interest at three different discount rates for various terms to maturity in ten-year increments.

Loan Term	PV at 13% Discount Rate	PV at 16% Discount Rate	PV at 20% Discount Rate
Initial Loan Amount at Origination	$1,000,000.00	$1,000,000.00	$1,000,000.00
10 years	$294,588.35	$226,683.60	$161,505.58
20 years	$86,782.29	$51,385.46	$26,084.05
30 years	$25,565.05	$11,648.24	$4,212.72
40 years	$7,531.17	$2,640.47	$680.38
50 years	$2,218.59	$598.55	$109.88

As this table illustrates, the present value of an asset substantially decreases when there is a substantial period before repayment. Moreover, as the loan term grows longer, the differences in present values calculated using different discount rates grow smaller as a proportion of the loan's face value.

3. Novogradac's Application of the DCF Method

Novogradac developed a discount rate for each loan, beginning with determining the rate of return that an owner of the underlying property would expect based on similar properties in the same market as the applicable development—generally known as a property's capitalization rate, or "cap rate."[249] Novogradac then increased that base rate on a loan-by-loan basis to account for the likelihood that the borrower would not be able repay the Credit Suisse loan at maturity. These factors included the following:

Subordination. The most significant risk Novogradac identified was that the loan would not be repaid because it was in the most junior position. A subordinate loan is inherently riskier than a senior one because it is only repaid after all debts that are senior to it are paid in full.[250] Novogradac added six percentage points to the discount rate for each loan to reflect the risk that it was subordinate to at least one other loan.[251] In those cases where the Credit Suisse loan was subordinate to more than one loan, Novogradac further increased the discount rate to account for that deeper level of subordination and corresponding greater risk that the loan would not be repaid in full.[252]

Loan Term. The longer a loan's term, the more likely it is that any number of risks—for instance, a decrease in local property values or significant inflation—will materialize.[253] Novogradac added premiums to adjust for this risk to loans with terms of 40 years or more.[254]

Loan-to-Value Ratio ("LTV"). LTV measures the relationship between the total amount of debt owed by the borrower and the value of the borrower's assets. For example, an LTV above 100% means that all of the developer's debts are greater than the value of its assets, and therefore there is a considerable risk that a lender will not be able to satisfy all of its debts.[255] To account for this risk, Novogradac increased the discount rate for loans where the borrower's LTV was greater than 100%.[256]

Debt-Service Coverage Ratio. The debt-service coverage ratio measures the borrower's projected ability to pay debts, including interest payments and repayments of principal, as they come due during a certain period of time. The ratio measures the relationship between a business's net operating income to the debts it must pay during that period.[257] The lower this ratio, the greater the risk that the borrower will not timely repay its debts. Novogradac added a premium for properties with a debt-service coverage ratio of less than 1.1.[258]

For the 43 loans Credit Suisse made to affordable housing developments, Novogradac concluded that the applicable discount rates ranged from 13% (for a 40-year loan in the second lien position to the Homestead Palms development in El Paso, Texas with an LTV of 97%) to 27.25% (for a 60-year loan in the seventh lien position to the River Place development in Portland, Oregon with an LTV of 230%).

Discount Rates Determined by Novogradac	
Discount Rate Range	**Number of Loans within Range**
13.00–14.99%	16
15.00–16.99%	18
17.00–19.99%	5
20.00–24.99%	3
≥ 25.00%	1

To determine the present value of each loan, Novogradac applied the discount rate for each loan to the loan's future cash flow, which as discussed above was the amount of the loan. The loss amount of each loan equals the amount of the loan less the loan's present value. The following table illustrates Novogradac's conclusions with respect to all of Credit Suisse's loans to affordable housing developments.

Total Loan Amount	Present Value of All Loans	Total Loss Amount	Total Loss Percentage
$57,376,505.00	$185,390.00	$57,191,115.00	99.68%

In this manner, Novogradac estimated that a hypothetical investor would have paid Credit Suisse $185,390 for the right to receive all payments under the loans Credit Suisse made to the affordable housing developments, resulting in Credit Suisse incurring a loss of $57,191,115.00, or 99.68% of the amount that it loaned to the developments.

Valuation of Credit Suisse's Loan to The Jordan at Mueller

As described above, Credit Suisse provided a loan of $2,344,900 to The Jordan at Mueller development in Austin, Texas, and Novogradac estimated Credit Suisse's loss on that loan. The loan has a term of 40 years and is subordinate to three senior loans.[259]

Novogradac examined data from recent sales of similar properties in Austin to determine the cap rate, which as described above is the rate of return that an investor in those properties would expect to receive. Novogradac then made adjustments to account for the development's financial condition, and the corresponding risk that Credit Suisse's loan would not be repaid in full at maturity.[260]

Novogradac analyzed, among other things, the development's projected cash flow and its debts to calculate its debt-service coverage ratio. Novogradac assessed that an upward adjustment to the discount rate was appropriate to account for the theoretical possibility that the borrower could default on the senior loan that was provided on standard commercial terms, including the obligation to pay interest, before Credit Suisse's loan matured. In the event of such a default, Novogradac observed that the borrower would most likely not have the resources to repay Credit Suisse's deeply subordinated loan in full at that time.[261] Novogradac also increased the discount rate to account for (a) the fact that the loan is not merely subordinate, but subordinate to three other loans; (b) the additional risk associated with the 40-year term; and (c) the property's LTV of more than 1.0.[262]

Based on all of these factors, Novogradac determined that 15% would be an appropriate discount rate for the loan. The final step in Novogradac's analysis was to apply the discount rate to calculate the loan's present value, which Novogradac determined to be $8,754, resulting in the loss amount of $2,336,146 for this $2,344,900 loan.[263]

4. The Monitor's Assessment

The Settlement Agreement provides that the Monitor's role in assessing Credit Suisse's loan valuations is to evaluate the "reasonableness" of Credit Suisse's DCF valuations.[264] Moreover, in making this assessment, the Monitor bore in mind that a DCF valuation—and particularly the selection of a discount rate for a financial asset that is not traded and is based on the value of a single, unique property—is necessarily an exercise in judgment, and its result is necessarily only an estimate.[265]

Chief among the Monitor's considerations was a general assessment of the approach Novogradac developed to estimate discount rates for the unusual loans at issue. The Monitor reviewed a white paper prepared by Novogradac and participated in a presentation by Novogradac representatives to explain their methodology. The Monitor also reviewed academic literature on valuation and real-estate financing in order to confirm that each aspect of Novogradac's methodology—including the reliance on the cap rates of the underlying properties as proxies for the riskiness of the loans and the application of adjustments for the factors noted above in Part VII.B.3—had a sound theoretical basis.

Once satisfied with Novogradac's methodology in the abstract, the Monitor carefully reviewed Novogradac's valuation letters for all 43 loans. The Monitor's purposes in this review were threefold. First, the Monitor confirmed that Novogradac had set forth the relevant data—both about the subject loan and about broader market conditions—and its rationale for how that data should inform the discount rate for each loan. Second, the Monitor compared the relevant data underlying the valuations and the correlation of those data to the concluded discount rates to identify any seeming outliers among the discount rates and underlying data. Third, the Monitor conducted spot checks of the underlying data and asked Credit Suisse and Novogradac to provide additional detail about the data and how it was used in selected valuations.

Having scrutinized both the theoretical basis for Novogradac's methodology and its practical application of that methodology to each of the 43 loans, the Monitor concluded that Novogradac's determination of each discount rate was based on the application of a rational method to observable and relevant data, such as cap rates and the differences between interest rates on senior and subordinate commercial real estate loans. Furthermore, the Monitor determined that Novogradac provided an explanation for each component of the applicable discount rate in light of particular risks associated with each loan, including in those cases where the Monitor requested additional detail.

Recognizing that Novogradac's methodology and its reliance on objective market data carried the most weight in the Monitor's assessment, two additional considerations gave the Monitor confidence in Novogradac's valuations. First, as illustrated by the table above in Part VII.B.2, relatively large changes in the discount rate for a loan would have negligible effects on the amount of credit awarded in light of the long maturity dates for the Credit Suisse loans. For instance, changing the discount rate on a $1 million 40-year loan from 20% to 13%—which would reflect, among other things, a greater likelihood of repayment in full and a lower rate of inflation during the 40-year period—would decrease the resulting loss calculation by less than $6,000. Using either discount rate, virtually the entire value of the $1 million loan is dissipated over the course of 40 years.

Second, as Novogradac demonstrated in its presentation to the Monitor, the range of discount rates it calculated for most of Credit Suisse's loans is comparable to the interest rates on subordinated loans to for-profit housing developments that can be observed in the market. While not a perfect analogue for Credit Suisse's loans, the Monitor agrees with Novogradac that such loans are the best point of comparison for which a market interest rate is available.

Accordingly, the Monitor determined that Novogradac's methodology and analysis produced a reasonable estimate of Credit Suisse's loss amount on each loan.

C. Validating Credit Calculations

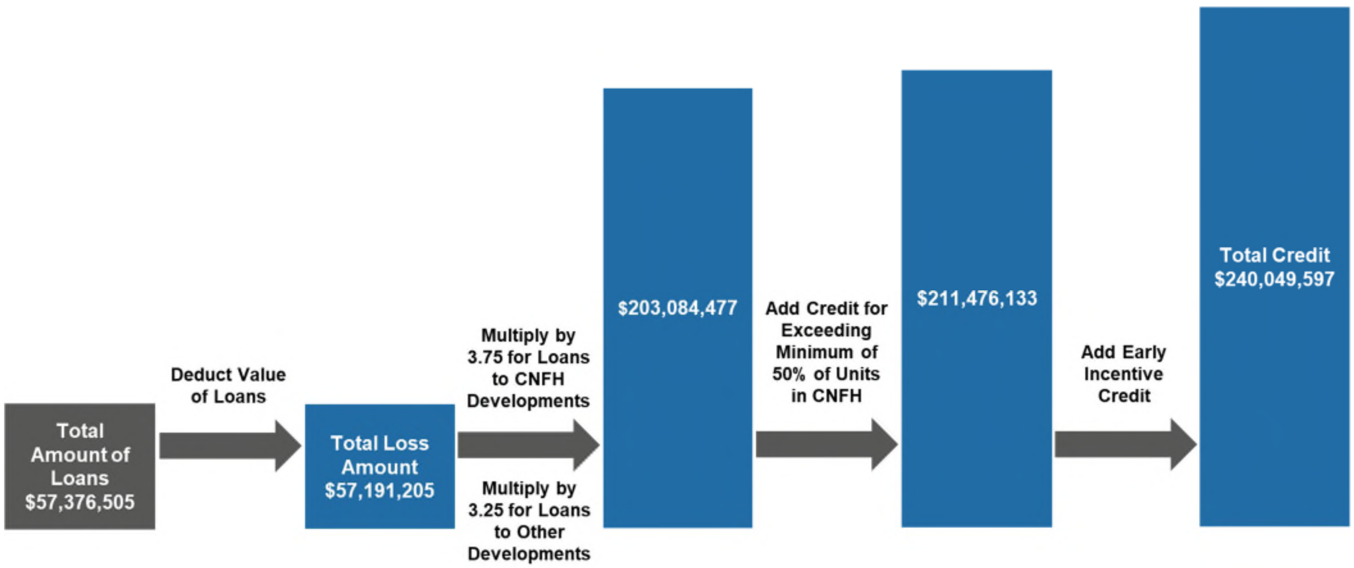
As discussed above, the Monitor determined that each of the affordable housing loans that Credit Suisse submitted for credit under the Settlement Agreement satisfied the applicable eligibility criteria, and that the loss amount for each loan determined by Novogradac on behalf of Credit Suisse was reasonable. The Monitor's next step was to validate the amount of credit that Credit Suisse ultimately claimed for each loan.

The Settlement Agreement provides that Credit Suisse receives $3.25 in credit for every $1.00 of projected loss on its loans to all developments that are not CNFH projects.[266] For loans to CNFH developments, Credit Suisse earns $3.75 in credit for every $1.00 of loss.[267] The Settlement Agreement also gives Credit Suisse the opportunity to earn additional credit for financing CNFH developments. To the extent that Credit Suisse funds more affordable housing units in designated critical need areas beyond the 50% requirement described above, it receives a 125% credit enhancement on each of the loans that financed such units.[268] Credit Suisse also receives a 115% "Early Incentive Credit" where it issued a commitment to provide a loan on or before March 1, 2018, regardless of whether or not the development is a CNFH project.[269]

The Monitor determined that Credit Suisse earned $240,049,597.06 in credit toward its consumer relief obligation. This includes $25,600,872.70 in credit for loans to affordable housing developments in Colorado. The amount of credit that Credit Suisse earned for each loan is set forth in Appendix A.

As the Monitor has previously explained, of its $2.80 billion consumer relief obligation, Credit Suisse must achieve a minimum of $1.75 billion in credit for all types of loan modification relief.[270] Of this total, Credit Suisse was required to achieve a minimum of $980 million in credit for principal forgiveness loan modifications, while the remaining $770 million could be achieved by providing the other types of loan modifications that were set forth in the Settlement Agreement.[271] Credit Suisse was also required to earn $240 million in credit by funding affordable housing projects.[272] Aside from those minimums, Credit Suisse had the option of earning the remaining $810 million balance of the $2.80 billion in credit by providing either loan modification relief or funding for affordable housing. As of the Monitor's Tenth Report, the Monitor had applied $809,950.402.94 in credit toward this $810 million limit, such that only $49,597.06 in additional credit could be applied to that category. Accordingly, notwithstanding that Credit Suisse submitted and the Monitor validated $240,403,276.81 in affordable housing relief, under the Settlement Agreement the Monitor applied the first $240 million of that amount to satisfy the requirement that Credit Suisse earn a minimum of $240 million in credit for providing loans to affordable housing developments, and $49,597.06 of the amount to complete the $810 million category. The remaining $353,679.75 could not be applied toward any other category, and therefore was deducted from the credit calculation for the last affordable housing loan that Credit Suisse submitted, which was to The Passage development in Indianapolis, Indiana.

The amount of credit that Credit Suisse earned is set forth in the following illustration, and each type of credit enhancement is discussed below.



1. Early Incentive Credit

Credit Suisse earns a 115% "Early Incentive Credit" for all loans for which "the date the commitment to lend is issued" is on or before March 1, 2018.[273] Credit Suisse requested this additional credit for a total of 36 loans for which it incurred an aggregate loss of $50,778,251.00. The Monitor reviewed the term sheets and commitment letters for each of these loans and found that Credit Suisse was entitled to receive this credit enhancement because Credit Suisse issued a commitment to make each loan by that date.[274]

The amount of Early Incentive Credit that Credit Suisse earned under each applicable loan is set forth in the tables in the subsection below, which illustrate how much total credit Credit Suisse earned for each loan, depending on whether the loan was made to a CNFH development.

2. CNFH Credit

As noted above, the Settlement Agreement provides that Credit Suisse earns $3.75 for each dollar of loss for the loans made to CNFH developments.[275] The Settlement Agreement provides that 50% of the aggregate number of all of the units in all developments receiving loans must be in CNFH developments.[276] To the extent Credit Suisse makes loans to such developments in excess of the 50% requirement, Credit Suisse receives an enhancement of 125% on the $3.75 base amount of credit for the corresponding loans.[277]

The following tables set forth the amount of credit that Credit Suisse earned on an aggregate basis, and as noted above, Appendix A sets forth the amount of credit that Credit Suisse earned for each loan. The first table sets forth the amount of credit that Credit Suisse earned with respect to the loans made to projects that did not qualify as CNFH developments. Ten of these loans earned Early Incentive Credit.

Non-CNFH Projects	
Number of Projects	16
Total Loss Amount	$22,057,725.00
Non-CNFH Base Credit	$71,333,926.50
Additional Early Incentive Credit	$8,112,327.11
Total Credit	$79,446,253.61

The next table sets forth the amount of credit that Credit Suisse earned with respect to the 21 loans made to projects that qualified as CNFH developments, and which satisfied the requirement that 50% of the units in the developments that received loans were CNFH developments. All but one of the loans to these developments received Early Incentive Credit.

CNFH Projects Satisfying 50% Minimum	
Number of Projects	21
Total Loss Amount	$26,182,380.00
CNFH Base Credit	$98,183,925.00
Additional Early Incentive Credit	$14,167,395.00
Total Credit	$112,351,320.00

The following table sets forth the amount of credit that Credit Suisse earned with respect to the six loans made to projects that qualified as CNFH developments, and which were allocated to units above the 50% minimum described above. Each of these loans also received Early Incentive Credit.

CNFH Projects Over 50%	
Number of Projects	6
Total Loss Amount	$8,951,100.00
CNFH Base Credit	$33,566,625.00
Additional 125% Multiplier	$8,391,656.25
Additional Early Incentive Credit	$6,293,742.20
Total Credit	$48,252,023.44

As the following table illustrates, Credit Suisse satisfied its obligation to use its "best efforts" to earn $25 million in credit for affordable housing loans to developments in Colorado because Credit Suisse earned $25,600,872.70 in credit to seven developments, including Mason Place in Fort Collins, Colorado, which is discussed below. Four of these loans received Early Incentive Credit, and none of these properties qualified as a CNFH development.

Colorado Projects	
Number of Projects	7
Total Loss Amount	$7,135,684.00
Base Credit	$23,190,973.00
Additional Early Incentive Credit	$2,409,899.70
Total Credit	$25,600,872.70

The Settlement Agreement provides that Credit Suisse may only receive up to $100,000 in credit for each unit of affordable housing that is financed, and the Monitor confirmed that the credit awarded for each unit was under this limit. Credit Suisse received the greatest amount of credit on a per unit basis—$99,993.56—for its loan to Britton Court in San Francisco, which includes several four-bedroom units designed for larger families, and the credit amount reflects that the loan generated CNFH credit and Early Incentive Credit. Credit Suisse received, on average, $66,092.66 in credit for each unit financed.

Case Study: Mason Place in Fort Collins, Colorado

Mason Place in Fort Collins, Colorado, was built in a former movie theater. All 60 of its apartments are affordable and reserved for individuals with a disability who are experiencing homelessness. Of those, 15 of the apartments are reserved for individuals who are also veterans.[278] All residents receive either Housing Choice Vouchers or **Veterans Affairs Supportive Housing** Vouchers.[279] The project completed construction in March 2020 and was fully leased in June 2020.[280]

The property manager identifies potential residents by using a regional intake system that is used by numerous local social services organizations.[281] Individuals may indicate that they are interested in being considered for affordable housing through the system. As part of the intake process, the system scores individuals on a vulnerability index based on an individual needs assessment.[282] If the development has a vacancy, it invites the individual with the highest needs assessment and who otherwise meets the project's requirements to apply.[283]

The Monitor conducted a site visit of Mason Place in September 2022 and met with representatives from the property developer, Credit Suisse, and NEF. Mason Place is a "permanent supportive housing" project that offers its residents services beyond housing.[284] Upon moving in, each resident is provided with a case manager and connected with various social services.[285] In addition, the property manager provides on-site programming for residents, including health screenings, addiction support groups, and music lessons.[286] The developer told the Monitor that many residents have formed a sense of community within the building through these programs.[287]

Veterans Affairs Support Housing ("VASH"): A federal program administered by the Department of Housing and Urban Development that provides Housing Choice Voucher rental assistance along with case management and clinical services through the Department of Veterans Affairs for veterans experiencing homelessness.

The developer further explained that many of the residents have experienced some form of trauma prior to moving in, and therefore implemented certain features in building Mason Place to address the needs of that community.[288] For instance, the facility includes noise-dampening features, utilizes natural light in its oversized atrium, has a 24/7 security desk at the building's one point of entry, and has a dog washing station to accommodate the numerous residents with service animals.[289]

Credit Suisse's loan was part of the original funding package for the project, and the developer said the loan helped to offset funding issues caused by the decrease in the market price of LIHTCs.[290]

Credit Suisse loaned the Mason Place project $1,200,000, with a calculated loss amount of $1,196,200. Because Credit Suisse did not seek CNFH credit for the project, Credit Suisse earned the base credit multiplier of $3.25 for each dollar of loss. Credit Suisse committed to fund the project in 2019,[291] and therefore did not qualify for a 115% Early Incentive Credit. As a result, Credit Suisse earned $3,887,650 in credit for its funding of Mason Place.

PART VIII: CONCLUSIONS

Based on the information submitted to the Monitor and the work described in this Report, and subject to the Monitor's final determination and certification that Credit Suisse's consumer relief efforts comply with the requirements of the Settlement Agreement, the Monitor concludes:

- The 43 affordable housing loans submitted by Credit Suisse are eligible for credit under the Settlement Agreement.

- Credit Suisse has earned $240,049,597.06 in credit for financing of affordable rental housing pursuant to the Settlement Agreement, including $25,600,872.70 for financing of affordable rental housing in Colorado. Moreover, this credit was earned prior to the December 31, 2021 deadline.

- To date, Credit Suisse has provided the Monitor with all documents and information the Monitor has requested for the purpose of determining whether Credit Suisse has satisfied its consumer relief obligation, as required by the Settlement Agreement.

ENDNOTES

ENDNOTES FOR EXECUTIVE SUMMARY

[1] Capitalized terms have the same meanings as in the Monitor's initial report, dated October 27, 2017. For ease of reference, these terms are defined again within this Report, and are also included in the Glossary that appears at the end of this Report.

[2] Settlement Agreement between the United States and Credit Suisse Securities (USA) LLC, Annex 2 – Consumer Relief, at 7, Jan. 18, 2017 ("Credit Suisse Annex 2").

ENDNOTES FOR PART I: BACKGROUND

[3] Settlement Agreement between the United States and Credit Suisse Securities (USA) LLC ¶¶ A-24, Jan. 18, 2017 ("Settlement Agreement").
[4] Settlement Agreement ¶ 2.
[5] Credit Suisse Annex 2 at 2-6, Jan. 18, 2017.
[6] Credit Suisse Annex 2 at 2-4 (Menu Items 1.A-1.F).
[7] Credit Suisse Annex 2 at 5-6 (Menu Item 2).
[8] Credit Suisse Annex 2 at 7.
[9] Settlement Agreement ¶ 2.
[10] Monitor for the Credit Suisse RMBS Settlement, Initial Report of the Monitor for the Credit Suisse RMBS Settlement, Oct. 27, 2017 ("Initial Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[11] Monitor for the Credit Suisse RMBS Settlement, Second Report of the Monitor for the Credit Suisse RMBS Settlement, Feb. 20, 2018 ("Second Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[12] Monitor for the Credit Suisse RMBS Settlement, Third Report of the Monitor for the Credit Suisse RMBS Settlement, Aug. 31, 2018 ("Third Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[13] Monitor for the Credit Suisse RMBS Settlement, Fourth Report of the Monitor for the Credit Suisse RMBS Settlement, Feb. 28, 2019 ("Fourth Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[14] Monitor for the Credit Suisse RMBS Settlement, Fifth Report of the Monitor for the Credit Suisse RMBS Settlement, July 31, 2019 ("Fifth Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[15] Monitor for the Credit Suisse RMBS Settlement, Sixth Report of the Monitor for the Credit Suisse RMBS Settlement, Dec. 20, 2019 ("Sixth Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[16] Monitor for the Credit Suisse RMBS Settlement, Seventh Report of the Monitor for the Credit Suisse RMBS Settlement, Oct. 1, 2020 ("Seventh Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[17] Monitor for the Credit Suisse RMBS Settlement, Eighth Report of the Monitor for the Credit Suisse RMBS Settlement, Oct. 12, 2021 ("Eighth Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[18] Monitor for the Credit Suisse RMBS Settlement, Ninth Report of the Monitor for the Credit Suisse RMBS Settlement, Oct. 25, 2022 ("Ninth Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).
[19] Monitor for the Credit Suisse RMBS Settlement, Tenth Report of the Monitor for the Credit Suisse RMBS Settlement, Jan. 31, 2023 ("Tenth Report"), *available at* www.creditsuisse.rmbsmonitor.com/reports (last visited Apr. 15, 2023).

ENDNOTES FOR PART II: AFFORDABLE HOUSING OBLIGATIONS

[20] Credit Suisse Annex 2 at 5-6 (Menu Item 2).
[21] Credit Suisse Annex 2 at 5 (Menu Item 2).
[22] Credit Suisse Annex 2 at 6 n.14 (Menu Item 2).
[23] Credit Suisse Annex 2 at 5 n.13 (Menu Item 2).
[24] The loans Credit Suisse provided to affordable housing developments were made by its wholly owned subsidiary, Column Financial, Inc. ("CFI"). CFI has no employees or independent operations, but it holds mortgage-lending licenses in all 50 states and the District of Columbia and accordingly is the entity through which Credit Suisse is able to provide the loans. This Report does not distinguish between CFI and Credit Suisse.
[25] Credit Suisse Annex 2 at 5-6 (Menu Item 2).
[26] Credit Suisse Annex 2 at 5 & n.12 (Menu Item 2); 26 U.S.C. § 42.
[27] Credit Suisse Annex 2 at 5 & n.12 (Menu Item 2). As explained below at note 150, there are some projects that may meet current LIHTC requirements but would not qualify for credit under the Settlement Agreement, which incorporates the LIHTC requirements as of 2017.
[28] Credit Suisse Annex 2 at 5 & n.12 (Menu Item 2).
[29] Credit Suisse Annex 2 at 5 & n.12 (Menu Item 2); U.S. Dep't of Hous. & Urban Dev., Statutorily Mandated Designation of Difficult Development Areas for 2014, 78 Fed. Reg. 69,113-01 (Nov. 18, 2013); Office of the Comptroller of the Currency, Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks 12 (2014), *available at* https://www.occ.gov/publications-and-resources/publications/community-affairs/community-developments-insights/ca-insights-mar-2014.html (last visited Apr. 21, 2023); *e.g.*, Texas Dep't of Hous. & Cmty. Affairs, Multifamily Housing Rental Programs, Qualified Allocation Plan 17, 19-22 (2017), *available at* tdhca.state.tx.us/multifamily/docs/17-QAP.pdf (last visited Apr. 21, 2023).
[30] Credit Suisse Annex 2 at 5 & n.13 (Menu Item 2).
[31] Credit Suisse Annex 2 at 5 (Menu Item 2).
[32] Credit Suisse Annex 2 at 5 (Menu Item 2). The specific requirements Credit Suisse must meet to earn $3.75 in credit per $1.00 of loss are discussed in Part VII.A.4.
[33] Credit Suisse Annex 2 at 5 (Menu Item 2).
[34] Credit Suisse Annex 2 at 3 n.7 (Early Incentive Credit), 5 (Menu Item 2).
[35] Credit Suisse Annex 2 at 5 n.13, 7 (Menu Item 2).

ENDNOTES FOR PART III: LOW-INCOME HOUSING TAX CREDITS

[36] United States Census Bureau, Mary Schwartz and Ellen Wilson, Who Can Afford To Live in a Home?: A look at data from the 2006 American Community Survey, *available at* https://cdn2.hubspot.net/hubfs/4408380/PDF/General-Housing-Homelessness/who-can-afford.pdf (last visited Apr. 21, 2023).
[37] National Low Income Housing Coalition, The Gap: A Shortage of Affordable Rental Homes (Apr. 2022), *available at* https://nlihc.org/gap (last visited Apr. 21, 2023).
[38] Congressional Research Service, An Introduction to the Low-Income Housing Tax Credit (Feb. 2019), *available at* https://fas.org/sgp/crs/misc/RS22389.pdf (last visited Apr. 21, 2023); 26 U.S.C. § 42.
[39] Rev. Proc. 2016-55 § 3.08.
[40] Congressional Research Service, An Introduction to the Low-Income Housing Tax Credit (Feb. 2019), *available at* https://fas.org/sgp/crs/misc/RS22389.pdf (last visited Apr. 21, 2023).
[41] Depending on the type of project and the state's procedures, LIHTCs can be awarded on a competitive basis or pursuant to a formula to each qualifying project.
[42] Congressional Research Service, An Introduction to the Low-Income Housing Tax Credit (Feb. 2019), *available at* https://fas.org/sgp/crs/misc/RS22389.pdf (last visited Apr. 21, 2023).
[43] LIHTCs are designed to fund either 70% or 30% of the cost of building or rehabilitating a development, depending on the type of credit. 26 U.S.C. § 42(b).
[44] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[45] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[46] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[47] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[48] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[49] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[50] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[51] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[52] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[53] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022. The project was also able to secure state tax credits in support of the cleanup effort.
[54] Credit Suisse submission to Monitor of NEF reports related to Ebenezer Plaza.
[55] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[56] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022.
[57] In addition, government funding for affordable housing had been reduced, as compared to funding levels in 2008, as a result of ongoing budget pressure following the 2008 financial crisis. The federal government's funding for affordable housing by year can be viewed by visiting the CPD Appropriations Budget/Allocations page on the web site for the Department of Housing and Urban Development, https://www.hud.gov/program_offices/comm_planning/budget (last visited Apr. 21, 2023), and selecting the relevant year. For additional discussion of the declining availability of funding for affordable housing, *see* Terner Center for Housing Innovation, The Complexity of Financing Housing Tax Credit Housing in the United States, Apr. 2021, *available at* https://ecm.capitalone.com/WCM/commercial/insights/lihtc-complexity-final.pdf (last visited Apr. 21, 2023).
[58] Congressional Research Service, An Introduction to the Low-Income Housing Tax Credit, (Feb. 2019), at 5-6, *available at* https://fas.org/sgp/crs/misc/RS22389.pdf (last visited Apr. 21, 2023).
[59] Novogradac, A Look at the LIHTC: Past Pricing Trends, the Current Market and Future Concerns (Mar. 2020), https://www.novoco.com/periodicals/articles/look-lihtc-past-pricing-trends-current-market-and-future-concerns (last visited Apr. 2, 2023).
[60] Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017; The Atlantic, Trump's Promises to Corporate Leaders: Lower Taxes and Fewer Regulations, Bourree Lam (Jan. 2017), *available at*

https://www.theatlantic.com/business/archive/2017/01/trump-corporate-tax-cut/514148/ (last visited Apr. 2, 2023).
[61] Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
[62] Novogradac, LIHTC Equity Pricing Trends, https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-equity-pricing-trends (last visited Apr. 21, 2023).
[63] Pub. L. 115-97.
[64] Novogradac, LIHTC Equity Pricing Trends, https://www.novoco.com/resource-centers/affordable-housing-tax-credits/lihtc-equity-pricing-trends (last visited Apr. 21, 2023).
[65] Credit Suisse submission to Monitor of NEF reports related to Littleton Crossing.
[66] Credit Suisse submission to Monitor of NEF reports related to Littleton Crossing.
[67] Credit Suisse submission to Monitor of NEF reports related to Fulton Commons.
[68] Credit Suisse submission to Monitor of NEF reports related to Fulton Commons.
[69] Credit Suisse submission to Monitor of NEF reports related to Grayson Street.
[70] Credit Suisse submission to Monitor of NEF reports related to Grayson Street.
[71] Credit Suisse submission to Monitor of NEF reports related to Grayson Street.
[72] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[73] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[74] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[75] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[76] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[77] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[78] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[79] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[80] Credit Suisse submission to Monitor of NEF reports related to Waverly Historic Lofts.
[81] Bureau of Labor Statistics, How Did the COVID-19 Pandemic Affect Input Costs for U.S. Producers?, 10 Beyond the Numbers 15 (Dec. 2021), *available at* https://www.bls.gov/opub/btn/volume-10/pdf/how-did-the-covid-19-pandemic-affect-input-costs-for-us-producers.pdf (last visited Apr. 21, 2023).
[82] Monitor On-Site Visit to Ebenezer Plaza, Aug. 15, 2022; Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[83] Credit Suisse submission to Monitor of NEF reports related to Alta Verde.
[84] Credit Suisse submission to Monitor of NEF reports related to Monarch Apartments.
[85] Credit Suisse submission to Monitor of NEF reports related to New Hope Housing Savoy.
[86] Credit Suisse submission to Monitor of NEF reports related to The Passage.
[87] Certain banks make loans to affordable housing developments in the ordinary course of their business to fulfill their obligations under the Community Reinvestment Act, which requires banks that are insured by the Federal Deposit Insurance Corporation (the "FDIC") to make community development loans in the communities where they do business, including loans to support affordable housing for low-income or moderate-income households. 12 U.S.C. §§ 2901-2908; 12 C.F.R. §§ 345.11-345.45; Office of the Comptroller of the Currency, CRA: Community Development Loans, Investments, and Services (Jan. 2019), *available at* https://www.occ.gov/publications-and-resources/publications/community-affairs/community-developments-fact-sheets/pub-fact-sheet-cra-comm-dev-loans-invest-svcs-jan-2019.pdf (last visited Apr. 21, 2023). Credit Suisse, however, does not hold deposits that are insured by the FDIC.
[88] While the Settlement Agreement requires that rental developments creditable under Menu Item 2 be "equivalent to affordable rental housing developed through LIHTC," it does not require that the developments Credit Suisse funds actually receive LIHTC credits. Credit Suisse Annex 2 at 5 (Menu Item 2).

ENDNOTES FOR PART IV: CREDIT SUISSE'S AFFORDABLE HOUSING LOAN PROCESS

89 Monitor Call with Credit Suisse, June 23, 2017.
90 Monitor Call with Credit Suisse, June 23, 2017.
91 National Equity Fund, About NEF, https://www.nationalequityfund.org/who-we-are/about-nef/ (last visited Apr. 21, 2023).
92 National Equity Fund, LIHTC, https://www.nationalequityfund.org/expertise/lihtc/ (last visited March 11, 2023).
93 National Equity Fund, About NEF, https://www.nationalequityfund.org/whoweare/about-nef/ (last visited Apr. 21, 2023).
94 National Equity Fund, Investment Portfolio, https://nefinc.org/impact/investment-portfolio/ (last visited Apr. 21, 2023).
95 National Equity Fund, Asset Managers, https://www.nationalequityfund.org/partner-resources/asset-managers/ (last visited Apr. 21, 2023).
96 National Equity Fund, Predevelopment Loans, https://www.nationalequityfund.org/expertise/predevelopment-loans/ (last visited Apr. 21, 2023).
97 National Equity Fund, Workforce / Moderate Income Rental Housing, https://nefinc.org/expertise/workforce-housing/ (last visited Apr. 21, 2023).
98 Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
99 Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
100 Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
101 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
102 Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
103 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
104 Monitor Call with Credit Suisse, March 3, 2022.
105 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
106 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
107 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
108 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
109 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
110 Novogradac, Post Year-15 Compliance Monitoring (Sept. 2015), https://www.novoco.com/periodicals/articles/post-year-15-compliance-monitoring (last visited Apr. 21, 2023).
111 26 U.S.C. § 42(j).
112 Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
113 Post Year-15 Compliance Monitoring, Novogradac and Company (Sept. 2015), https://www.novoco.com/periodicals/articles/post-year-15-compliance-monitoring (last visited Apr. 21, 2023).
114 Loan Origination and Servicing Agreement between Column Financial, Inc. and National Equity Fund, Inc. (Aug. 2017).
115 Monitor On-Site Visit to Posterity Scholar House, Oct. 4, 2022.
116 Monitor On-Site Visit to Posterity Scholar House, Oct. 4, 2022.
117 Credit Suisse submission to Monitor of NEF reports related to Posterity Scholar House.
118 Monitor On-Site Visit to Posterity Scholar House, Oct. 4, 2022.

[119] Monitor On-Site Visit to Posterity Scholar House, Oct. 4, 2022.
[120] Monitor On-Site Visit to Posterity Scholar House, Oct. 4, 2022.
[121] Monitor On-Site Visit to Posterity Scholar House, Oct. 4, 2022.
[122] Credit Suisse submission to Monitor of NEF reports related to Posterity Scholar House.
[123] Credit Suisse submission to Monitor of NEF reports related to Posterity Scholar House.

ENDNOTES FOR PART V: CREDIT SUISSE LOAN TERMS

[124] Credit Suisse Annex 2 at 5 (Menu Item 2).
[125] Monitor Call with Credit Suisse, June 23, 2017; Monitor Call with Credit Suisse, July 18, 2017; Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
[126] Monitor On-Site Meeting with Credit Suisse and NEF, July 20, 2017.
[127] Monitor Call with Credit Suisse, June 23, 2017.
[128] Monitor Call with Credit Suisse, June 23, 2017; Monitor Call with Credit Suisse, July 18, 2017.
[129] Credit Suisse Annex 2 at 5 n.13 (Menu Item 2).

ENDNOTES FOR PART VI: SUBMISSION OF LOANS FOR TESTING

[130] The Monitor and Credit Suisse also agreed on the testing protocol that the IRG used to confirm that its affordable housing loans were eligible for credit under the Settlement Agreement before they were submitted to the Monitor for review.
[131] Monitor Call with Credit Suisse, June 20, 2019; Monitor Call with Credit Suisse and SPS, May 9, 2019.
[132] The supporting documentation provided during this period were for loans to the following developments: 6th Street; Arlington Ridge; Attention Homes; Bottineau Ridge; Britton Court; Brook Hill Village; Casa Veracruz; Cass County Homes; Colma Vets Village; Coral Bay Cove; Ebenezer Plaza; Freedom Village Gibbsboro; Freedom Village West Windsor; Flats at Two Creeks; Freedom Springs; Frye Apartments; Fulton Commons; Grayson Street; Heart's Place; Homestead Palms; The Jordan at Mueller; Littleton Crossing; Mason Place; Metamorphosis; Milton Meadows; Mission Trails; North Park Estates; Oasis on Ella; Posterity Scholar House; Princeton Park; River Bend; River Place; Somerset Lofts; Sun Ridge; Towne Courts; Valley Brook Village II; Vets Village of Carson; and Waverly Historic Lofts.
[133] Monitor Call with Credit Suisse, May 15, 2020; Monitor Call with Credit Suisse, Feb. 26, 2021.
[134] Alta Verde; Monarch Apartments; New Hope Housing Savoy; and North 5th Street.
[135] On August 22, 2022, Credit Suisse provided the Monitor with supporting documentation for The Passage development.
[136] Credit Suisse submission to Monitor of NEF reports related to Britton Court.
[137] Credit Suisse submission to Monitor of NEF reports related to Britton Court.
[138] Credit Suisse submission to Monitor of NEF reports related to Britton Court.
[139] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[140] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[141] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[142] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[143] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[144] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[145] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[146] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.
[147] Monitor On-Site Visit to Britton Court, Sept. 28, 2022.

ENDNOTES FOR PART VII: THE MONITOR'S REVIEW AND TESTING

148 Statistical sampling, which both Clayton and the Monitor use to review a subset of the mortgage loan modifications Credit Suisse submits for credit as discussed in the Monitor's Fourth Report, is not appropriate in this context because of the small number of affordable housing financing loans submitted, and because each development can present unique issues.
149 Credit Suisse Annex 2 at 5 (Menu Item 2).
150 The Settlement Agreement also specifically requires that a development satisfy either the 20-50 test or the 40-60 test. Credit Suisse Annex 2 at 5 (Menu Item 2). The Consolidated Appropriations Act of 2018 established a third test that a development could meet to receive LIHTCs—that at least 40% of the units are reserved for tenants earning between 20% to 80% of area median gross income, with the average income limitation of those units being 60% of area median gross income. This test is not applicable to the Settlement Agreement because it was created after DOJ and Credit Suisse entered into that agreement in 2017.
151 26 U.S.C. § 42(g)(1).
152 Texas Department of Housing and Community Affairs, Competitive (9%) Housing Tax Credits, https://www.tdhca.state.tx.us/multifamily/housing-tax-credits-9pct/index.htm (last visited Mar. 28, 2023). Credit Suisse did finance an affordable housing development in El Paso, Texas, The Homestead Palms.
153 Department of Housing and Urban Development, FY 2019 Multifamily Tax Subsidy Project Income Limits Summary, https://www.huduser.gov/portal/datasets/il/il2019/2019sum_mtsp.odn?inputname=METRO21340M21340*El+Paso%2C+TX+HUD+Metro+FMR+Area&area_choice=hmfa&year=2019 (last visited Mar. 27, 2023).
154 26 U.S.C. § 42(g)(2)(A).
155 Specifically, LIHTC rules assume on average one tenant in a studio apartment, 1.5 tenants in a one-bedroom apartment, three tenants in a two-bedroom apartment, and 4.5 tenants in a three-bedroom apartment. 26 U.S.C. § 42(g)(2).
156 The Settlement Agreement provides that each development must have a LURA with a term for at least 30 years but does not expressly set forth the rights and restrictions that must be included in a LURA. Credit Suisse Annex 2 at 5 (Menu Item 2).
157 Commercial Real Estate Finance Company of America, Multifamily Housing – Land Use Restrictive Agreement (LURA) (LIHTC), http://www.crefcoa.com/land-use-restrictive-agreement.html (last visited Apr. 8, 2021).
158 Credit Suisse submission to Monitor of NEF reports related to North 5th Street.
159 Credit Suisse submission to Monitor of NEF reports related to North 5th Street.
160 Credit Suisse submission to Monitor of NEF reports related to North 5th Street.
161 Novogradac, LIHTC Properties in Nevada's 4th District Through 2020, https://www.novoco.com/sites/default/files/atoms/files/nevada-lihtc-properties-nv4-032023.pdf (last visited March 21, 2023); Nevada Hand, Construction, https://nevadahand.org/what-we-do/construction/ (last visited March 21, 2023).
162 Credit Suisse submission to Monitor of NEF reports related to North 5th Street.
163 26 U.S.C. § 42(h)(6)(B)(ii). The LIHTC program does not require that tenants be granted this right before construction is completed and the development is not yet open for leasing.
164 The four developments that received Credit Suisse loans and are still under construction are: Alta Verde, Metamorphosis, Monarch Apartments, and New Hope Housing Savoy. These developments' LURAs with the state housing authority need to be recorded after construction is concluded in order for the investors who purchased LIHTCs to use those tax credits. As discussed above in Part IV.B.2, NEF is contractually obligated to monitor each development to confirm continued compliance with the LIHTC program's requirements during the term of Credit Suisse's loan, including the requirement that

tenants have the right to enforce the rent limitations beginning with when the development opens for leasing.
[165] 26 U.S.C. § 42(h)(6)(B)(iv); Credit Suisse Annex 2 at 5 (Menu Item 2).
[166] 26 U.S.C. § 42(i)(3)(B)(i).
[167] Internal Revenue Service, Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, rev. Jan. 2011, Ch. 20, *available at* https://www.irs.gov/pub/irs-utl/lihc-form8823guide.pdf (last visited Oct. 30, 2019). However, this six-month lease requirement does not apply to studio apartments and units used exclusively as transitional housing for individuals experiencing homelessness. 26 U.S.C. § 42(i)(3)(B)(iii)-(iv).
[168] 26 C.F.R. § 1.42-9(a).
[169] 26 C.F.R. § 1.42-9(b).
[170] 26 C.F.R. § 1.42-9(b).
[171] 26 U.S.C. § 42(g)(9); 24 C.F.R. § 91.315(e).
[172] 26 U.S.C. § 42(g)(9); 24 C.F.R. § 91.315(d).
[173] 26 U.S.C. § 42(g)(9).
[174] Credit Suisse Annex 2 at 5 (Menu Item 2). The Settlement Agreement specifically references the fair housing marketing standards set forth in 24 CFR § 200.620.
[175] 24 CFR § 200.610.
[176] In those cases where an affordable housing development receives a loan that is guaranteed by the Federal Housing Administration, the development is required to satisfy certain marketing criteria, such as to solicit eligible tenants identified by the Fair Housing Administration. None of the developments that received a loan from Credit Suisse received such a loan, and therefore these requirements were not applicable.
[177] Credit Suisse Annex 2 at 1.
[178] Britton Court; Cass County Homes; Ebenezer Plaza; The Jordan at Mueller; Mason Place; and Posterity Scholar House.
[179] Credit Suisse Annex 2 at 6 (Menu Item 2).
[180] Credit Suisse submission to Monitor of NEF reports related to The Jordan at Mueller.
[181] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[182] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[183] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[184] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[185] Credit Suisse submission to Monitor of NEF reports related to The Jordan at Mueller; Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[186] Credit Suisse submission to Monitor of NEF reports related to The Jordan at Mueller.
[187] Credit Suisse submission to Monitor of NEF reports related to The Jordan at Mueller.
[188] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[189] Foundation Communities, Children's Home Initiative, https://foundcom.org/wp-content/uploads/2018/02/English.pdf (last visited March 13, 2023).
[190] Foundation Communities, Children's Home Initiative, https://foundcom.org/wp-content/uploads/2018/02/English.pdf (last visited March 13, 2023).
[191] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[192] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[193] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[194] Monitor On-Site Visit to The Jordan at Mueller, Sept. 23, 2022.
[195] Credit Suisse Annex 2 at 5 & n.12 (Menu Item 2); U.S. Dep't of Hous. & Urban Dev., Statutorily Mandated Designation of Difficult Development Areas for 2014, 78 Fed. Reg. 69,113, 16,114-15 (Nov. 18, 2013); Office of the Comptroller of the Currency, Low-Income Housing Tax Credits: Affordable Housing Investment Opportunities for Banks 12 (2014), *available at* https://www.occ.gov/topics/community-affairs/publications/insights/insights-low-income-housing-tax-credits.pdf (last visited Aug. 31, 2017). The QAP issued by the Texas Department of Housing and Community Affairs provides one example of how states evaluate areas for characteristics

related to opportunity and/or low poverty. *See* Tex. Dep't of Hous. & Cmty. Affairs, Multifamily Housing Rental Programs, Qualified Allocation Plan 17, 19-22 (2017), *available at* https://www.tdhca.state.tx.us/multifamily/docs/17-QAP.pdf (last visited Aug. 31, 2017).
[196] Credit Suisse Annex 2 at 5 (Menu Item 2).
[197] Credit Suisse Annex 2 at 5 (Menu Item 2).
[198] Credit Suisse Annex 2 at 5 (Menu Item 2).
[199] Credit Suisse Annex 2 at 5 n.12 (Menu Item 2). In designating areas of high opportunity or low poverty, or in incentivizing development in such areas, state housing authorities examine a number of factors, most often including access to education, economic growth, access to health care, income levels, and access to transportation. Freddie Mac Multifamily & National Housing Trust, Spotlight on Underserved Markets, Opportunities Incentives in LIHTC Qualified Allocation Plans, at 4-5, Nov. 6, 2018.
[200] 26 U.S.C. § 42(d)(5)(B)(iii). Developments in such areas are entitled to receive an increased (130%) allocation of LIHTC credit. 26 U.S.C. § 42(d)(5)(B)(i). Beginning with the 2016 designations, HUD's designation methodology has used Small Area Fair Market Rents (previously, it used metropolitan-area Fair Market Rents) for designating metropolitan Difficult Development Areas. 78 Fed. Reg. 69,113 (Nov. 18, 2013); HUD, Qualified Census Tracts and Difficult Development Areas, https://www.huduser.gov/portal/datasets/qct.html (last visited Mar, 30, 2021).
[201] HUD, Qualified Census Tracts and Difficult Development Areas, https://www.huduser.gov/portal/datasets/qct.html (last visited Mar, 30, 2021).
[202] 6th Street; Britton Court; Colma Vets Village; Coral Bay Cove; Freedom Village West Windsor; Grayson Street; Metamorphosis; Mission Trails; Princeton Park; River Place; Sun Ridge; Towne Courts; and Vets Village of Carson.
[203] Credit Suisse Annex 2 at 5 n.12 (Menu Item 2).
[204] Freddie Mac Multifamily & National Housing Trust, Spotlight on Underserved Markets, Opportunities Incentives in LIHTC Qualified Allocation Plans, at 2, 4-5, Nov. 6, 2018.
[205] Freddie Mac Multifamily & National Housing Trust, Spotlight on Underserved Markets, Opportunities Incentives in LIHTC Qualified Allocation Plans, at 2, 12-13, Nov. 6, 2018.
[206] Freddie Mac Multifamily & National Housing Trust, Spotlight on Underserved Markets, Opportunities Incentives in LIHTC Qualified Allocation Plans, at 2, 4-5, Nov. 6, 2018.
[207] From June 2019 to February 2021, Credit Suisse submitted for credit 18 projects it asserted were in State-Defined High Opportunity/Low Poverty Areas: Arlington Ridge; Bottineau Ridge; Brook Hill Village; Casa Veracruz; Cass County Homes; Freedom Village Gibbsboro; Frye Apartments; Fulton Commons; Heart's Place; Homestead Palms; The Jordan at Mueller; Milton Meadows; North Park Estates; Oasis on Ella; Posterity Scholar House; Somerset Lofts; Valley Brook Village II; Waverly Historic Lofts.
[208] Monitor Call with Credit Suisse, May 15, 2020.
[209] Bottineau Ridge (MN); Brook Hill Village (CT); Posterity Scholar House (IN).
[210] Monitor Call with Credit Suisse, Feb. 25, 2021.
[211] Monitor Call with Credit Suisse, May 13, 2021.
[212] Credit Suisse submission to the Monitor, Credit Calculation Report, January 3, 2022.
[213] Eight of these projects were in areas state QAPs specifically designated as areas of "opportunity" or "high opportunity." The other six projects scored maximum possible points for opportunity or low poverty characteristics according to the corresponding state QAP.
[214] For example, New York City has a program for funding affordable housing that is reserved for seniors who are at least 62 years old. NYC Housing Preservation and Development, Senior Affordable Rental Apartments, https://www.nyc.gov/site/hpd/services-and-information/senior-housing.page (last visited Mar. 15, 2023).
[215] Credit Suisse Annex 2 at 5 n.12 (Menu Item 2).
[216] Accordingly, although housing that is dedicated to seniors may receive LIHTCs and therefore may receive credit under Menu Item 2, such projects are not eligible for enhanced credit as CNFH. 26 U.S.C. § 42.

[217] Credit Suisse submission to Monitor of NEF reports related to Oasis on Ella.
[218] Credit Suisse submission to Monitor of NEF reports related to Oasis on Ella.
[219] Credit Suisse submission to Monitor of NEF reports related to Oasis on Ella.
[220] Texas Department of Housing and Community Affairs, 2017 QAP § 11.9(c)(4); Credit Suisse submission to Monitor of NEF reports related to Oasis on Ella. The project would have been eligible for the maximum number of points in 2018 as well. Texas Department of Housing and Community Affairs, 2018 QAP § 11.9(c)(4)
[221] Texas Department of Housing and Community Affairs, 2017 QAP § 11.9(c)(4); Texas Department of Housing and Community Affairs, 2018 QAP § 11.9(c)(4). The project applied for LIHTC credit in 2017 and was evaluated using the 2017 QAP. However, because Credit Suisse committed to the loan in 2018, the Monitor reviewed the 2018 QAP to confirm that the project was still in a State-Defined High Opportunity/Low Poverty Area as of that time.
[222] Credit Suisse submission to Monitor of NEF reports related to Oasis on Ella.
[223] Credit Suisse submission to Monitor of NEF reports related to Oasis on Ella.
[224] Credit Suisse Annex 2 at 5 (Menu Item 2).
[225] Credit Suisse Annex 2 at 5 (Menu Item 2).
[226] Credit Suisse submission to Monitor of NEF reports related to Cass County Homes.
[227] Monitor On-Site Visit to Cass County Homes, Oct. 5, 2022.
[228] Credit Suisse submission to Monitor of NEF reports related to Cass County Homes.
[229] Credit Suisse submission to Monitor of NEF reports related to Cass County Homes.
[230] Credit Suisse submission to Monitor of NEF reports related to Cass County Homes.
[231] Monitor On-Site Visit to Cass County Homes, Oct. 5, 2022.
[232] Monitor On-Site Visit to Cass County Homes, Oct. 5, 2022.
[233] Monitor On-Site Visit to Cass County Homes, Oct. 5, 2022.
[234] Credit Suisse submission to Monitor of NEF reports related to Cass County Homes.
[235] Credit Suisse Annex 2 at 5 n.13 (Menu Item 2).
[236] Credit Suisse Annex 2 at 5 n.13 (Menu Item 2).
[237] Credit Suisse Annex 2 at 5 n.13 (Menu Item 2).
[238] The Settlement Agreement also provides that, in the event that the borrower repays the loan, in whole or in part, such that the estimated loss "is substantially reversed" within three years during the Monitorship, then the amount of credit will be calculated based "on the actual [l]oss incurred." Credit Suisse Annex 2 at 5 n.13 (Menu Item 2). Credit Suisse has acknowledged that it will promptly inform the Monitor in the event that any of its affordable housing loans are repaid, in whole or in part, during the applicable period, and in that case the Monitor will assess the actual loss amount for that loan, and the revised amount of credit.
[239] Novogradac & Co. LLP, About Us, https://www.novoco.com/company (last visited Mar. 23, 2023); Monitor Call with Credit Suisse, Jun. 23, 2017.
[240] Credit Suisse Annex 2 at 5 & n.13 (Menu Item 2).
[241] PricewaterhouseCoopers, *Fair Value Measurements*, § 4.4.3 (Sept. 2022), https://viewpoint.pwc.com/dt/us/en/pwc/accounting_guides/fair_value_measureme/assets/pwcfairvalueguide0922.pdf (last visited Mar. 23, 2023).
[242] Cal. State Bd. of Equalization, Time Value of Money – Six Functions of a Dollar, https://www.boe.ca.gov/info/tvm/lesson1.html (last visited Mar. 23, 2023).
[243] Stephen A. Ross et al., *Corporate Finance*, "Present Value" (11th ed., 2016).
[244] Aswath Damodaran, *Damodaran on Valuation* at 10 (2d ed., 2006).
[245] Aswath Damodaran, *Damodaran on Valuation* at 10 (2d ed., 2006).
[246] PricewaterhouseCoopers, *Fair Value Measurements*, § 4.4.3 (Sept. 2022), https://viewpoint.pwc.com/dt/us/en/pwc/accounting_guides/fair_value_measureme/assets/pwcfairvalueguide0922.pdf (last visited Mar. 23, 2023); "Discounted Cash Flow Method," Business Valuation Standards, American Society of Appraisers (2009), http://mmoore.ba.ttu.edu/ValuationClub/ASA%20-%20BV%20201%20-%20Official%20Course%20Materials/BV201-ASA-Standards.pdf (last visited September 7, 2022).

[247] For a discussion of the valuation of an asset with a similar cash-flow structure—a zero-coupon bond—see P.V. Viswanath, "Valuing Bonds," https://webpage.pace.edu/pviswanath/notes/investments/bonds.html (last visited Mar. 23, 2023).
[248] Aswath Damodaran, *Damodaran on Valuation* at 10 (2d ed., 2006).
[249] Monitor Call with Novogradac, August 9, 2019.
[250] Fed. Deposit Ins. Co., Subordinated Debt: Issuance and Investment Considerations, https://www.fdic.gov/regulations/examinations/supervisory/insights/sisum22/sisummer2022-article02.pdf (last visited Mar. 23, 2023); PCE Investment Banks, Inc., Understanding the Different Layers of Debt, https://www.pcecompanies.com/resources/understanding-different-layers-of-debt (last visited Mar. 23, 2023).
[251] Monitor Call with Novogradac, Aug. 9, 2019.
[252] Monitor Call with Novogradac, Aug. 9, 2019.
[253] Monitor Call with Novogradac, Aug. 9, 2019.
[254] Monitor Call with Novogradac, Aug. 9, 2019.
[255] Oregon State Credit Union, What is Loan-to-Value Ratio (LTV)?, https://www.oregonstatecu.com/what-is-ltv-loan-to-value (last visited Mar. 23, 2023); Experian PLC, Understanding Loan-to-Value Ratio (LTV), Jan. 7, 2020, https://www.experian.com/blogs/ask-experian/what-is-loan-to-value-ratio-and-why-is-it-important/ (last visited Mar. 23, 2023).
[256] Monitor Call with Novogradac, Aug. 9, 2019.
[257] Commercial Real Estate Fin. Co. of America, How to Calculate the Debt Service Coverage Ratio, https://www.crefcoa.com/calculate-debt-servie-coverage-ratio.html (last visited Mar. 23, 2023).
[258] Monitor Call with Novogradac, Aug. 9, 2019.
[259] Credit Suisse submission to Monitor of Novogradac report related to The Jordan at Mueller.
[260] Credit Suisse submission to Monitor of Novogradac report related to The Jordan at Mueller.
[261] Credit Suisse submission to Monitor of Novogradac report related to The Jordan at Mueller.
[262] Credit Suisse submission to Monitor of Novogradac report related to The Jordan at Mueller.
[263] Credit Suisse submission to Monitor of Novogradac report related to The Jordan at Mueller.
[264] Credit Suisse Annex 2 at 5 n.13 (Menu Item 2).
[265] Aswath Damodaran, *Damodaran on Valuation* at 12 (2d ed., 2006).
[266] Credit Suisse Annex 2 at 5 (Menu Item 2).
[267] Credit Suisse Annex 2 at 5 (Menu Item 2). The specific requirements Credit Suisse must meet to earn $3.75 in credit per $1.00 of loss are discussed in Part VII.A.4.
[268] Credit Suisse Annex 2 at 5 (Menu Item 2).
[269] Credit Suisse Annex 2 at 3 n.7, 5 (Early Incentive Credit; Menu Item 2).
[270] Credit Suisse Annex 2 at 2 (Menu Item 1).
[271] Credit Suisse Annex 2 at 2-4 (Menu Item 1).
[272] Credit Suisse Annex 2 at 5 (Menu Item 2).
[273] Credit Suisse Annex 2 at 3 n.7, 5, and 5 n. 13 (Early Incentive Credit; Menu Item 2).
[274] To demonstrate that it was entitled to Early Incentive Credit for these 36 loans, Credit Suisse provided the "commitment letter" between Credit Suisse and each development, which was issued by NEF on Credit Suisse's behalf after Credit Suisse and the developer had reached agreement on the loan's terms, as set forth in a signed term sheet. Each commitment letter provides that Credit Suisse "commits to provide a subordinate loan to" the development, subject to the satisfaction of certain conditions, and describes the loan's principal economic terms that Credit Suisse and the development had previously agreed upon and which were memorialized in the term sheet signed by both parties. Accordingly, the delivery of a commitment letter to a development establishes "the date the commitment to lend is issued." *See e.g.,* Credit Suisse submission to Monitor of Commitment Letter for Arlington Ridge; Credit Suisse submission to Monitor of Commitment Letter for Freedom Springs; Credit Suisse submission to Monitor of Commitment Letter for Heart's Place; Credit Suisse submission to Monitor of Commitment Letter for North 5th Street; Credit Suisse submission to Monitor of Commitment Letter for Sun Ridge.
[275] Credit Suisse Annex 2 at 5 (Menu Item 2).

[276] Credit Suisse Annex 2 at 5 (Menu Item 2).
[277] Credit Suisse Annex 2 at 5 (Menu Item 2).
[278] Credit Suisse submission to Monitor of NEF reports related to Mason Place; Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[279] Credit Suisse submission to Monitor of NEF reports related to Mason Place.
[280] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[281] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[282] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[283] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[284] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[285] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[286] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[287] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[288] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[289] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[290] Monitor On-Site Visit to Mason Place, Sept. 15, 2022.
[291] Credit Suisse submission to Monitor of Commitment Letter for Mason Place.

APPENDIX A

APPENDIX A: AFFORDABLE HOUSING CREDIT

NON-CRITICAL NEED FAMILY HOUSING PROJECTS

Project Name	State	Loss Amount	Base Credit Multiplier	Early Incentive Credit	Total Credit
Alta Verde	CO	$499,000	$3.25	None	$1,621,750.00
Attention Homes	CO	$1,068,040	$3.25	115%	$3,991,799.50
Bottineau Ridge	MN	$1,155,800	$3.25	115%	$4,319,802.50
Brook Hill Village	CT	$801,723	$3.25	115%	$2,996,439.71
Casa Veracruz	IL	$740,416	$3.25	115%	$2,767,304.80
Ebenezer Plaza	NY	$4,469,000	$3.25	115%	$16,702,887.50
Flats at Two Creeks	CO	$1,424,700	$3.25	115%	$5,324,816,25
Freedom Springs	CO	$1,147,200	$3.25	115%	$4,287,660.00
Littleton Crossing	CO	$1,303,444	$3.25	115%	$4,871,621.95
Mason Place	CO	$1,196,200	$3.25	None	$3,887,650.00
Monarch Apartments	CA	$1,332,600	$3.25	None	$4,330,950.00
New Hope Housing Savoy	TX	$817,154	$3.25	None	$2,655,750.50
North 5th Street	NV	$3,510,176	$3.25	115%	$13,119,282,80
Posterity Scholar House	IN	$1,020,172	$3.25	115%	$3,812,892.85
River Bend	CO	$497,100	$3.25	None	$1,615,575.00
The Passage	IN	$1,075,000	$3.25	None	$3,140,070.25
TOTAL: 16 Projects		**$22,057,725**			**$79,446,253.61**

CRITICAL NEED FAMILY HOUSING PROJECTS AT UP TO 50% OF TOTAL HOUSING UNITS

Project Name	State	Loss Amount	Critical Need Family Housing Multiplier	Early Incentive Credit	Total Credit
6th Street	CA	$1,970,380	$3.75	115%	$8,497,263.75
Arlington Ridge	OH	$249,200	$3.75	115%	$1,074,675.00
Britton Court	CA	$2,133,196	$3.75	115%	$9,199,407.75
Cass County Homes	IL	$462,860	$3.75	115%	$1,996,083.75
Coral Bay Cove	FL	$1,994,700	$3.75	115%	$8,602,143.75
Freedom Village West Windsor	NJ	$695,600	$3.75	115%	$2,999,775.00
Frye Apartments	WA	$1,499,100	$3.75	115%	$6,464,868.75
Fulton Commons	IL	$409,800	$3.75	115%	$1,767,262.50
Grayson Street	CA	$533,224	$3.75	115%	$2,299,528.50
Heart’s Place	IL	$368,208	$3.75	115%	$1,587,897.00
Milton Meadows	NY	$849,100	$3.75	115%	$3,661,743.75
Mission Trails	CA	$1,877,728	$3.75	115%	$8,097,702.00
North Park Estates	MS	$1,579,800	$3.75	115%	$6,812,887.50
Oasis on Ella	TX	$797,400	$3.75	115%	$3,438,787.50
Princeton Park	FL	$3,452,200	$3.75	115%	$14,887,612.50
River Place	OR	$3,000,000	$3.75	115%	$12,937,500.00
Somerset Lofts	TX	$995,900	$3.75	None	$3,734,625.00
Towne Courts	MD	$857,456	$3.75	115%	$3,697,779.00
Valley Brook Village II	NJ	$579,700	$3.75	115%	$2,499,956.25
Vets Village of Carson	CA	$1,182,088	$3.75	115%	$5,097,754.50
Waverly Historic Lofts	IA	$694,740	$3.75	115%	$2,996,066.25
TOTAL: 21 Projects		**$26,182,380**			**$112,351,320.00**

CRITICAL NEED FAMILY HOUSING PROJECTS BEYOND 50% OF TOTAL HOUSING UNITS

Project Name	State	Loss Amount	Critical Need Family Housing Multiplier	Enhanced Credit for CNFH Units Beyond 50% of Total Units	Early Incentive Credit	Total Credit
Colma Vets Village	CA	$949,800	$3.75	125%	115%	$5,120,015.63
Freedom Village Gibbsboro	NJ	$997,100	$3.75	125%	115%	$5,374,992.19
Homestead Palms	TX	$805,900	$3.75	125%	115%	$4,344,304.69
Metamorphosis	CA	$863,600	$3.75	125%	115%	$4,655,343.75
Sun Ridge	CA	$2,998,600	$3.75	125%	115%	$16,164,328.13
The Jordan at Mueller	TX	$2,336,100	$3.75	125%	115%	$12,593,039.06
TOTAL: 6 Projects		**$8,951,100**				**$48,252,023.44**

APPENDIX B

APPENDIX B: PROJECT SUMMARIES

1. 6th Street in Corona, California

Project Highlights	
# of Affordable Units	84
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,970,980
Credit Received	$8,497,263.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

6th Street's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The site was formerly occupied by three single-family residences, a restaurant, and vacant land. The complex includes a children's playground, community room, a pool, and on-site parking. The site is also within walking distance of public parks, a library, grocery stores, and local transit.

When the building opened for applicants in 2020, rents for the affordable housing units ranged from as low as $404 for a one-bedroom apartment to as much as $1,120 for a three-bedroom apartment. The project was fully leased by June 2020. Credit Suisse's funding helped to address a gap in financing brought about by the project receiving fewer LIHTCs than was originally anticipated.

2. Alta Verde in Breckenridge, Colorado

Project Highlights	
# of Affordable Units	64
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$500,000
Credit Received	$1,621,750
Credit Enhancements Received	None

Alta Verde's affordable units range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project contains 16 additional units for which the project did not receive an award of LIHTCs but for which the Town of Breckenridge has restricted rents for 30 years to be affordable for households earning 60% of area median gross income as a condition of additional funding provided by the town. The complex includes a children's playground, a dog park, a fitness center, and laundry facilities. A second phase of the project, with 172 planned affordable housing units and that is not part of the financing package that included Credit Suisse's loan, began construction in August 2022.

When the building opened for applicants in December 2022, income limits for the affordable housing units ranged from $21,990 for a one-person household at 30% area median gross income to $72,900 for a six-person household at 60% area median gross income. Credit Suisse's funding helped to address a gap in financing brought about by rising lumber costs and changes to LIHTC pricing.

3. Arlington Ridge in Akron, Ohio

Project Highlights	
# of Affordable Units	46
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$250,000
Credit Received	$1,074,675
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Arlington Ridge's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. Five of the units are set aside for individuals with developmental disabilities. The project also has an on-site services coordinator to connect residents with services for child care, financial literacy and job training, and certain medical care. The complex includes a children's playground, community garden, and a fitness center.

When the building opened for applicants in 2019, rents ranged from $575 for a one-bedroom apartment to $985 for a three-bedroom apartment. The project was fully leased in September 2019. Credit Suisse's funding helped to ensure the project had the level of non-LIHTC financing that the developer promised it would obtain when it applied for tax credits.

4. Attention Homes in Boulder, Colorado

Project Highlights	
# of Affordable Units	40
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,070,240
Credit Received	$3,991,799.50
Credit Enhancements Received	Early Incentive Credit

Attention Homes's units, all of which are affordable, include efficiency and one-bedroom apartments, as well as one two-bedroom unit. The project targets individuals experiencing homelessness, or at risk of homelessness, and in particular young adults between the ages of 18 and 24. Onsite services for residents include case management, counseling, peer mentoring, support groups for LGBTQ individuals, health and wellness education, and job skills training. The complex includes a job resource center, a community kitchen, a dining area, a courtyard, and a TV lounge.

All of the project's tenants receive federal assistance with their rent. The project was fully leased by the end of 2019. Credit Suisse's funding helped to address a gap in financing created by a decline in the market price of LIHTCs.

5. Bottineau Ridge in Maple Grove, Minnesota

Project Highlights	
# of Affordable Units	50
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,159,400
Credit Received	$4,319,802.50
Credit Enhancements Received	Early Incentive Credit

Bottineau Ridge's units, all of which are affordable, range from one- to four-bedrooms and target individuals who earn between 30% and 50% of the area median gross income. In addition, seven of the units are reserved for households experiencing long-term homelessness, including five units for families with children and two units for veterans. Residents in these seven units also have access to supportive services provided by The Salvation Army Twin Cities Social Services.

The property financed with Credit Suisse's loan is the second phase of a project by the developer, and the first phase that opened in 2015 includes 50 affordable housing units. The building also includes a common clubhouse, with an exercise room, community room, and business office. The building is near local walking and biking paths and is less than a half mile from a transit center.

The building completed construction and was fully leased by June 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price of LIHTCs.

6. Britton Court in San Francisco, California

Project Highlights	
# of Affordable Units	91
Project Status	Complete
Project Type	Rehabilitation
Credit Suisse Loan Amount	$2,133,296
Credit Received	$9,199,407.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Britton Court's units, all of which are affordable, range from one- to four-bedrooms and target individuals who earn between 50% and 60% of the area median gross income. The project was originally built in 2000 on the site of a former affordable housing development. The rehabilitation project that Credit Suisse's loan helped to fund included cosmetic and structural renovations, such as new roofing, flooring, and appliances. The development also installed new safety features, such as 52 security cameras across the property, remodeled interior walk-ways to increase sight-lines, and gated entrances to interior parking lots. The complex includes a common area, on-site day care facilities, a basketball court, a computer room, laundry facilities, and a community kitchen.

Residents were temporarily relocated during renovations while their individual units were remodeled, which occurred in stages to minimize disruption. Construction was largely complete by the end of 2019, with some work on the project's fire alarm system continuing after that time. There is an active waitlist to move into the project, as there has been since the project originally opened.

Credit Suisse's financing helped to bring the renovation to fruition after the project stalled for two years, due in part to the difficulty of receiving state funding for renovating existing affordable housing units.

7. Brook Hill Village in Suffield, Connecticut

Project Highlights	
# of Affordable Units	48
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$805,323
Credit Received	$2,996,439.71
Credit Enhancements Received	Early Incentive Credit

Brook Hill Village's units, all of which are affordable, range from one- to two-bedrooms and target individuals who earn between 25% and 60% of the area median gross income. Each unit has a balcony or patio, and the complex includes a fitness center, common laundry facilities, a community building, and parking, as well as a walking path to the nearby Stony Brook River. The buildings funded in part by Credit Suisse's loan were built adjacent to another affordable housing development that started construction in 2017 by the same developer, which contained 36 additional apartments.

When the building opened for applicants in 2019, rents of the affordable housing units ranged from as low as $399 for a one-bedroom apartment targeting a household earning 25% area median gross income to as much as $1,241 for a two-bedroom apartment targeting a household earning 60% area median gross income. Construction on the project was substantially completed by May 2019 and the site was fully leased by October 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

8. Casa Veracruz in Chicago, Illinois

Project Highlights	
# of Affordable Units	155
Project Status	Complete
Project Type	Rehabilitation
Credit Suisse Loan Amount	$742,016
Credit Received	$2,767,304.80
Credit Enhancements Received	Early Incentive Credit

Casa Veracruz's units, all of which are affordable, range from studio apartments to four-bedrooms and target individuals who earn between 15% and 60% of the area median gross income. The units span 14 separate buildings developed between 1996 and 2009. The renovations differed across the different buildings. Three of the buildings received full interior renovations, and renovations generally included repairs to roofs and porches, fence replacements, new boilers, and replacement of hot water systems, depending on the needs of the building.

Renovations for the project began in August of 2020 on a staggered construction schedule. Existing tenants were relocated to nearby hotels for varying lengths of time depending on the amount of work needed on their units. The interior renovations on all of the 14 residential buildings in the project were complete by October 2021, and the project was fully leased by October 2022. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

9. Cass County Homes in Virginia, Illinois

Project Highlights	
# of Affordable Units	20
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$463,760
Credit Received	$1,996,083.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Cass County Homes includes a mix of two- and three-bedroom single-family homes, all of which are affordable, that target individuals who earn between 30% and 60% of the area median gross income. The project was built along a newly developed cul-de-sac on land that was purchased by the developer from a farmer and is surrounded by corn fields. Each home has a private lawn and driveway, two-car garage, in-unit laundry and dishwasher, and central heating and air conditioning.

Half of the homes were leased in 2018 and the other half in 2019. Between 80 and 90 individuals applied to move into the homes initially, and the development maintains an active waitlist. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

10. Colma Vets Village in Colma, California

Project Highlights	
# of Affordable Units	65
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$950,000
Credit Received	$5,120,015.63
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Colma Vets Village's units, all of which are affordable, target individuals who earn between 30% and 50% of the area median gross income. Fifty-eight of the units are supported by Veterans Affairs Supportive Housing vouchers, of which 31 are targeted to veterans experiencing homelessness, and the remaining seven units receive other forms of federal rental assistance. The Department of Veterans Affairs provides two case managers and a peer support staff member for the 58 units for veterans, and the non-profit Brilliant Corners provides case management for the residents of the remaining units, as well as education and employment services, legal assistance, and life skills classes for all residents.

The site was formerly occupied by four commercial tenants, including one which operated out of a historic pump house, which was used in the design of the Colma Vets Village project as a community room. The complex also includes a community kitchen, garden and courtyard areas, a dog park, a fitness center, on-site laundry, and space for case management offices.

Construction was substantially completed in July 2019 and the project began leasing apartments in August 2019. The project was fully leased by December 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

11. Coral Bay Cove in Homestead, Florida

Project Highlights	
# of Affordable Units	224
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$2,000,000
Credit Received	$8,602,143.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Coral Bay Cove's units, all of which are affordable, range from two- to four-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The site is located approximately 15 miles southwest of Miami and is comprised of 12 separate buildings. The complex includes laundry facilities, a community room, a swimming pool, a fitness center, a playground, and a business center.

The project began leasing at the end of 2019 and more than 200 units were leased by the end of April 2020, and the project was fully leased in October 2020 after construction was completed on the final buildings. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

12. Ebenezer Plaza in Brooklyn, New York

Project Highlights	
# of Affordable Units	196
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$4,500,000
Credit Received	$16,702,887.50
Credit Enhancements Received	Early Incentive Credit

Ebenezer Plaza's units, all of which are affordable, range from studio apartments to three-bedroom units and target individuals who earn between 30% and 60% of the area median gross income. Twenty units are set aside for formerly homeless families. The project was completed in partnership with the Church of God of East Flatbush, which bought the land to build a new facility for the church and, after encountering difficulties obtaining financing, partnered with the project developers to create a mixed-use development. Credit Suisse's loan supported the development of the first building in a multi-phase project, which in addition to the affordable housing units also features ground floor space for the church.

The building received more than 60,000 applications for tenants before it opened in September 2020. When it opened, monthly rents ranged from $367 for studio apartments targeting households earning 30% area median gross income to $1,472 for three-bedroom units targeting households earning 60% area median gross income. Credit Suisse's funding helped to address a gap in financing brought about by the discovery of additional environmental cleanup needed on the project site as a result of soil contamination from the property's previous owners, who operated commercial facilities.

13. Flats at Two Creeks in Lakewood, Colorado

Project Highlights	
# of Affordable Units	77
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,430,000
Credit Received	$5,324,816.25
Credit Enhancements Received	Early Incentive Credit

Flats at Two Creeks's units, all of which are affordable, range from one- to two-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. Twenty of the units are supported by Veterans Affairs Supportive Housing vouchers. The project includes a full-time case manager for residents providing services related to housing stability, coordinating care, and connection to social services. Residents receiving Veterans Affairs Supporting Housing vouchers may also receive additional counseling, health education, and medication management services, among other offerings. The site was formerly occupied by a single-story motel. The complex includes a community kitchen, community room, computer room, and fitness center, along with office space for security and case management personnel.

When the building opened for applicants in late 2019, rents of the affordable housing units ranged from $650 to $1,250. The project completed construction in December 2019 and was fully leased by April 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

14. Freedom Springs in Colorado Springs, Colorado

Project Highlights	
# of Affordable Units	50
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,150,000
Credit Received	$4,287,660
Credit Enhancements Received	Early Incentive Credit

Freedom Springs's units, all of which are affordable, range from studio apartments to two-bedroom units, all of which receive some form of rental assistance. The units are targeted toward veterans experiencing homelessness. The project offers an array of supportive services for residents, including case management services, independent living skill development, health and medical education and referrals, job training and skill building services, and family services. The complex includes a food pantry, library, community room and kitchen, fitness center, computer room, children's playground, and outdoor sports court. The site is close to local transit and also provides residents with access to a part-time on-demand driver.

The project completed construction in the fourth quarter of 2020 and was fully leased by the end of that year. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

15. Freedom Village Gibbsboro in Gibbsboro, New Jersey

Project Highlights	
# of Affordable Units	72
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,000,000
Credit Received	$5,374,992.19
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Freedom Village Gibbsboro's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project includes 18 units set aside for tenants with disabilities—10 for individuals with development disabilities who are paired with case management services and eight for individuals with mental health or addiction service needs. The developer, who operates other similar affordable housing projects, typically targets tenants with disabilities even for those units that are not specifically required to be set aside for that population. Additionally, the facility provides transportation coordination services, recreational activities, and health workshops and screenings for all residents. The complex includes a community room, a gazebo, laundry facilities, and on-site parking.

The project completed construction in June 2020 and was fully leased by the end of July 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

16. Freedom Village West Windsor in Princeton, New Jersey

Project Highlights	
# of Affordable Units	72
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$700,000
Credit Received	$2,999,775
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Freedom Village West Windsor's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project includes 18 units set aside for tenants with disabilities—10 for individuals with development disabilities who are paired with case management services and eight for individuals with mental health or addiction service needs. The developer, who operates other similar affordable housing projects (such as the Freedom Village Gibbsboro project described above), typically targets tenants with disabilities even for those units that are not specifically required to be set aside for that population. Additionally, the facility provides transportation coordination services, recreational activities, health workshops and screenings, financial literacy classes, GED prep, and job training and searching classes for all residents. The complex includes a community room, a gazebo, laundry facilities, and on-site parking.

The building completed construction in the first quarter of 2020 and was fully leased by June 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

17. Frye Apartments in Seattle, Washington

Project Highlights	
# of Affordable Units	234
Project Status	Complete
Project Type	Rehabilitation
Credit Suisse Loan Amount	$1,500,000
Credit Received	$6,464,868.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Frye Apartments's units, all of which are affordable, include studio and one-bedroom units that target individuals experiencing homelessness, including 178 units for individuals earning at or below 30% area median gross income and 56 units for those earning at or below 50% area median gross income. The site was built in 1908 as a luxury hotel before converting to low-income housing in the 1970s. The building was most recently renovated in 1999, and the new rehabilitation funded in part by Credit Suisse's loan included more than $100,000 per unit in upgrades, including updates to the water and electric systems, window replacements, roof replacements, and upgraded kitchens and bathrooms. The renovations were staggered such that residents could stay within the building in vacant units while their units were renovated. The project developer maintains four case managers for the property, who assist residents with navigating access to social services and healthcare.

Construction was largely completed and all units were re-leased by the end of 2020, with some façade work extending into 2021. The project maintains an active waitlist. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

18. Fulton Commons in Fulton, Illinois

Project Highlights	
# of Affordable Units	40
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$412,000
Credit Received	$1,767,262.50
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Fulton Commons's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The complex includes a community room, fitness center, storage units, and a laundry facility. The site is in a rural community.

Construction on the project finished in late 2018 and leasing started in November. The project was fully leased by March 2019. The project has maintained a waitlist since it was leased. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

19. Grayson Street in Berkeley, California

Project Highlights	
# of Affordable Units	22
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$533,324
Credit Received	$2,299,528.50
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Grayson Street's units, all of which are affordable, range from one- to two-bedrooms and target individuals who earn between 20% and 60% of the area median gross income. The project includes nine units for youth transitioning out of the foster system, three for individuals living with HIV/AIDS, and one for an individual with a disability. The project includes an on-site supportive services coordinator and specialized services for the target populations of those units, including case management, health services, as well as education partnerships for youth transitioning out of the foster care system and case management and supportive services for residents with HIV/AIDS. On-site service providers also offer educational, health and skill building courses and services coordination for all residents. The site, a mixed-use development with ground floor commercial space, is located six blocks from the San Francisco Bay and is walking distance to a grocery store and a bus stop. The complex includes a community room, second-floor courtyard, computer room, and a fitness center.

The project completed construction in October 2019 and was fully leased by the end of the year. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

20. Heart's Place in Arlington Heights, Illinois

Project Highlights	
# of Affordable Units	18
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$371,008
Credit Received	$1,587,897
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Heart's Place's units, all of which are affordable, range from one- to two-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project targets residents with a disabling condition—either physical, developmental, or mental—and offers case management services, life and parenting skills courses, and employment support. The site is located within walking distance to restaurants and a grocery store, and also within the pick-up zone of a car service with accessible transportation options.

The project was originally approved for LIHTCs in 2010 as a larger project with 30 units, but it faced neighborhood resistance and the Arlington Heights Village Board declined to approve the project's necessary zoning until the project was redesigned as a smaller complex. The project completed construction in August 2019 and was fully leased by the end of January 2020. Credit Suisse's funding helped to address a gap in financing brought about by an increase in costs during the many-year gap between receiving credits and receiving zoning approval to start the project.

21. Homestead Palms in El Paso, Texas

Project Highlights	
# of Affordable Units	48
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$812,000
Credit Received	$4,344,304.69
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Homestead Palms's units, all of which are affordable, range from one- to four-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The building funded by Credit Suisse is the second phase of an affordable housing development, the first of which is located less than a mile away, was completed in 2016, and has maintained an active waitlist. The complex includes a community room, basketball court, picnic areas, and a children's playground.

The project completed construction in the summer of 2018 and was fully leased by January 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

22. Littleton Crossing in Littleton, Colorado

Project Highlights	
# of Affordable Units	49
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,311,044
Credit Received	$4,871,621.95
Credit Enhancements Received	Early Incentive Credit

Littleton Crossing's affordable units range from one- to two-bedrooms and target individuals who earn between 40% and 60% of the area median gross income. The project also includes 13 market-rate apartments. The complex includes a community room and kitchen, rooftop deck with community garden, fitness center, and business center. The site is a five-minute walk from a light rail station that provides access to downtown Denver in 30 minutes.

The project substantially completed construction in December 2019 and all affordable units were leased by the end of September 2020. Credit Suisse's funding helped to address a gap in financing after an initial investor backed out of the project due to a decline in the market price for LIHTCs.

23. Mason Place in Fort Collins, Colorado

Project Highlights	
# of Affordable Units	60
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,200,000
Credit Received	$3,887,650
Credit Enhancements Received	None

Mason Place has 58 one-bedroom units and 2 two-bedroom units that are all affordable and targeted at individuals who earn at or below 30% of the area median gross income. The project is aimed at providing housing to individuals experiencing homelessness who also have a disability, and 15 of the units are reserved for veterans. The development provides residents with a range of supportive services, including a case manager and on-site programming including health screenings, addiction support groups, and music lessons. The project was built in a former movie theater and includes numerous features and design elements catered toward the target population, including noise-dampening features, a 24/7 security desk, and a dog washing station for service animals. The property is within walking distance of a grocery store and a bus transit station.

The project finished construction in January 2021 and was fully leased by June 2021. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

24. Metamorphosis in Sylmar, California

Project Highlights	
# of Affordable Units	47
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$864,000
Credit Received	$4,655,343.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Metamorphosis has 25 studio apartments and 22 one-bedroom units, all of which are affordable, that target individuals who earn between 30% and 40% of the area median gross income. All of the affordable units are reserved for those who are experiencing homelessness, with 24 specifically targeting those experiencing chronic homelessness who also have a mental illness. The project offers residents intensive case management services, benefits counseling, mental health assessments, medication management, and job skills assessments. The complex includes a public park, a community garden, a basketball court, a library, a computer room, and on-site laundry and parking.

Construction on the project was completed in February 2021 and the building was fully leased by July 2021. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

25. Milton Meadows in Lansing, New York

Project Highlights	
# of Affordable Units	72
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$850,000
Credit Received	$3,661,743.75
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Milton Meadows's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 50% and 80% of the area median gross income. Eleven of the units are set aside for special needs populations—six units for victims of domestic violence and five units for veterans with disabilities. Residents in these set-aside units also receive social services provided by Catholic Charities of Tompkins/Tioga, a service organization that provides resources to low-income families and individuals. The complex includes a children's playground, community garden, and on-site parking.

When the building opened for applicants in 2019, rents of the affordable housing units ranged from $585 for a one-bedroom apartment targeting a household at 50% area median gross income to $1,239 for a three-bedroom apartment targeting a household at 80% area median gross income. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price of LIHTCs.

26. Mission Trails in Lake Elsinore, California

Project Highlights	
# of Affordable Units	80
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,878,228
Credit Received	$8,097,702
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Mission Trails's units, all of which are affordable, range from two- to three-bedrooms and target individuals who earn between 50% and 60% of the area median gross income. The complex includes a children's playground, community room, laundry facilities, and on-site parking. The site is also within walking distance of a bus stop, grocery stores, a pharmacy, and a medical center.

When the building opened for applicants in 2020, rents for the affordable housing units ranged from as low as $808 for a two-bedroom apartment targeting a household earning 50% area median gross income to as much as $1,120 for a three-bedroom apartment targeting a household earning 60% area median gross income. The project finished construction in March 2020 and was fully leased by May 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

27. Monarch Apartments in Palm Springs, California

Project Highlights	
# of Affordable Units	59
Project Status	Under Construction
Project Type	New Construction
Credit Suisse Loan Amount	$1,333,600
Credit Received	$4,330,950
Credit Enhancements Received	None

Monarch Apartments's units, all of which are affordable, will range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The complex is expected to include a computer lab, courtyards, a children's playground, water play areas, and a dog park. The site will also offer residents adult education classes that will include financial literacy, computer training, home buying, and English as a second language courses, and residents will be able to take advantage of after school care that offers tutoring and recreational activities for children.

Financing for the project closed in late 2021 and construction is anticipated to be complete in 2023. Credit Suisse's funding helped to address a gap in financing brought about by an increase in construction costs.

28. New Hope Housing Savoy in Houston, Texas

Project Highlights	
# of Affordable Units	120
Project Status	Under Construction
Project Type	New Construction
Credit Suisse Loan Amount	$818,654
Credit Received	$2,655,750.50
Credit Enhancements Received	None

New Hope Housing Savoy's units, all of which are affordable, will range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. Twenty-four of the units will target households experiencing homelessness, including 13 units for those who are also victims of domestic violence. Residents will have access to a range of services, including case management, adult education and job training services, and counseling. The complex includes a community room and dining area, an activity room, and office space for social service workers.

Financing for the project closed in late 2021 and construction is anticipated to be complete in 2023. Credit Suisse's funding helped to address a gap in financing brought about by an increase in construction costs.

29. North 5th Street in North Las Vegas, Nevada

Project Highlights	
# of Affordable Units	152
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$3,524,576
Credit Received	$13,119,282.80
Credit Enhancements Received	Early Incentive Credit

North 5th Street's affordable units range from one- to three-bedrooms and target individuals who earn between 50% and 60% of the area median gross income. The project also includes 24 market-rate units. The complex includes a fitness center, pool, picnic area, on-site parking, and units with private balconies. The building financed by Credit Suisse's loan was the first phase in a multi-stage development, which has also included the construction of a second 116-unit building with 105 affordable apartments and a third building, currently under construction, with 225 units for seniors.

The building opened for applicants in 2019 and the project was fully leased by January 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

30. North Park Estates in Gulfport, Mississippi

Project Highlights	
# of Affordable Units	80
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,580,000
Credit Received	$6,812,887.50
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

North Park Estates's units, all of which are affordable, consist of 40 duplexes with between one and three bedrooms, which target individuals who earn between 50% and 60% of the area median gross income. The site was formerly occupied by a housing complex with 160 apartments originally built in 1959, but only some of the units were occupied or even considered habitable. The project was divided into two phases, with additional affordable housing units to be built on other parts of the project site at a later date.

Financing for the project closed in December 2019 and the site held its grand opening in October 2022. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

31. Oasis on Ella in Houston, Texas

Project Highlights	
# of Affordable Units	102
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$802,500
Credit Received	$3,438,787.50
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Oasis on Ella's affordable units range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project also includes 33 market-rate units. The complex includes a community room, pool, picnic area, fitness center, computer room, and game room. The site is also close to public transportation, as well as a grocery store, childcare facilities, and universities.

Construction was completed in the summer of 2019 and the project was fully leased by December 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

32. Posterity Scholar House in Fort Wayne, Indiana

Project Highlights	
# of Affordable Units	44
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,020,272
Credit Received	$3,812,892.85
Credit Enhancements Received	Early Incentive Credit

Posterity Scholar House's units, all of which are affordable, range from two- to three-bedrooms and target single-parent households in which the parent is seeking post-secondary education and is eligible to receive project-based Housing Choice Vouchers. The site is located near secondary education facilities, including Indiana Tech, and the Fort Wayne campuses of Purdue University and Indiana University. The Fort Wayne Housing Authority operates a financial literacy program for residents and organizes an on-site reading program for children.

The project was fully leased by July 2019 and maintains an active waitlist of several hundred interested applicants. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

33. Princeton Park in Princeton, Florida

Project Highlights	
# of Affordable Units	150
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$3,478,200
Credit Received	$14,887,612.50
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Princeton Park's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 33% and 60% of the area median gross income. Eight of the units are set aside for tenants with a disabling condition. These tenants have access to a support coordinator to connect them with social services and find job and life training opportunities. The complex includes a clubhouse with a community room, fitness center, and covered terrace, and the complex also has a pool, dog park, children's playground, and on-site parking.

The project completed construction and was fully leased by January 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

34. River Bend in Idaho Springs, Colorado

Project Highlights	
# of Affordable Units	47
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$500,000
Credit Received	$1,615,575
Credit Enhancements Received	None

River Bend's units, all of which are affordable, range from one- to two-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project was the first LIHTC development ever built in the rural Clear Creek County. The site is next to numerous commercial establishments and within walking distance of a grocery store, recreation center, and area schools. The site was formerly occupied by a collection of mobile homes, and residents of those homes were offered an opportunity to pre-qualify for housing at River Bend. The project includes laundry facilities, a community room, a fitness center, a business center, and a picnic area.

The project finished construction and was fully leased by May 2021. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

35. River Place in Portland, Oregon

Project Highlights	
# of Affordable Units	201
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$3,000,000
Credit Received	$12,937,500
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

River Place's units, all of which are affordable, range from studio apartments to three-bedroom units and target individuals who earn between 30% and 60% of the area median gross income. Seventy units offer qualified residents additional federal rental assistance, and 10 of the units are supported by Veterans Affairs Supportive Housing vouchers. In addition, 20 of these subsidized units target individuals who are experiencing homelessness and are unable to maintain housing stability without supportive services. The project includes a children's playground, courtyard, laundry facilities, community room, and on-site parking.

When the building opened for applicants in 2019, rents ranged from as low as $412 for a studio apartment targeting a household at 30% area median gross income to as much as $1,277 for a three-bedroom apartment targeting a household earning 60% area median gross income. The project was fully leased by December 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

36. Somerset Lofts in Houston, Texas

Project Highlights	
# of Affordable Units	120
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,000,000
Credit Received	$3,734,625
Credit Enhancements Received	Critical Need Family Housing

Somerset Lofts' units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The complex includes a computer room, fitness center, community room, children's playground, and pool. The project received additional support from the City of Houston as part of the government's effort to rebuild housing stock after Hurricane Harvey.

The project finished construction in June 2020 and was fully leased by the end of the year. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

37. Sun Ridge in Concord, California

Project Highlights	
# of Affordable Units	196
Project Status	Complete
Project Type	Rehabilitation
Credit Suisse Loan Amount	$3,000,000
Credit Received	$16,164,328.13
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Sun Ridge's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 50% and 60% of the area median gross income. The rehabilitation project included renovated kitchens and bathrooms as well as new HVAC units in individual apartments, as well as upgrades to the community room, roofs, and windows. The rehabilitation also included a new children's playground and outdoor community space. The site was originally constructed in 1965 and prior to this project was last renovated in 2000.

The renovations were completed in November 2018. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

38. The Jordan at Mueller in Austin, Texas

Project Highlights	
# of Affordable Units	132
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$2,344,900
Credit Received	$12,593,039.06
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

The Jordan at Mueller's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. Fourteen of the units are reserved for families with children that have experienced homelessness and are participating in a two-year program called the Children's Home Initiative, which offers residents further reduction in rent payments and on-site social services, including employment assistance and financial literacy training. The Mueller district where the project is located is the site of a former airport and is under a city-governed development plan requiring 25% of the housing units in the area to be affordable. The complex includes on-site after school care for residents and other children in the community, as well as a community room and kitchen, a play room, and laundry facilities.

Construction was completed at the end of 2019 and the building was fully leased by February 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

39. The Passage in Indianapolis, Indiana

Project Highlights	
# of Affordable Units	38
Project Status	Under Construction
Project Type	New Construction
Credit Suisse Loan Amount	$1,100,000
Credit Received	$3,140,070.25
Credit Enhancements Received	None

The Passage's units, all of which are affordable, will range from one- to three-bedrooms and target individuals who earn between 50% and 60% of the area median gross income, in addition to eight units for individuals with intellectual disabilities that will receive additional federal rental assistance. The complex is anticipated to include free Wi-Fi for residents, a community room, a courtyard, laundry facilities, and a ground floor with an art gallery and art therapy studio space. The site is also within walking distance of a local bus route.

Financing for the project closed in summer 2022 and construction remains underway. Credit Suisse's funding helped to address a gap in financing brought about by an increase in construction costs.

40. Towne Courts in Annapolis, Maryland

Project Highlights	
# of Affordable Units	37
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$857,956
Credit Received	$3,697,779
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Towne Courts's affordable units range from two- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project also contains five market-rate units. Eight of the units are targeted toward individuals with disabilities who receive additional rental assistance. The complex includes a community building with free Wi-Fi, a fitness center, a children's playground, and laundry facilities.

The project completed construction in October 2021 and was fully leased by October 2022. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

41. Valley Brook Village II in Basking Ridge, New Jersey

Project Highlights	
# of Affordable Units	49
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$581,000
Credit Received	$2,499,956.25
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Valley Brook Village II contains one-bedroom units, all of which are affordable. The project targets veterans who are experiencing homelessness and provides rental assistance through Veterans Affairs Supportive Housing vouchers. On-site services for residents include case management, transportation, and services coordination. Staff provide residents with individualized recovery plans that include skills training, recovery planning, legal assistance, among other areas. The site is on the campus of the Lyons Veterans Affairs Medical Center. The building funded by Credit Suisse is the second phase of a project by the developer, the first of which includes 61 units for veterans experiencing homelessness.

The project finished construction in the summer of 2019 and was fully leased by October 2019. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

42. Vets Village of Carson in Carson, California

Project Highlights	
# of Affordable Units	50
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$1,182,588
Credit Received	$5,097,754.50
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Vets Village of Carson's units, all of which are affordable, range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project targets veteran households, and offers services coordination support and organizes community-building activities for tenants. The complex includes a fitness center, community room, TV lounge, and on-site parking.

The project completed construction in December 2019 and was fully leased by March 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

43. Waverly Historic Lofts in Waverly, Iowa

Project Highlights	
# of Affordable Units	30
Project Status	Complete
Project Type	New Construction
Credit Suisse Loan Amount	$695,640
Credit Received	$2,996,066.25
Credit Enhancements Received	Early Incentive Credit & Critical Need Family Housing

Waverly Historic Lofts's affordable units range from one- to three-bedrooms and target individuals who earn between 30% and 60% of the area median gross income. The project also contains four market-rate units. The project was a rehabilitation of a historic office building, originally constructed in 1932, that had been vacant for many years before the onset of this project. The developer replaced the building's roofs, doors, and all mechanical systems, including the elevator and HVAC systems, and refurbished the exteriors. The complex includes a community room, children's playground, free Wi-Fi for residents, and parking. The site is also within walking distance of Waverly's downtown strip.

The project completed construction in February 2020 and was fully leased by December 2020. Credit Suisse's funding helped to address a gap in financing brought about by a decline in the market price for LIHTCs.

GLOSSARY

A list of terms used throughout the Monitor's reports appears below.

Adjustable-Rate Mortgage: Mortgage loan in which the interest rate changes over the course of the loan. Adjustable-rate mortgages generally have a lower initial rate than a borrower could obtain on a fixed-rate mortgage, but expose borrowers to the risk that interest rates will increase in the future.

Affordable Housing: Housing is typically considered "affordable" if it consumes no more than 30% of a household's income. The federal government incentivizes development of affordable housing by, among other things, awarding tax credits that can be sold to private investors who use the credits to reduce their federal tax liabilities.

Affordable Rental Housing Working Group: Internal Credit Suisse group composed of senior members of Credit Suisse's Commercial Real Estate group, among others. The Affordable Rental Housing Working Group reviewed and approved all financing approvals for Credit Suisse's affordable housing projects and engaged with Credit Suisse's third-party partners to review the status of Credit Suisse's loan commitments and its progress in achieving its obligations under the Settlement Agreement.

Amortization Term: The period of time it would take to repay the balance of a mortgage loan in full, assuming that the borrower makes only the scheduled monthly payments over the course of the loan.

Area Median Gross Income ("AMGI"): The area median gross income is determined by HUD each fiscal year for every metropolitan area and every nonmetropolitan county in the country. For example, for fiscal year 2019, the area median gross income for Boulder, Colorado was $113,600 and the area median gross income for Miami, Florida was $54,900.

Assumption: Agreement by which a new borrower assumes the rights and obligations of an existing mortgage and agrees to make the payments required under the loan. One scenario in which an assumption may occur is where the original borrower has passed away and a family member would like to retain the home and become responsible for the mortgage.

Bankruptcy: Legal proceeding involving a person or business that is unable to satisfy its liabilities. In a bankruptcy proceeding, an individual's unsecured debts, such as credit card debt, medical bills, and unsecured mortgage debt, may be extinguished.

Broker Price Opinion: A broker's price opinion reflects a real estate broker's opinion of the market value of the borrower's property.

Capitalization: Method of modifying a mortgage loan in which missed payments and other outstanding costs are added to the borrower's outstanding principal loan balance, and thus spread out over the remaining term of the loan.

Compensating Factors: A borrower who otherwise may not qualify for a loan due to insufficient credit score or income, for example, may have "compensating factors" that outweigh the shortcoming and warrant issuance of the loan. Some common compensating factors are low non-housing debt, strong career growth potential, additional income sources, exceptional credit history, or projected significant cash reserve after purchasing the home.

COVID Forbearance: SPS has adopted a blanket rule that all loans it services are eligible for a 90-day period of payment forbearance if the borrower's ability to pay has been affected by COVID-19.

Credit Score: A credit score is a number from 300 to 850 that rates a consumer's creditworthiness. The higher the score, the better a borrower looks to potential lenders. A credit score is based on the borrower's credit history, which includes the number of open accounts the borrower has, the borrower's total levels of debt, and the borrower's repayment history.

Credit Suisse: Credit Suisse Securities (USA) LLC, together with its current and former U.S. subsidiaries and U.S. affiliates. Credit Suisse is one of the parties to the Settlement Agreement.

Debt-to-Income Ratio: Ratio between a borrower's total monthly debts and her gross monthly income. For purposes of the Settlement Agreement, this ratio compares the borrower's monthly mortgage payments and related housing expenses (such as property taxes, and homeowners and mortgage insurance) to her gross monthly income. For more information and illustrative examples, refer to the Initial Report, at Part II.A.2.a.

Deed-in-Lieu of Foreclosure: Transaction in which the lender agrees with the borrower to accept the deed to a mortgaged property instead of proceeding with a foreclosure on the property.

Delinquent Interest: The interest portion of past due payments that the borrower has not paid.

The Department of Justice ("DOJ"): Principal federal law enforcement agency of the United States, with the authority to seek both civil and criminal penalties for violations of federal law. DOJ is one of the parties to the Settlement Agreement.

Due Diligence: Appropriate level of attention or care a reasonable person should take before entering into an agreement or a transaction with another party. In finance, often refers to the process by which one company conducts an investigation or review of an asset before buying the asset from another company.

Earned Principal Forgiveness: Method of modifying a mortgage loan in which a portion of the unpaid principal balance of the loan is forgiven over time, provided the borrower remains current on the modified loan.

Equal Credit Opportunity Act ("ECOA"): Federal law, codified at 15 U.S.C. § 1691(a), that generally prohibits creditors from discriminating against credit applicants with respect to any aspect of a credit transaction. For example, the ECOA prohibits creditors from discriminating against credit applications on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract), or because all or part of the applicant's income derives from any public assistance program.

Escrow Advances: Taxes and/or insurance amounts that were owed by the borrower but paid on the borrower's behalf.

Fair Housing Act ("FHA"): Federal law, codified at 42 U.S.C. § 3605(a), that makes it unlawful for any person or other entity who engages in residential real estate-related transactions to discriminate against any person in such transactions because of race, color, religion, sex, handicap, familial status, or national origin.

Fannie Mae and Freddie Mac: The Federal National Mortgage Association (commonly known as Fannie Mae) and the Federal Home Loan Mortgage Corporation (commonly known as Freddie Mac) are United States government-sponsored enterprises. Their purpose is to increase the supply of money available for mortgage lending which, in turn, increases the money available for new home purchases.

Federally Backed Mortgage Loans: The CARES Act defines federally backed mortgage loans to include loans purchased or securitized by Federal National Mortgage Association or Federal Home Loan Mortgage Corporation; loans insured or guaranteed by the Federal Housing Administration or the Department of Veterans Affairs; and loans made, guaranteed, or insured by the Department of Agriculture.

First Lien: Lien that has priority over all other liens or claims on a property, other than a tax lien or certain other liens pursuant to state law (*i.e.*, mechanic's lien), in the event of borrower default.

Fixed-Rate Mortgage: Mortgage loan with an interest rate that does not change over the course of the loan.

Foreclosure: Legal process in which a borrower who has failed to make timely payments on a mortgage loan loses ownership of her home. It is not automatic, but must be initiated by the lender, and it may or may not require the lender to seek a court's approval. It may transfer ownership of the home to the lender or may allow the lender to auction the home and keep all proceeds up to the amount owed to the lender.

Fourth Report: Report published by the Monitor on February 28, 2019.

Gross Monthly Income: The total amount of income a borrower receives each month, including salary, pension, Social Security, public assistance, and other sources.

Held-for-Sale: Under U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), an accounting treatment for mortgage loans the owner of which is looking to sell to another entity.

Held-for-Investment: Under U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), an accounting treatment for mortgage loans the owner of which intends to hold onto for at least the foreseeable future.

Home Affordable Modification Program ("HAMP"): Loan modification program of the U.S. Department of the Treasury and U.S. Department of Housing and Urban Development, intended to help struggling homeowners reduce monthly mortgage payments to affordable, sustainable levels and prevent avoidable foreclosures. Part of the broader "Making Home Affordable" initiative, created by the federal government in 2009 as part of the Treasury Department's Troubled Asset Relief Program. HAMP ended in 2016. For more information, refer to the Initial Report, at Part II.A.1.

Home Affordable Foreclosure Alternatives: The Home Affordable Foreclosure Alternatives (HAFA) initiative is a component of the U.S. Department of Treasury and U.S. Department of Housing Development's "Making Home Affordable" initiative, created by the federal government in 2009 as part of the Treasury Department's Troubled Asset Relief Program. HAFA offers certain borrowers who do not qualify for or complete a permanent loan modification under the Home Affordable Modification Program (HAMP) or other home retention option a means to avoid foreclosure and transfer to more affordable housing. Along with HAMP, the HAFA program terminated in December 2016.

Housing Choice Vouchers: Housing choice vouchers are part of a federal government program known as Section 8 which provides subsidies to renters. Under the program, the federal government allocates housing choice vouchers to low-income families. The family can then live in the apartment of their choice and use the voucher to pay a portion of their rent so that the family does not have to contribute more than 30% of their own income toward rent. Alternatively, some vouchers are assigned to particular affordable housing projects and made available to whichever tenants qualify to live at the project.

HUD-1 Settlement Statement / Closing Disclosure: A closing disclosure is a government-mandated form providing final details of a mortgage transaction, including sale amount, the names of the parties, closing costs, and closing date. There are different versions of these forms, which have changed over time to reflect changes in regulations.

Immediate Principal Forgiveness: Method of modifying a mortgage loan in which a portion of the principal balance of the loan is written off the moment the loan modification becomes permanent.

Imminent Default: Condition in which it is reasonably foreseeable that a borrower will not be able to make his or her next mortgage payment, typically due to a hardship such as job loss, reduced hours, death of a spouse, unexpected illness, etc. Loans in imminent default may be eligible for a loan modification.

Initial Report: Report published by the Monitor on October 27, 2017.

Internal Review Group ("IRG"): Internal Credit Suisse group composed of senior Credit Suisse personnel from various business areas and functions, including the CEO of Credit Suisse Global Markets, the General Counsel for Credit Suisse Global Markets and Credit Suisse Holdings (USA) Inc., and additional personnel from Legal, Compliance, Finance, and Internal Audit, among others. The Internal Review Group reviews Credit Suisse's consumer relief activities to confirm that they meet the requirements of the Settlement Agreement before submitting that consumer relief to the Monitor for credit.

Investor Current Borrower Incentive: Incentive paid to Credit Suisse in connection with all HAMP modifications if: (1) the borrower is current at the time of trial modification; (2) the property is owner-occupied; and (3) the modification reduces the borrower's monthly housing payment, including principal, interest, taxes, and insurance costs, by at least 6%. If these conditions are satisfied, Credit Suisse receives a flat payment of $1,500. For more information, refer to the Third Report, at Part II.C.3.c.

Investor Home Price Decline Protection Incentive: Incentive paid to Credit Suisse in connection with all HAMP modifications annually on the first two anniversaries of the modification if the borrower remains current on the loan, the monthly mortgage payment is reduced by 6%, and the borrower's property is located in an area where home prices have recently declined. For more information, refer to the Third Report, at Part II.C.3.c.

Investor Payment Reduction Cost Share Incentive: Incentive paid to Credit Suisse in connection with all HAMP modifications. It is paid on a monthly basis over 60 months so long as the borrower remains current on the loan. The amount of the incentive is calculated based on a number of factors, including a comparison of the borrower's pre-modification and post-modification monthly mortgage payments. For more information, refer to the Third Report, at Part II.C.3.c.

Junior Lien: Lien that is not a first or second lien. A junior lien is lower in priority than either a first or second lien in the event of borrower default.

Lien: Interest in property held by a creditor to secure payment of a debt. A mortgage is a type of lien.

Loan-to-Value Ratio: Ratio between the amount owed on a mortgage loan and the value of the home securing the loan. Where a borrower's loan-to-value ratio is greater than 100%, the amount the borrower owes on her mortgage exceeds the value of the home. Where the loan-to-value ratio is less than 100%, the value of the home exceeds the amount the borrower owes on her mortgage. For more information and illustrative examples, refer to the Initial Report, at Part II.A.2.

Low-Income: A household is generally considered low-income when its annual income is less than a certain fraction of the area median income. The specific fraction applied depends on the particular statute at issue. For example, the Community Reinvestment Act defines low-income as less than 50% of the area median income.

Low-Income Housing Tax Credit ("LIHTC"): Federal tax credit awarded to certain affordable rental housing projects. Once awarded, project developers sell the tax credits to private investors, who use the tax credits to reduce their federal tax liabilities. To receive the tax credit, an affordable rental housing project must meet certain requirements. For example, the project must set aside at least 40% of the residential units for renters earning no more than 60% of the area's median income (the 40/60 test) or 20 percent of the residential units for renters earning 50% or less of the area's median income (the 20/50 test). These units are subject to rent restrictions to ensure that the rent is affordable, which the project must maintain for at least 30 years.

Maturity Term: The length of time until the balance of a mortgage loan must be paid in full.

Monitor: Neil M. Barofsky of the law firm Jenner & Block LLP, appointed as independent monitor to oversee and periodically report to the public on Credit Suisse's progress toward meeting its total consumer relief obligation under the Settlement Agreement.

Monthly Mortgage Payment: A borrower's monthly mortgage payment includes payments of scheduled principal and interest on the loan. It does not, however, include any additional amounts that the borrower may have to pay at the end of the loan (for example, a non-interest bearing "balloon" payment).

Mortgage: When a person borrows money to buy a home, the bank receives an interest in the home called a mortgage. If the borrower does not repay the loan in a timely fashion, the mortgage gives the bank the right to obtain ownership of the home. The mortgage is said to "secure" repayment of the loan, and commonly that loan is called a "mortgage loan."

Mortgage Forgiveness Debt Relief Act of 2007: Act passed by Congress to provide relief to homeowners who otherwise would have owed taxes on forgiven mortgage debt. Debt reduced through principal forgiveness loan modifications and debt forgiven in connection with a foreclosure both qualify for this relief.

Mortgage Servicer: Company that serves an administrative function on behalf of lenders and owners of debt. Servicers typically do not originate or own the loans they service and are hired by owners of loans. A servicer's main duties are collecting payments, distributing those payments to the parties entitled to receive them, communicating with borrowers, and maintaining records. Servicers may also decide when to modify the terms of distressed loans in order to avoid foreclosure.

Non-Performing Loan: Loan on which the borrower has not made a payment in 90 days or more.

Origination: Process by which a loan is made. The lender that makes the loan is known as the originator of the loan. The originator may deal with borrowers directly or may contract brokers to find potential borrowers and evaluate loan applications.

Payment Deferral: Payment deferral is one option a servicer or owner of a loan may offer to a borrower who has not made payments on their loan during a period of payment forbearance or delinquency. A borrower who receives payment deferral has their missed principal and interest payments transferred into a non-interest-bearing balance which the borrower will not have to pay until the end of the loan. In contrast, with a principal forbearance modification, a portion of the borrower's unpaid principal (not missed payments) is transferred to a non-interest-bearing account. With a principal forbearance modification, a borrower's monthly payment is decreased and the borrower does not have to pay interest on the amount of the forborne principal. With payment deferral, a borrower's monthly payment stays the same and no interest is forgiven.

Primary Mortgage Market Survey ("PMMS"): Survey conducted by the Federal Home Loan Mortgage Corporation of mortgage lenders across the United States to determine the average 30-year fixed-rate mortgage rate, which is then reported on a weekly basis.

Principal Forbearance: Method of modifying a mortgage loan in which the borrower's repayment of a portion of the principal is deferred until the end of the term of the loan. The principal forbearance amount is sometimes referred to as a "non-interest bearing balloon."

Principal Forgiveness: Method of modifying a mortgage loan in which the borrower's unpaid principal balance is permanently reduced.

Principal Reduction Alternative Investor Incentive: Incentive that would be paid to Credit Suisse in connection with all HAMP loan modifications that include earned principal forgiveness. For more information, refer to the Third Report, at Part II.C.3.c.

Rating Agency: In order for a debt security to be sold to a wide group of investors, a security generally receives a rating from a "rating agency." A rating agency is not part of the federal government, but instead is a company that analyzes the security to determine the risk that investors owning the security may suffer a loss. Investors frequently consider credit ratings when making investment decisions.

Request for Mortgage Assistance: A Request for Mortgage Assistance is a form a borrower fills out and submits to her mortgage servicer if the borrower is experiencing a financial hardship and is requesting a loan modification. On SPS's Request for Mortgage Assistance form, the borrower must give at least one reason why the borrower is having difficulty making her monthly mortgage payment.

Residential Mortgage-Backed Security ("RMBS"): Type of debt security involving a collection of mortgage loans. An investor who owns an RMBS has the right to receive a portion of the monthly payments made under the mortgage loans. RMBS can be freely traded among investors. The process by which loans are packaged into these securities is called "securitization." For more information, refer to the Initial Report, at Part I.B.2.

RMBS Trust: Mortgage loans included in an RMBS are formally owned by a trust. The trust is set up during the securitization process for the purpose of holding the mortgage loans and administering payments in a particular RMBS. Each month, the mortgage servicer for the loans in the RMBS trust collects monthly payments from borrowers, and then remits those payments to the trust. The "trustee" for the trust is in charge of aggregating these monthly payments and then distributing them to investors in the RMBS.

Screenshot: Picture of whatever appears on a computer's display screen at that moment in time.

Second Lien: Lien that has priority over all other liens or claims on a property, other than the first lien, a tax lien, or certain other liens pursuant to state law (*i.e.*, mechanic's lien), in the event of borrower default. An example of a second lien is a home equity line of credit on an already-mortgaged home.

Securitization: Process of taking a group of assets that generate a regular stream of payments, like a collection of residential mortgage loans, and transforming them into a security through financial engineering. An example of securitization is a residential mortgage-backed security ("RMBS"), which is a type of security that is backed by a collection of home mortgage loans.

Select Portfolio Servicing, Inc. ("SPS"): A mortgage servicer owned by Credit Suisse.

Selection Bias: Selection of data for analysis in such a way that proper randomization is not achieved, thereby calling into question whether the sample is representative of the population intended to be analyzed.

Servicer Completed Modification Incentive: Incentive paid to SPS in connection with all HAMP modifications. The amount of the incentive is based on the number of days the borrower is past due on the loan at the time the borrower is offered a modification. If the borrower is less than or equal to 120 days past due, SPS receives a payment of $2,000; if between 121 and 209 days past due, SPS receives $1,600; if 210 or more days past due, SPS receives $1,200. For more information, refer to the Third Report, at Part II.C.3.c.

Servicer Pay for Success Incentive: Incentive paid to SPS in connection with HAMP Tier 1 modifications if the modification reduces the borrower's monthly mortgage payment by 6% or more. This incentive is paid annually for three years so long as the borrower remains current on the loan. The amount paid to SPS each year is the lesser of $1,000 or 50% of the reduction in the borrower's annualized monthly payment. For more information, refer to the Third Report, at Part II.C.3.c.

Servicing Advances: Amounts that were owed by the borrower and were paid by the servicer on the borrower's behalf.

Settlement Agreement: Agreement of January 18, 2017, between Credit Suisse and DOJ, resolving potential claims relating to Credit Suisse's alleged unlawful conduct in connection with the packaging and sale of residential mortgage-backed securities, or "RMBS," between 2005 and 2007.

Short Payoff: Transaction in which the lender agrees with the borrower to accept less than the amount owed on the mortgage loan as payment in full for the debt. In contrast to a short sale (where the borrower sells their home to a third party and remits the proceeds from the sale of the home to the lender as payment of the debt), with a short payoff the borrower does not have to sell their home and instead pays the lender the agreed-upon lesser amount.

Short Sale: Transaction in which the borrower sells their home to a third party for less than the amount owed on the mortgage and the lender agrees to accept the proceeds from the sale of the home as payment in full for the debt.

SPS Compliance Group: Internal SPS group responsible for performing audit and compliance functions across SPS's business in the ordinary course. Among other things, this group is responsible for ensuring that SPS is compliant with all relevant laws and regulations, as well as internal policies and procedures.

SPS Quality Control Group: Internal SPS group responsible for confirming that the business decisions made by other SPS groups were made in accordance with SPS's policies and procedures. For example, in the ordinary course of its business, the Quality Control group re-evaluates all loan modification applications to confirm the accuracy of the decision previously made by SPS's loan resolution department.

Subprime Mortgage: Borrowers with the best credit histories can borrow money from banks at the so-called prime rate. Subprime mortgages carry interest rates higher than the prime rate, and are generally offered to prospective borrowers who have poor credit histories and to whom lending is therefore riskier.

Third Report: Report published by the Monitor on August 31, 2018.

Underwater: A homeowner is said to be "underwater" when the amount owed on a mortgage loan is greater than the current market value of the home. Many homeowners found themselves underwater after home values fell significantly during the 2008 financial crisis.

Underwriting Guidelines: Guidelines used by originators of mortgage loans to decide whether a borrower should be given a loan to buy a home. The guidelines are intended to ensure, among other things, that a borrower has enough income to cover his or her monthly mortgage payment, and that in the event the borrower fails to repay the loan, the value of the property on which a mortgage is given is greater than the amount borrowed.

Unpaid Principal Balance ("UPB"): Amount owed on a loan at any given time, and on which interest accrues until it is repaid.

Unsecured Mortgage Debt: Mortgage loan that was previously secured by a lien on a home (*i.e.*, at the time of origination), but now the lien no longer exists. This type of debt would result, for example, after foreclosure and sale of a borrower's home if the proceeds are insufficient to repay the loan in full. The unpaid portion of the loan then becomes unsecured mortgage debt. Unsecured mortgage debt is even lower in priority than a junior lien, as the property that originally served as collateral for the loan can no longer be seized in satisfaction of the debt.

Variable Interest Rate: A loan with a variable interest rate has an interest rate that is scheduled to increase over time. Variable rates include step-rates (where the rate increases in regular intervals over a set number of years, up to a defined cap) and adjustable rates (where the rate is periodically adjusted based on an index rate). In contrast, a loan with a fixed interest rate has an interest rate that does not change over the course of the loan.

Veterans Affairs Support Housing ("VASH"): A federal program administered by the Department of Housing and Urban Development that provides Housing Choice Voucher rental assistance along with case management and clinical services through the Department of Veterans Affairs for veterans experiencing homelessness.

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