

SETTLEMENT AND RELEASE AGREEMENT (“Agreement”) made subject to approval by the Court, as defined herein, by Plaintiffs Kevin and Susan Schaefer, David and Nicole Warkentien, and John and Jeanne Rumans (the “Named Plaintiffs”), as the proposed representatives of the “Preferred Trusts Settlement Class,” as defined herein, and Defendants Credit Suisse First Boston Mortgage Securities Corporation (“CSFBMSC”), Deutsche Bank Trust Company Americas, formerly known as Bankers Trust Company, individually and in its capacities as trustee of the Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1 (“DBTCA”), and Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1 (the “Trusts”), each by and through DBTCA as trustee (collectively, DBTCA and the Trusts are referred to as the “Preferred Trusts”). CSFBMSC and the Preferred Trusts are collectively referred to as the “Settling Defendants.” The Named Plaintiffs and the Settling Defendants are collectively referred to as the “Parties.”

WHEREAS, the Named Plaintiffs are pursuing the civil action currently pending before the United States District Court for the Western District of Missouri (the “Court”), styled *Gilmor v. Preferred Credit Corporation*, Case No. 10-0189-CV-W-ODS (the “Litigation”); and

WHEREAS, the Named Plaintiffs are asserting claims against Preferred Credit Corporation (“PCC”), the Settling Defendants and a number of other Defendants for alleged violations of the Missouri Second Mortgage Loans Act (“MSMLA”), Mo.Rev.Stat. §§ 408.231-408.241; and

WHEREAS, the Named Plaintiffs, among other things, seek to recover

compensatory and punitive damages and other relief in the Litigation on their own behalf, and on behalf of a class of persons similarly situated as a result of certain loan fees and interest amounts that the Named Plaintiffs contend PCC and the Settling Defendants directly or indirectly charged, contracted for or received in connection with certain loans made to the Preferred Trusts Settlement Class, which loans were purchased by, assigned or conveyed to, or otherwise owned and/or held by the Settling Defendants; and

WHEREAS, on January 2, 2003, while certain of the Settling Defendants were not parties to the case, the Circuit Court of Clay County, Missouri, the forum before which the Litigation was then pending, certified a litigation class comprised of those persons who obtained a Missouri second mortgage loan from PCC on or after June 27, 1994 and who paid or financed the payment of certain fees at or before the closing (the “Litigation Class”); and

WHEREAS, notice of the Litigation and certification order was thereafter provided to the Litigation Class, notifying the members of the Litigation Class of their right to opt out of the Litigation Class; and

WHEREAS, none of the Named Plaintiffs elected to opt out of and exclude themselves from the Litigation Class; and

WHEREAS, the Settling Defendants deny the claims and causes of action being asserted against them in the Litigation, deny and dispute that they are in any way liable to the Named Plaintiffs, the “Non-Preferred Trusts Plaintiff Borrowers,” as defined herein, the “Non-settling Defendants,” as defined herein, and the Preferred Trusts Settlement Class, and deny any basis for the recovery of punitive damages from the Settling Defendants; and

WHEREAS, counsel for the Named Plaintiffs and counsel for the Settling Defendants independently represent that they have thoroughly investigated the facts relating to the claims alleged in the Litigation and the events and transactions underlying the Litigation, through formal and informal discovery, and have made a thorough study of the legal principles applicable to the claims against the Settling Defendants; and

WHEREAS, the Parties have reached an agreement, subject to Court approval, to resolve the Litigation as between the Named Plaintiffs and the Preferred Trusts Settlement Class, on the one hand and the Settling Defendants on the other hand in accordance with the terms set forth herein; and

WHEREAS, “Plaintiffs’ Counsel,” as defined herein, and “Settling Defendants’ Counsel,” as defined herein, have engaged in arm’s length negotiations concerning the settlement of the claims and causes of action being asserted against the Settling Defendants in the Litigation; and

WHEREAS, the Named Plaintiffs, on behalf of the Preferred Trusts Settlement Class, and Plaintiffs’ Counsel have concluded that a settlement with the Settling Defendants as stated herein will be fair, just, equitable, reasonable, adequate and in the best interests of the Named Plaintiffs and members of the Preferred Trusts Settlement Class based upon their investigation, study, negotiations and discovery taken in the Litigation, and taking into account the contested issues involved, the expense and time necessary to prosecute the Litigation against the Settling Defendants through trial, the delays and the risks and costs of further prosecution of the Litigation against the Settling Defendants, the uncertainties of complex litigation, the benefits to be received pursuant to this “Settlement,” as defined herein, and the fact that the Named Plaintiffs, the Preferred

Trusts Settlement Class and/or the Non-Preferred Trusts Plaintiff Borrowers may continue to pursue their claims on the “PCC Loans,” as defined herein, against PCC and the Non-Settling Defendants; and

WHEREAS, the Settling Defendants desire to settle the claims being asserted against them in the Litigation on the terms and conditions set forth herein for the purpose of avoiding the burden, expense, and uncertainty of continuing litigation, and for the purpose of putting to rest all controversies that have been or could be raised against the Settling Defendants in the Litigation; and

WHEREAS, the Parties acknowledge and agree that this Agreement constitutes a compromise in settlement of the claims and causes of action that have been or might be raised as to the “PCC-Preferred Trusts Loans,” as defined herein, by the Named Plaintiffs and the Preferred Trusts Settlement Class against the Settling Defendants and the other “Released Persons,” as defined herein, but shall in no way release or affect the existing or future claims, causes of action, remedies, and/or rights to relief of (1) the Named Plaintiffs or other members of the Litigation Class against any person, association or entity other than the Settling Defendants, and other Released Persons; (2) the Non-Preferred Trusts Plaintiff Borrowers; and (3) any members of the Preferred Trusts Settlement Class who timely exclude themselves from the Settlement.

NOW THEREFORE, the undersigned Parties, each intending to be legally bound and acknowledging the sufficiency of the consideration and undertakings set forth herein, do hereby agree, subject to approval of the Court of this Agreement, that the Litigation and the “Released Claims,” as defined herein, against the Released Persons are finally and fully compromised and settled and that the claims of the Named Plaintiffs and the

“Preferred Trusts Settlement Class Members,” as defined herein, against the Released Persons shall be dismissed with prejudice as against the Released Persons as follows:

1. Denial of Liability; No Admissions

The Parties are entering into this Agreement for the sole purpose of resolving vigorously disputed claims that have arisen between them and in the interest of avoiding the burdens, expense, and risk of further litigation. By entering into any preliminary settlement discussions, agreeing to the terms of this Agreement, or seeking the approval of this Settlement, the Parties are not making any admissions or concessions, whatsoever, with respect to any claims or defenses alleged or asserted, or any factual or legal assertions in the Litigation. Neither this Agreement nor any of its terms or provisions nor any of the negotiations between the Parties or their counsel shall be construed as an admission or concession by any of the Parties or their counsel of anything whatsoever, including but not limited to: any alleged violation or breach of contract or duty, any alleged fraud, misrepresentation or deception, or any alleged violation of any federal, state, or local law, rule, regulation, statute, guideline or legal requirement (or any other applicable law, rule, regulation, statute, guideline or legal requirement); the merits of any defenses that the Settling Defendants asserted; or the propriety of class certification of the Preferred Trusts Settlement Class if the Litigation were to be litigated rather than settled. Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish: (a) any liability or admission on the part of the Settling Defendants or their respective parent, affiliate or subsidiary companies, or to establish the existence of any condition constituting a violation of or non-compliance

with any federal, state, local or other applicable law, rule, regulation, statute, guideline or other legal requirement; (b) the truth or relevance of any fact alleged by Named Plaintiffs; (c) the existence of any class alleged by Named Plaintiffs; (d) the propriety of class certification if the Litigation were to be litigated rather than settled; (e) the validity of any claim or any defense that has been or could have been asserted in the Litigation or in any other litigation; (f) that the consideration to be given to the Preferred Trusts Settlement Class Members hereunder represents the amount which could be or would have been recovered by any such persons after trial; or (g) the propriety of class certification in any other proceeding or action. The Parties expressly agree that, in the event the Settlement does not become final and effective in accordance with Paragraph 13 hereof, no Party will use or attempt to use any conduct or statement of any other Party in connection with this Agreement, or any effort to seek approval of the Agreement, to affect or prejudice any other Party's procedural or substantive rights in any ensuing litigation. The Settling Defendants expressly reserve all procedural and substantive rights and defenses to all claims and causes of action and do not waive any such rights or defenses in the event that the Agreement is not approved for any reason.

2. **Definitions**

As used in this Agreement, the following terms shall be defined as set forth below:

2.1. **Active Preferred Trusts.** "Active Preferred Trusts" means the Preferred Mortgage Trust 1996-2 and the Preferred Credit Trust 1997-1.

2.2. **Agreement.** "Agreement" is defined in the preamble of this Agreement.

2.3. **Available Trust Assets.** “Available Trust Assets” shall mean for the Active Preferred Trusts the cash received by DBTCA as Trustee for the Active Preferred Trusts that would otherwise be available for distribution to the Active Preferred Trusts’ Trust Investors pursuant to the Trust Documents on a Periodic Payment Date three business days after this Agreement is executed by all Parties, which assets will be held by DBTCA in its capacity as trustee.

2.4. **Class Counsel.** “Class Counsel” shall have the same meaning as “Plaintiffs’ Counsel,” defined herein.

2.5. **Class Mail Notice.** “Class Mail Notice” means a document in a form substantially the same as that attached hereto as **Exhibit A**.

2.6. **Court.** “Court” is defined in the WHEREAS clauses of this Agreement.

2.7. **CSFBMSC.** “CSFBMSC” is defined in the preamble of this Agreement.

2.8. **DBTCA.** “DBTCA” is defined in the preamble of this Agreement.

2.9. **Effective Date.** The “Effective Date” of this Agreement means the date when all of the conditions set forth in Paragraph 13 have occurred and the Settlement thereby becomes effective in all respects.

2.10. **Escrow Agent.** “Escrow Agent” is defined in Paragraph 4.b of this Agreement.

2.11. **Final Approval Order.** “Final Approval Order” means an Order of the Court in a form substantially the same as that attached hereto as **Exhibit C**, finally approving this Agreement and the Settlement pursuant to Fed.R.Civ.P. 23.

2.12. **Final Hearing Date.** “Final Hearing Date” means the date set by the Court for the hearing on final approval of the Settlement.

2.13. **Final Judgment.** “Final Judgment” means a Judgment of the Court in a form substantially the same as that attached hereto as **Exhibit D**.

2.14. **Impac Defendants.** “Impac Defendants” means Impac Mortgage Holdings, Inc., IMH Assets Corporation, Impac Funding Corporation, Impac Secured Assets Corporation, any securitization, investment, or trust involving residential mortgage loans that any such entities purchased or received including, without limitation, Impac Secured Assets CMN Trust Series 1998-1, Impac CMB Trust Series 1999-1, Impac CMB Trust Series 1999-2, Impac CMB Trust Series 2000-1, Impac CMB Trust Series 2000-2, Impac CMB Trust Series 2001-4, Impac CMB Trust Series 2002-1, Impac CMB Trust Series 2003-5, Impac Real Estate Asset Trust Series 2006-SD1 (the “Impac Trusts”), any and all depositors, underwriters, trustees, owner trustees, co-owner trustees, indenture trustees, paying agents, servicers, master servicers and any other participants, representatives and/or agents of any such securitizations, investments or trusts including, without limitation, Deutsche Bank National Trust Company (f/k/a Bankers Trust of California N.A.), Wells Fargo Bank, N.A. (f/k/a Norwest Bank Minnesota, N.A.), Wilmington Trust Company, Advanta Mortgage Corp USA, Wendover Funding, Inc., Countrywide Home Loans, Inc., and any and all joint or respective officers, directors, trustees, agents, parents, subsidiaries, affiliates, related companies, predecessors, successors and assigns of each such Impac Defendant.

2.15. **Initial Settlement Payment.** “Initial Settlement Payment” is defined in Paragraph 4.a of this Agreement.

2.16. **Initial Settlement Payment Date.** “Initial Settlement Payment Date” is defined is Paragraph 4.b of this Agreement.

2.17. **Investor Notice of Objection.** “Investor Notice of Objection” is defined is Paragraph 10.a of this Agreement.

2.18. **Investor Reports.** “Investor Reports” is defined in Paragraph 7.d of this Agreement.

2.19. **IOLTA Account.** “IOLTA Account” is defined is Paragraph 4.c of this Agreement.

2.20. **Litigation.** “Litigation” is defined in the WHEREAS clauses of this Agreement.

2.21. **Litigation Class.** “Litigation Class” is defined in the WHEREAS clauses of this Agreement.

2.22. **MSMLA.** “MSMLA” is defined in the WHEREAS clauses of this Agreement.

2.23. **Named Plaintiffs.** “Named Plaintiffs” is defined in the preamble of this Agreement.

2.24. **Net Distributable Settlement Fund.** “Net Distributable Settlement Fund” means the “Net Settlement Fund” less: (a) the amount of any award for attorney’s fees or attorney compensation approved by the Court and awarded to Plaintiffs’ Counsel; and (b) any interest earned and attributable to the amount of such award while in escrow.

2.25. **Net Settlement Fund.** “Net Settlement Fund” means the “Initial Settlement Payment” less: (a) the amount of any litigation expenses and/or costs approved by the Court and awarded to Plaintiffs’ Counsel; (b) the amount of any

incentive award approved by the Court and paid to the Named Plaintiffs; and (c) any interest earned and attributable to these awards, respectively, while in escrow.

2.26. Non-Preferred Trusts Plaintiff Borrower. “Non-Preferred Trusts Plaintiff Borrower” means the members of the Litigation Class certified by the Clay County Court in the Litigation who obtained a PCC Loan that was not a “PCC-Preferred Trusts Loan” including, but not limited to, Michael Gilmor, Shellie Gilmor, Michael E. Harris, Lois A. Harris, Leo E. Parvin, Jr., Ted Varns, Raye Ann Varns, Mark Shipman, Thomasina Shipman, William Jones, Marion Jones, Bruce James, Mary James, Patricia Ann Worthy, Derrick Rockett, Alethia Rockett, William Hudson, Carole Hudson, James Woodward, Kathleen Woodward, Jeffrey Weathersby, Debra Mooney, Joseph Black and Amy Black, each of whom is also a named plaintiff in the Litigation.

2.27. Non-Settling Defendants. “Non-Settling Defendants” means (a) PCC; (b) Advanta Mortgage Corporation, its predecessors, successors and assigns; (c) JPMorgan Chase Bank, NA, its predecessors, successors and assigns, including, but not limited to, The Chase Manhattan Bank, Chase Manhattan Mortgage Corporation, and Chase Home Finance, LLC; (d) CSFBMSC, as a purchaser, assignee, holder, and/or owner of loans other than the PCC-Preferred Trusts Loans; (e) DBTCA as the assignee, holder, trustee, co-owner trustee, indenture trustee, and/or paying agent of loans other than the PCC-Preferred Trusts Loans; (f) each of the Preferred Trusts, including the Trust Investors, as an assignee or holder of loans other than the PCC-Preferred Trusts Loans; (g) any person, association or entity to whom any of the PCC-Preferred Trusts Loans were sold, assigned, transferred and/or conveyed prior to the sale, assignment, transference or conveyance to Preferred Mortgage Trust 1996-1 or to CSFBMSC; (h) the

Impac Defendants, Defendant Deutsche Bank National Trust Company (f/k/a Bankers Trust of California N.A.), and any other current and/or former defendant named in the Litigation (other than the Settling Defendants and CS First Boston Mortgage Capital Corp. or Credit Suisse First Boston Mortgage Capital LLC) including, without limitation, Defendants Wilmington Trust Company, Wells Fargo Bank, N.A. (including any predecessor or other companies acquired or merged into Wells Fargo), Wendover Funding, Inc., Countrywide Home Loans, Inc., BAC Home Loan Servicing, LP, Sovereign Bank, and the joint or respective officers, directors, trustees, agents, parents, subsidiaries, affiliates, related companies, predecessors, successors and assigns of each such defendant; (i) any person, association or entity to whom any of the loans of any of the Non-Preferred Trusts Plaintiff Borrowers were sold, assigned or otherwise transferred or conveyed; (j) any person, association or entity that serviced any of the loans of any of the Non-Preferred Trusts Plaintiff Borrowers; or (k) any other person, association or entity who is not a Released Person as defined in Paragraph 2.41.

2.28. **Notice of Objection.** “Notice of Objection” is defined is Paragraph 9.d of this Agreement.

2.29. **Parties/Party.** “Parties/Party” is defined in the preamble of this Agreement.

2.30. **PCC.** “PCC” means Defendant Preferred Credit Corporation (f/k/a T.A.R., Preferred Mortgage Corporation) as identified in the Seventh Amended Complaint in the Litigation.

2.31. **PCC Loan.** “PCC Loan” means any “Second Mortgage Loan,” as defined in § 408.231.1 RSMo, secured by a mortgage or a deed of trust on residential real

property located in the state of Missouri, that was originated by Preferred Credit Corporation (“PCC”) on or after June 27, 1994.

2.32. **PCC-Preferred Trusts Loan.** “PCC-Preferred Trusts Loan” means any PCC Loan that was purchased by, assigned or conveyed to, or otherwise owned and/or held by any of the Settling Defendants.

2.33. **Periodic Payment Date.** “Periodic Payment Date” shall mean the 25th day of each calendar month.

2.34. **Plaintiffs’ Counsel.** “Plaintiffs’ Counsel” means Walters Bender Strohbehn & Vaughan, P.C., 2500 City Center Square, 1100 Main Street, Kansas City, Missouri 64105.

2.35. **Preferred Trusts.** “Preferred Trusts” is defined in the preamble of this Agreement.

2.36. **Preferred Trusts Settlement Class.** “Preferred Trusts Settlement Class” shall have the meaning set forth in Paragraph 3.a below.

2.37. **Preferred Trusts Settlement Class Member.** “Preferred Trusts Settlement Class Member” means any member of the Preferred Trusts Settlement Class who does not timely opt out of the Settlement pursuant to Paragraph 9.a below. If a Preferred Trusts Settlement Class Member has died or otherwise voluntarily or involuntarily transferred his or her rights under a PCC-Preferred Trusts Loan, such Class Member’s heir, representative, successor or assign shall be deemed to be the Preferred Trusts Settlement Class Member in lieu of the deceased or transferor Class Member. If a Preferred Trusts Settlement Class Member filed for bankruptcy after obtaining his or her PCC-Preferred Trusts Loan, then the bankruptcy trustee shall be deemed an additional

Preferred Trusts Settlement Class Member as to the debtor Class Member's particular loan; provided, however, that only one "Preferred Trusts Settlement Class Member Payment" shall be made for any such debtor and trustee Preferred Trusts Settlement Class Members.

2.38. Preferred Trusts Settlement Class Member Payment.

"Preferred Trusts Settlement Class Member Payment" means the portion of the "Net Distributable Settlement Funds" shown on **Schedule A** to be paid to the respective Preferred Trusts Settlement Class Members pursuant to the Settlement, plus any interest earned and attributable to such sum while in escrow.

2.39. Preliminary Approval Order.

"Preliminary Approval Order" means an Order of the Court preliminarily approving the Settlement, conditionally or preliminarily certifying a class for settlement purposes, directing the issuance of a class notice and scheduling a settlement hearing in accordance with Fed.R.Civ.P. 23, in a form substantially similar to that attached hereto as **Exhibit B**.

2.40. Released Claims.

"Released Claims" means any and all claims, demands, actions, causes of action, rights, offsets, setoffs, suits, damages, lawsuits, liens, costs, surcharges, losses, attorney's fees, expenses or liabilities of any kind whatsoever, in law or in equity, for any relief whatsoever, including monetary, injunctive or declaratory relief, rescission, general, compensatory, special, liquidated, indirect, incidental, consequential or punitive damages, as well as any and all claims for compensatory, punitive or treble damages, penalties, attorney's fees, costs or expenses, whether known or unknown, alleged or not alleged in the Litigation, suspected or unsuspected, contingent or vested, accrued or not accrued, liquidated or unliquidated,

matured or unmatured, that in any way concern, relate to, or arise out of the PCC-Preferred Trusts Loans and which any one or more of the Releasors have had, or now have against the Released Persons, as defined in Paragraph 2.41, from the beginning of time up through and including the Effective Date (“Claims”), including but not limited to, any and all Claims arising out of or relating to: (1) allegations that are or could have been asserted against the Released Persons in the Litigation in any way relating to the Preferred Trusts Settlement Class Members’ PCC-Preferred Trusts Loans; (2) any activities of the Released Persons with respect to the PCC-Preferred Trusts Loans including, without limitation, any alleged representations, misrepresentations, disclosures, incorrect disclosures, failures to disclose, acts (legal or illegal), omissions, failures to act, deceptions, acts of unconscionability, unfair business practices, breaches of contract, usury, unfulfilled promises, breaches of warranty or fiduciary duty, conspiracy, excessive fees collected, or violations of any consumer protection statute, any state unfair trade practice statute, or any other body of case, statutory or common law or regulation, federal or state, including but not limited to the MSMLA, Mo.Rev.Stat. § 408.231, *et seq.*, or any other similar state statute; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and its implementing regulations, 12 C.F.R. part 226; the Home Ownership and Equity Protection Act, 15 U.S.C. §§ 1639, *et seq.*, and its implementing regulation, 12 C.F.R. part 226.31-32; the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, and its implementing regulation, 24 C.F.R. part 3500; the Equal Credit Opportunity Act, 15 U.S.C. §§ 1691, *et seq.*, and its implementing regulation, 12 C.F.R. part 202; the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801, *et seq.*, and its implementing regulation, 12 C.F.R. part 203; the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*; the Fair

Credit Reporting Act, 15 U.S.C. §§ 1681, *et seq.*; the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692, *et seq.*; and the Federal Trade Commission Act, 15 U.S.C. §§ 45, *et seq.*; and/or (3) any conduct undertaken by any of the Released Persons to defend the Litigation, including but not limited to, any alleged improper discovery conduct and/or any request for sanctions in this Litigation. It is the intention of the Releasers to provide a general release of the Released Claims against the Released Persons; provided, however, that anything in this Agreement to the contrary notwithstanding, the term Released Claims does not include: (1) any claims of any kind or type of the Releasers against any person, association or entity that is not a Released Person, whether such claims arise out of or relate to PCC-Preferred Trusts Loans or some other conduct, transaction, loan or occurrence; (2) any claims of any kind or type of the Releasers against any person, association or entity in connection with a loan and/or loan transaction originated or made by a person, association or entity other than PCC, notwithstanding the fact that the loan, in whole or in part, was purchased by, assigned or conveyed to, or otherwise owned and/or held by any one or more of the Settling Defendants; and/or (3) any claims of any kind or type by any Non-Preferred Trusts Plaintiff Borrower with respect to the PCC Loans.

2.41. **Released Persons.** “Released Persons” shall mean the Settling Defendants, individually and together with all of their affiliates, parent companies and subsidiaries, and each of the Settling Defendants’ respective past and present officers, directors, shareholders, employees, attorneys (including consultants hired by counsel), accountants, insurers, heirs, executors, and administrators, and each of their respective predecessors, successors, and assigns. Notwithstanding anything in this Agreement to the

contrary, the term “Released Persons” does not include any of the Non-Settling Defendants.

2.42. **Releasors.** “Releasors” means the Named Plaintiffs and the other Preferred Trusts Settlement Class Members, and each of their respective heirs, executors, administrators, assigns, predecessors, and successors, and any other person claiming by or through any or all of them. The Releasors shall not include any of the following: (a) any members of the Preferred Trusts Settlement Class who timely opt out of the Settlement in accordance with Paragraph 9 below; (b) any persons not identified on **Exhibit E, attached**; or (c) the Non-Preferred Trusts Plaintiff Borrowers. It is understood that the releases to be given by the “Releasors,” as defined herein, shall only release the Released Persons from the Released Claims, and nothing more, as provided herein.

2.43. **Settlement.** “Settlement” means the compromise in settlement memorialized by this Agreement.

2.44. **Settlement Fund.** “Settlement Fund” means the amounts to be delivered by the Settling Defendants in accordance with Paragraph 4.a below.

2.45. **Settlement Hearing.** “Settlement Hearing” means the hearing on final approval of the partial class action settlement memorialized by this Agreement.

2.46. **Settlement Opt Outs.** “Settlement Opt Outs” is defined in Paragraph 4.d of this Agreement.

2.47. **Settling Defendants.** “Settling Defendants” is defined in the preamble to this Agreement.

2.48. **Settling Defendants’ Counsel.** “Settling Defendants’ Counsel”

means Spencer Fane Britt & Browne, LLP, 1000 Walnut Street, Suite 1400, Kansas City, Missouri 64106 and Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022.

2.49. **Subsequent Settlement Payments.** “Subsequent Settlement Payments” is defined in Paragraph 4.a of this Agreement.

2.50. **Trust Documents.** “Trust Documents” means for each of the Preferred Trusts the documents, agreements and instruments establishing the trust and relating to the assets held in trust and the administration of the trust, including the collection of loans held in the trust or relating to any Trust Investors, including without limitation all relevant and applicable trust agreements, such as the pooling and servicing agreements, mortgage file(s), certificates and the like.

2.51. **Trust Investors.** “Trust Investors” means the holders of any residual interest, certificate or note issued by any of the Preferred Trusts.

2.52. **Trust Investors’ Notice.** “Trust Investors’ Notice” means a document in a form substantially the same as that attached hereto as **Exhibit F**.

2.53. **Trusts.** “Trusts” is defined in the preamble of this Agreement.

3. Certification of the Preferred Trusts Settlement Class

a. The Named Plaintiffs and Plaintiffs’ Counsel shall file a motion requesting that the Court approve a settlement for a class of persons for purposes of settlement only (referred to and defined herein as the “Preferred Trusts Settlement Class”), defined as follows:

All persons who, on or after June 27, 1994, obtained a “Second Mortgage Loan,” as defined in Mo.Rev.Stat. § 408.231.1, that was secured in whole or in part by a mortgage or a deed of trust on residential real property located in the state of Missouri, that was originated by Preferred Credit Corporation (f/k/a T.A.R.

Preferred Mortgage Corporation), and that was purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1, and who did not timely exercise their right and option to opt out and exclude themselves from the litigation class that the Circuit Court of Clay County, Missouri previously certified on January 2, 2003, in *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263-CC.

b. A list of all members of the Preferred Trusts Settlement Class is attached hereto as **Exhibit E**, but said Exhibit shall be filed under seal with the Court pursuant to the terms of the Stipulated Protective Order entered July 30, 2009, to protect the private information of the Preferred Trusts Settlement Class.

c. If this Agreement is not approved by the Court pursuant to the proposed Final Approval Order and Final Judgment, or if for any reason this Settlement fails to become effective pursuant to Paragraph 13, this Agreement, the conditional settlement class certification provided herein, the Settlement (including any modifications made with the consent of the Parties), and any action(s) taken or to be taken in connection therewith, shall be terminated and shall become null and void and have no further force or effect, the Preliminary Approval Order shall be vacated, the Parties shall be restored to their respective positions existing prior to the execution of this Agreement, and the Parties' rights and obligations with respect to the use of this Agreement and the settlement contemplated hereby will be subject to Paragraph 1 hereof. In addition, neither this Agreement, the preliminary certification of the Preferred Trusts Settlement Class, the Preliminary Approval Order, nor any other document relating in any way to any of the foregoing, shall be relied on, referred to or used in any way for any purpose in connection with any further proceedings in this Litigation or any related action other than

as may be needed in connection with extensions of time needed so that the case can progress. In such case, or in the event that this Agreement shall terminate or the settlement embodied herein does not become effective for any reason, the Agreement and all negotiations, court orders and proceedings relating thereto shall be without prejudice to the rights of the Parties, and each of them, who shall be restored to their respective positions existing prior to the execution of this Agreement and any Party may reassert their claims against the other Party or Parties as provided in Paragraph 14 and in such event evidence relating to the Agreement, and all negotiations, shall not be discoverable or admissible in the Litigation or otherwise.

4. Settlement Consideration and Distribution of the Settlement Fund to the Preferred Trusts Settlement Class Members

a. The cash settlement consideration to be paid by the Settling Defendants to the Preferred Trusts Settlement Class Members is as follows: (i) an initial cash payment of \$3,400,000.00 (the “Initial Settlement Payment”); and (ii) one or more subsequent cash payments totaling up to an additional \$100,000.00 from Available Trust Assets pursuant to Paragraph 5(e) (“Subsequent Settlement Payments”).

b. Within seven (7) business days after entry of the Final Approval Order and receipt by Settling Defendants’ Counsel in writing of appropriate wiring instructions and a completed W-9 Tax Form from Plaintiffs’ Counsel (the “Initial Settlement Payment Date”), CSFBMSC and DBTCA, as trustee of the Preferred Trusts, shall wire at its/their own expense the Initial Settlement Payment to an interest-bearing escrow account that the Parties shall establish pursuant to mutually agreeable terms at Missouri Bank & Trust, 1044 Main Street, Kansas City, Missouri (the “Escrow Agent”). All interest earned on the Initial Settlement Payment while in escrow shall be added to

and included within the definition of Initial Settlement Payment, the allocable share of which shall be paid to the persons identified on **Schedule A** in proportion to his, her or their share of the Net Distributable Settlement Fund. The Initial Settlement Payment, including any interest earned in escrow, shall be returned to the Settling Defendants if the Settlement is rescinded, terminated, vacated, or the Effective Date does not arrive for any other reason. The Initial Settlement Payment while in the escrow account shall be invested in a manner that generates the highest return that can be obtained without risk to the principal. Plaintiffs' Counsel will be solely responsible for managing the investment of the Initial Settlement Payment while in escrow.

c. The Parties' escrow agreement shall provide that the Initial Settlement Payment and any interest thereon will be released to Plaintiffs' Counsel from escrow the first business day after the Effective Date. Plaintiffs' Counsel shall deposit the Initial Settlement Payment and interest into an IOLTA account at Missouri Bank and Trust (the "IOLTA Account"). Plaintiffs' Counsel, subject to such supervision and direction of the Court as may be necessary, shall be solely responsible for and shall administer and oversee the distribution of the Initial Settlement Payment, Net Settlement Fund, and Net Distributable Settlement Fund in accordance with the terms of this Agreement and **Schedule A**, which shall be filed under seal with the Court pursuant to the terms of the Stipulated Protective Order to protect the privacy of the members of the Preferred Trusts Settlement Class.

d. If any member(s) of the Preferred Trusts Settlement Class timely opt out and exclude themselves from the Settlement (the "Settlement Opt Out(s)"), and the Settling Defendants do not rescind this Agreement based on such member(s) opting

out, the name(s) of the class member(s) who are Settlement Opt Outs shall be removed from **Schedule A** and the portion of the Net Distributable Settlement Fund attributable to the Settlement Opt Out(s) shall be returned to the Settling Defendants. The Parties shall submit any required revisions to Schedule A to the Court under seal prior to the Final Hearing Date.

e. Upon release of the Initial Settlement Payment by the Escrow Agent to Plaintiffs' Counsel, Plaintiffs' Counsel shall calculate the Net Settlement Fund and Net Distributable Settlement Fund based on the amount of the total Settlement Fund and distribute the Net Distributable Settlement Fund, plus any interest earned on said Net Settlement Fund while in escrow, to the Preferred Trusts Settlement Class Members (i.e., those members of the Preferred Trusts Settlement Class, if any, who did not timely opt out) in the amounts and to the addresses shown on **Schedule A**, or as the Court may otherwise determine and approve. Such distributions to the Preferred Trusts Settlement Class Members are the Preferred Trusts Settlement Class Member Payments. Plaintiffs' Counsel shall distribute the Preferred Trusts Settlement Class Member Payments to the Preferred Trusts Settlement Class Members within 30 days of the Effective Date by checks mailed to the Preferred Trusts Settlement Class Members or, in the event of a Preferred Trusts Settlement Class Member bankruptcy under Chapter 7, to the Chapter 7 bankruptcy trustee for said Preferred Trusts Settlement Class Member, with notice of said mailing to said Preferred Trusts Settlement Class Member. Plaintiffs' Counsel will re-mail any returned checks to any new address disclosed. To the extent any check is returned a second time, Plaintiffs' Counsel shall undertake reasonable efforts to locate a current address for said Preferred Trusts Settlement Class Member. If any Preferred

Trusts Settlement Class Member refuses to accept receipt of a Preferred Trusts Settlement Class Member Payment check, or does not cash a Preferred Trusts Settlement Class Member Payment check within 30 days of receipt, Plaintiffs' Counsel shall undertake reasonable efforts to locate and/or contact the Preferred Trusts Settlement Class Member and inquire about receiving and/or cashing the check. Within 210 days of the Effective Date, Plaintiffs' Counsel shall file a report with the Court confirming that the entirety of the Net Distributable Settlement Funds/Preferred Trusts Settlement Class Member Payments were distributed to the Preferred Trusts Settlement Class Members pursuant to the original or any revised **Schedule A** and checks cashed or, if such a confirmation cannot be provided, outlining the steps that remain to distribute any unclaimed portion of the Net Distributable Settlement Funds to the Preferred Trusts Settlement Class Members. Plaintiffs' Counsel shall reallocate the amounts of any unclaimed checks to the paid Preferred Trusts Settlement Class Members pro rata based on their allocable share of their total paid distributions of claimed checks at such time as Plaintiffs' Counsel determines appropriate in their sole discretion, but which in any event shall be prior to the expiration of any period of escheatment.

f. Plaintiffs' Counsel shall be responsible for preparing, filing and addressing any requisite IRS Form 1099s. Preferred Trusts Settlement Class Members shall be responsible for any taxes due or any tax liability arising out of the distribution of the Settlement Funds.

g. The Released Persons shall have no responsibility for, interest in, or liability whatsoever with respect to or arising out of the investment, allocation or distribution of the Settlement Funds to the Preferred Trusts Settlement Class Members,

the determination, administration, calculation, or payment of claims, the payment or withholding of taxes, or any losses incurred in connection therewith.

h. Any Preferred Trusts Settlement Class Member who receives a payment pursuant to the Settlement shall be solely responsible for distributing or allocating such payment between or among all co-borrowers on his, her, or their PCC-Preferred Trusts Loan, regardless of whether a payment check has been made out to all or only some of the Preferred Trusts Settlement Class Members' co-borrowers.

i. No person shall have any claim against the Released Persons, Plaintiffs' Counsel, or any agent designated pursuant to this Agreement based upon any distributions made in accordance with this Agreement or any Orders of the Court.

5. Incentive Award and Attorney's Fees and Costs

a. The Named Plaintiffs may petition the Court for the payment of an incentive award in a total amount not to exceed \$500.00 per couple (\$1,500.00 total) in recognition of services rendered for the benefit of the Preferred Trusts Settlement Class in connection with the Litigation. The amount of any incentive award approved by the Court, and any interest attributable to said amount while in escrow, shall be deducted from the Settlement Fund to determine the Net Settlement Fund from which any award of attorney's fees to Plaintiffs' Counsel shall be deducted before the balance is distributed to the Preferred Trusts Settlement Class Members as the Net Distributable Settlement Fund in accordance with Schedule A. The Settling Defendants will take no position in connection with the Named Plaintiffs applying to the Court for and/or receiving an incentive award in the above-stated amount. To the extent the Court approves an incentive award in an amount less than the not to exceed amount stated above, the

difference, and any interest attributable to the amount of the difference while in escrow, shall be included in and treated as a part of the Net Settlement Fund.

b. Plaintiffs' Counsel and/or the Named Plaintiffs may petition the Court for an award of litigation expenses and/or court costs not to exceed \$46,223.50. The amount of any such award, and any interest attributable to said amount(s) while in escrow, shall also be deducted from the Settlement Fund to determine the Net Settlement Fund from which any award of attorney's fees to Plaintiffs' Counsel shall be deducted before the balance is distributed to the Preferred Trusts Settlement Class Members as the Net Distributable Settlement Fund in accordance with Schedule A. The Settling Defendants will not object to Plaintiffs' Counsel and/or the Named Plaintiffs applying to the Court for, and receiving, an award of expenses and/or costs in the above amount. To the extent the Court awards expenses and/or costs in an amount that is less than the not to exceed amount stated above, the difference and any interest attributable to the amount of the difference while in escrow, shall be included in and treated as a part of the Net Settlement Fund.

c. Plaintiffs' Counsel and/or the Named Plaintiffs may also petition the Court for an award of attorney's fees not to exceed forty-five percent (45%) of the Net Settlement Fund, which award of attorney's fees is estimated to be \$1,504,414.09 (43.6%) if the Court approves the award as will be proposed. The amount of any such fee award approved by the Court, and any interest attributable to said amount while in escrow, shall be deducted from the Net Settlement Fund to determine the Net Distributable Settlement Fund and the individual Preferred Trusts Settlement Class Member Payments. The Settling Defendants will take no position in connection with

Plaintiffs' Counsel and/or the Named Plaintiffs applying to the Court for, and receiving, an award of attorney's fees in the above amount. To the extent the Court awards attorney's fees in an amount that is less than the not to exceed amount stated above, the difference and any interest attributable to the amount of the difference while in escrow, shall be included in and treated as a part of the Net Distributable Settlement Fund.

d. The distribution and payment of \$100,000.00 of the award of attorney's fees described in Paragraph 5.c above shall be contingent upon and come exclusively from the receipt of the Subsequent Settlement Payments to be made by the Active Preferred Trusts as provided in Paragraph 5.e herein. Plaintiffs' Counsel shall distribute the full Net Distributable Settlement Fund, plus any interest earned on said Net Settlement Fund while in escrow, to the Preferred Trusts Settlement Class Members in accordance with **Schedule A** upon release of the Initial Settlement Payment by the Escrow Agent. The attorney's fee to be released and paid to Plaintiffs' Counsel at that time shall be \$100,000 less than the total amount awarded.

e. On each Periodic Payment Date commencing with the first Periodic Payment Date at least five business days after the Initial Settlement Payment Date, DBTCA, as Trustee of the Active Preferred Trusts, shall make Subsequent Settlement Payments as follows: (i) on the first Periodic Payment Date at least five business days after the Initial Settlement Payment Date, deposit by wire transfer at the Active Preferred Trusts' expense into the IOLTA Account all Available Trust Assets received by the Active Preferred Trusts through the prior Periodic Payment Date; and, (ii) thereafter, on each subsequent Periodic Payment Date, deposit by wire transfer at the Active Preferred Trusts' expense into the IOLTA Account, any additional Available

Trust Assets received by the Active Preferred Trusts from the prior Periodic Payment Date, provided, however, that the sum of such deposit(s) of (i) and (ii) shall not exceed \$100,000.00. The Active Preferred Trusts shall continue to make such Subsequent Settlement Payments described in (ii) until the total cash amount paid collectively by the Active Preferred Trusts from Available Trust Assets totals \$100,000.00 or until counsel for DBTCA notifies Plaintiffs' Counsel that all loans in the Active Preferred Trusts have paid off. Class Counsel shall be entitled to and may withdraw and receive any such Subsequent Settlement Payment once deposited into the IOLTA Account in satisfaction of the attorney's fee award as provided in Sub-Paragraph 5.c above. The Preferred Trusts Settlement Class Members shall not receive or be paid any portion of any Subsequent Settlement Payments.

f. Except as provided in this Paragraph 5, each Party shall bear its own attorney's fees, costs, and expenses incurred in the prosecution, defense, or settlement of the Litigation, and specifically, without limitation, the Settling Defendants shall bear no other attorney's fees, court costs or expenses.

6. Releases

a. On the Effective Date, in exchange for the agreement by the Settling Defendants to make available and pay the Settlement Fund pursuant to the terms and conditions of this Agreement, and for other good and valuable consideration, Releasers, by operation of this Release, the Final Approval Order, and Final Judgment, shall be deemed without further action by any person or the Court (i) to have fully, finally and forever released, settled, compromised, relinquished, and discharged any and all of the Released Persons of and from any and all Released Claims; (ii) to have consented to

dismiss with prejudice the Released Claims of the Releasors against the Released Persons in the Litigation; and (iii) to be forever barred and enjoined from instituting or further prosecuting in any forum whatsoever including, but not limited to, any state, federal, or foreign court, or regulatory agency, the Released Claims. The Parties agree that the Released Persons will suffer irreparable harm if any Preferred Trusts Settlement Class Member takes action inconsistent with this Paragraph 6.a, and that, in such event, the Released Persons may seek an injunction as to such action without further showing of irreparable harm.

b. The Named Plaintiffs, on behalf of the Preferred Trusts Settlement Class Members, acknowledge and agree that they are aware that they may hereafter discover material or immaterial facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of the Releases, but that it is their intention to, and they do hereby, upon the Effective Date of this Agreement, fully, finally and forever settle and release each and every of the Released Persons from each and every Released Claim, known or unknown, suspected or unsuspected, accrued or not accrued, contingent or matured, which now exist, may hereafter exist, or may heretofore have existed, without regard to the subsequent discovery or existence of such different or additional facts.

c. Subject to Court approval, each Preferred Trusts Settlement Class Member shall be bound by this Agreement and all of their claims shall be dismissed with prejudice and released even if they never received actual, prior notice of the Litigation or the Settlement in the form of the Class Mail Notice or otherwise. The Releases and agreements contained in this Paragraph 6 shall apply to and bind all Preferred Trusts

Settlement Class Members, including those Preferred Trusts Settlement Class Members whose Class Mail Notices are returned as undeliverable, and those for whom no current address can be found, if any.

d. In addition, the Settling Defendants are deemed to release, waive, and forever mutually release and discharge each other from any and all state or federal claims, demands, or causes of action asserted, existing, or claimed against each other by reason of, arising from, or related to the Litigation. The Settling Defendants shall be further deemed to release, waive, and forever discharge each other of and from any and all claims, debts, defenses, liabilities, costs, attorneys' fees, actions, suits at law or equity, demands, contracts, expenses, damages (whether general or specific, or punitive, exemplary, contractual, or extra-contractual), and causes of action of any kind or nature which they ever had or may now have or claim to have against each other that in any way, directly or indirectly, or in any other way arise from or are connected with or which could have been asserted in connection with the Litigation, and any claim, cause of action, damages, promises, or demands which could have been asserted in or arising out of the Litigation, including without limitation claims for indemnity or contribution. The Settling Defendants understand, acknowledge, and warrant that this is a full and final release applying to all known or future damages not now known to any of them, but which may later develop or be discovered, including the effects and consequences thereof that arise out of the same facts as were alleged or could have been alleged against each other in the Litigation.

7. Representations and Stipulations

a. Each Settling Defendant represents, warrants and declares that it

has acted in good faith and has used its best efforts to identify the members of the Preferred Trusts Settlement Class through the process of producing the loan documents and loan payment and payoff information in each Settling Defendant's respective possession, if any, on which the distribution of the individual Preferred Trusts Settlement Class Member Payments shown on Schedule A is based. Additionally, DBTCA represents, warrants and declares that its efforts to identify the members of the Preferred Trusts Settlement Class included running the lists of class members identified by Plaintiffs' counsel through DBTCA's databases.

b. The Preferred Trusts individually, represent, warrant and declare that the Trusts do not have any affiliates (as defined in 12 U.S.C. § 1841(k)) or parent or subsidiary companies.

c. CSFBMSC and DBTCA, individually, represent, warrant and declare that they do not possess a list of all of their current affiliates and subsidiaries;

d. Based upon the September 2011 investor reports for the Active Preferred Trusts (the "Investor Reports"), DBTCA offered up to an additional \$100,000.00 of potential future cash flow through those Trusts, which funds are to be used for Subsequent Settlement Payments. The Investor Reports indicated that there were current principal balances of \$13,722.60 (1996-2 Trust) and \$104,264.43 (1997-1 Trust) the Active Preferred Trusts. DBTCA has a good faith belief that additional cash will flow through the Active Preferred Trusts; however, DBTCA makes no representations or warranties as to whether the full \$100,000.00 will flow through those Trusts and be available for use in settlement. In order that the Named Plaintiffs can perform their own due diligence on the sufficiency of the cash flow for funding of the

Subsequent Settlement Payments, DBTCA has provided the Investor Reports to Class Counsel.

e. The Settling Defendants and Named Plaintiffs, and each of them, represent, warrant and declare that based on their best efforts, they are not aware of any members of the Preferred Trusts Settlement Class who have not been identified on **Exhibit E**.

f. Upon the Effective Date, the following stipulations shall be made:

i. No Privilege Waiver. Each Party stipulates and acknowledges that neither this Agreement nor a Party's decision to negotiate and/or execute the Agreement can be used to show or establish that a Party's conduct during this Litigation, including that of counsel, gives rise to or constitutes a waiver of the attorney-client, common interest or joint defense privilege or work product doctrines.

ii. Claims of the Non-Preferred Trusts Plaintiff Borrowers.

The Parties stipulate and agree for purposes of this Agreement that, based on the loan files, payment histories and other information and documents as available to them and produced in the Litigation, the PCC Loans of the Non-Preferred Trusts Plaintiff Borrowers are not PCC-Preferred Trusts Loans, and thus, the Non-Preferred Trusts Plaintiff Borrowers cannot recover any damages, penalties or other relief from the Settling Defendants with respect to their PCC Loans. The Parties agree that a finding and/or conclusion to this effect shall be included in the Final Approval Order, but such a finding and/or conclusion by the Court shall not in any way be deemed a holding that the Non-Preferred Trusts Plaintiff Borrowers, or any of them, have released any claims of any kind or type with respect to their PCC Loans.

iii. Use of Discovery Information. The Parties agree to comply with the terms of the Stipulated Protective Order entered July 30, 2009, except as the Parties have previously agreed or may hereafter agree.

g. Plaintiffs' Counsel represent and warrant to the Settling Defendants that they have not been informed of any intention on the part of any member of the Preferred Trusts Settlement Class to opt out of the Settlement and that they have not been retained by any existing client or contacted by any potential client to commence a new lawsuit or pursue any claims or right of relief against the Settling Defendants or other Released Persons with respect to any of the Released Claims. In addition, Plaintiffs' Counsel agree that they will not solicit any member or members of the Preferred Trusts Settlement Class who opt(s) out of the Preferred Trusts Settlement Class and Settlement with respect to the Released Claims.

8. Preliminary Approval Order

The Parties shall promptly move the Court in the Litigation for a Preliminary Approval Order substantially similar to **Exhibit B** that accomplishes the following:

- a. Certifying the proposed Preferred Trusts Settlement Class pursuant to Fed.R.Civ.P. 23 for settlement purposes;
- b. Preliminarily approving the Agreement as fair, reasonable and adequate under Fed.R.Civ.P. 23 subject to a final determination by the Court;
- c. Approving the appointment of the Named Plaintiffs as representatives of the Preferred Trusts Settlement Class for settlement purposes;
- d. Approving the appointment of Plaintiffs' Counsel as counsel for the Preferred Trusts Settlement Class for settlement purposes;

e. Approving a form of mailed notice substantially similar to the Class Mail Notice attached as **Exhibit A** to be sent to the members of the Preferred Trusts Settlement Class;

f. Directing Plaintiffs' Counsel to mail the Class Mail Notice promptly after entry by the Court of the Preliminary Approval Order to the Preferred Trusts Settlement Class by first-class mail to the last known address of such persons;

g. Establishing a procedure for members of the Preferred Trusts Settlement Class to opt out and setting a date, approximately thirty (30) days after the mailing of the Class Mail Notice, after which no member of the Preferred Trusts Settlement Class shall be allowed to opt out of the Preferred Trusts Settlement Class;

h. Approving a form of mailed notice substantially similar to the Trust Investors' Notice attached as **Exhibit F** to be sent to the Trust Investors as those Trust Investors are currently known to DBTCA;

i. Directing DBTCA to send the Trust Investors' Notice promptly after entry by the Court of the Preliminary Approval Order to the Trust Investors per the Trust Documents;

j. Establishing a procedure for Preferred Trusts Settlement Class Members and the Trust Investors to object to the Settlement and setting a date, approximately forty-five (45) days after the mailing of the Class Mail Notice and the Trust Investors' Notice, after which no Preferred Trusts Settlement Class Members or Trust Investors shall be allowed to object;

k. Establishing a procedure for motions to intervene in the Litigation and setting a date, approximately forty-five (45) days after the mailing of the Class Mail

Notice, after which no one shall be allowed to intervene;

l. Scheduling a hearing on final approval of the Settlement and Agreement and establishing a procedure for the Preferred Trusts Settlement Class Members and the Trust Investors to appear at the hearing;

m. Staying the Litigation as against the Settling Defendants until further order of the Court, other than as may be necessary to effectuate the Settlement and carry out the terms of the Agreement or the responsibilities related or incidental thereto; and

n. Containing such other and further provisions consistent with the terms and provisions of this Agreement as the Court may deem advisable.

9. Class Member Opt Outs, Class Member Objections and Intervention

a. Procedure for Opt Outs. The deadline for opt out requests shall be set forth in the Preliminary Approval Order. Any request to opt out must be in writing and must include the name, address, telephone number, and last four digits of the Social Security Number of the class member seeking to opt out and a statement that the class member and all other borrowers named on the class member's promissory note are seeking exclusion. Any opt out request must be personally signed by each person who was a party to the promissory note in connection with the class member's PCC-Preferred Trusts Loan, unless such person is deceased or legally incompetent. In the event a party to the promissory note is deceased or legally incompetent, the personal representative or guardian must sign the opt out request. Any opt out request must include a reference to "Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W--ODS" and be mailed to:

R. Frederick Walters, Esq.
Walters Bender Strohbehn & Vaughan, P.C.
2500 City Center Square
1100 Main Street
Kansas City, MO 64105
(on behalf of the Preferred Trusts Settlement
Class)

and

Leslie A. Greathouse, Esq.
Spencer Fane Britt & Browne, LLP
1000 Walnut Street, Suite 1400
Kansas City, Missouri 64106
(on behalf of the Settling Defendant Trusts
and DBTCA)

and

Marcy Ressler Harris, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
(on behalf of Settling Defendant
CSFBMSC)

To be considered timely and effective, any opt out request must be received on or prior to the date established by the Court in the Preliminary Approval Order. No person may opt out of the Settlement by having an actual or purported agent or attorney submit an opt out request on said person's behalf. Nor may an opt out request be submitted or made on behalf of a group of persons. Each member of the Preferred Trusts Settlement Class who does not submit an opt out request substantially in compliance with this Paragraph 9 shall be included in the Preferred Trusts Settlement Class and deemed a Preferred Trusts Settlement Class Member. For purposes of determining timeliness, an opt out request shall be deemed to have been submitted when received by either Class Counsel or Settling Defendants' Counsel. Class Counsel and Settling Defendants' Counsel shall

notify each other in writing upon receipt of any opt out request. Class Counsel shall provide the Court with a list of any persons who timely and adequately file a request to opt out of and be excluded from the Settlement on or before the date of the Final Approval Hearing.

b. Effect of Opt Outs By Members of the Preferred Trusts Settlement Class. If any member of the Preferred Trusts Settlement Class opts out of the Settlement, either the Preferred Trusts Settlement Class (via the Named Plaintiffs acting jointly and in their sole discretion) or the Settling Defendants (acting individually and in their sole discretion) may rescind this Agreement, in which event each and every obligation under the Agreement shall cease to be of any force and effect, and this Agreement and any orders entered in connection therewith shall be vacated, rescinded, canceled, and annulled. If the Agreement is rescinded pursuant to this Paragraph 9.b, the Parties shall return to the status quo in the Litigation as if the Parties had not entered into this Agreement and any Party may reassert their claims against the other Party or Parties as provided in Paragraph 14. In addition, and in such event, this Agreement and all negotiations, court orders and proceedings relating thereto, shall be without prejudice to the rights of the Parties, and each of them, and evidence of or relating to the Agreement and all negotiations shall not be admissible or discoverable in the Litigation or otherwise. The Parties must exercise their option pursuant to this Paragraph 9.b at least seven (7) business days prior to the Final Hearing Date, by giving written notice of such exercise to the other Parties.

c. Bankruptcy Trustees. In instances where a member of the Preferred Trusts Settlement Class has filed for bankruptcy under Chapter 7 after

obtaining his, her, or their PCC-Preferred Trusts Loan, if the member of the Preferred Trusts Settlement Class opts out of the Settlement, the Chapter 7 bankruptcy trustee shall be deemed to have opted out of the Settlement. Conversely, if the Chapter 7 bankruptcy trustee opts out of the Settlement, the member of the Preferred Trusts Settlement Class shall be deemed to have opted out of the Settlement. If neither the member of the Preferred Trusts Settlement Class nor the Chapter 7 bankruptcy trustee opts out of the Settlement, both shall be bound by the Release provisions of Paragraph 6.

d. Procedure for Objections to Settlement. Any Preferred Trusts Settlement Class Member who wishes to object to the Settlement or to the incentive awards or the awards of expenses, costs or attorney's fees must file a written notice of objection with the Court as provided below (the "Notice of Objection") on or before the date established by the Court in the Preliminary Approval Order. For purposes of determining timeliness, a Notice of Objection shall be deemed to have been submitted when filed with the Clerk of the Court. Copies of the Notice of Objection must also be mailed or delivered to the following on or before the date for filing a Notice of Objection:

R. Frederick Walters, Esq.
Walters Bender Strohbehn & Vaughan, P.C.
2500 City Center Square
1100 Main Street
Kansas City, MO 64105
(on behalf of the Preferred Trusts Settlement
Class)

and

Leslie A. Greathouse, Esq.
Spencer Fane Britt & Browne, LLP
1000 Walnut Street, Suite 1400
Kansas City, Missouri 64106
(on behalf of the Settling Defendant Trusts
and DBTCA)

and

Marcy Ressler Harris, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
(on behalf of Settling Defendant
CSFBMSC)

The Notice of Objection must be in writing, and shall specifically include:

- (i) The name, address, and telephone number of the class member filing the objection;
- (ii) A statement of each objection asserted;
- (iii) A detailed description of the facts underlying each objection;
- (iv) Any loan documents in the possession or control of the objector and relied upon by the objector as a basis for the objection;
- (v) If the objector is represented by counsel, a detailed description of the legal authorities supporting each objection;
- (vi) If the objector plans to utilize expert opinion and/or testimony as part of the objection(s), a written expert report from all proposed experts;
- (vii) If the objector plans to call a witness or present other evidence at the hearing, the objector must state the identity of the witness and identify any documents by attaching them to the objection and provide any other evidence that the objector intends to present;
- (viii) A statement of whether the objector intends to appear at the hearing;
- (ix) A copy of any exhibits which the objector may offer during the hearing; and
- (x) A reference to “Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W--ODS.”

Attendance at the final hearing is not necessary. Any Preferred Trusts Settlement Class Member who does not make his or her objection in the manner provided above shall be deemed to have waived such objection and shall forever be foreclosed and barred from making any objection to the fairness, adequacy, or reasonableness of the Settlement or to any provision of this Agreement.

e. Intervention. Any person who wishes to intervene in the Litigation must file and serve his or her motion to intervene with the Court in accordance with the Federal Rules of Civil Procedure on or before the date prescribed in the Preliminary Approval Order. To the extent any such Preferred Trusts Settlement Class Member intervenes, such Preferred Trusts Settlement Class Member shall be bound by this Agreement and will be entitled to receive only a pro rata payment from the Net Distributable Settlement Fund.

10. Trust Investors' Objections

a. Procedure for Objections to Settlement. Any Trust Investor who wishes to object to the Settlement or to the incentive awards or the awards of expenses, costs or attorney's fees must file a written notice of objection with the Court as provided below (the "Investor Notice of Objection") on or before the date established by the Court in the Preliminary Approval Order. For purposes of determining timeliness, an Investor Notice of Objection shall be deemed to have been submitted when filed with the Clerk of the Court. Copies of the Investor Notice of Objection must also be mailed or delivered to the following on or before the date for filing an Investor Notice of Objection:

R. Frederick Walters, Esq.
Walters Bender Strohbehn & Vaughan, P.C.
2500 City Center Square
1100 Main Street
Kansas City, MO 64105
(on behalf of the Preferred Trusts Settlement
Class)

and

Leslie A. Greathouse, Esq.
Spencer Fane Britt & Browne, LLP
1000 Walnut Street, Suite 1400
Kansas City, Missouri 64106
(on behalf of the Settling Defendant Trusts
and DBTCA)

and

Marcy Ressler Harris, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
(on behalf of Settling Defendant
CSFBMSC)

The Investor Notice of Objection must be in writing, and shall specifically include:

- (i) The name, address, and telephone number of the Trust Investor filing the objection;
- (ii) A statement of each objection asserted;
- (iii) A detailed description of the facts underlying each objection of the objecting party;
- (iv) Any documentation relied upon by the objector as a basis for the objection;
- (v) Identification of the objector's interest in one of more of the Trusts, if any, including the name of the relevant Trust(s), identification of class of ownership and CUSIP(s);

- (vi) If the objector is represented by counsel, a detailed description of the legal authorities supporting each objection;
- (vii) If the objector plans to utilize expert opinion and/or testimony as part of the objection(s), a written expert report from all proposed experts;
- (viii) If the objector plans to call a witness or present other evidence at the hearing, the objector must state the identity of the witness and identify any documents by attaching them to the objection and provide any other evidence that the objector intends to present;
- (ix) A statement of whether the objector intends to appear at the hearing;
- (x) A copy of any exhibits which the objector may offer during the hearing;
- (xi) A reference to “Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W--ODS”; and
- (xii) A signature of an authorized person for the objecting party.

Attendance at the final hearing is not necessary. Any Trust Investor who does not make their objection in the manner provided above shall be deemed to have waived such objection and shall forever be foreclosed and barred from making any objection to the fairness, adequacy, or reasonableness of the Settlement or to any provision of this Agreement.

b. Effect of Objection by Trust Investor. If any Trust Investor files an objection, DBTCA acting as trustee of the relevant Trust(s), in its sole discretion, may rescind this Agreement, in which event each and every obligation under the Agreement shall cease to be of any force and effect, and this Agreement and any orders entered in connection therewith shall be vacated, rescinded, canceled, and annulled. If DBTCA, as

trustee, exercises this option, the Parties shall return to the status quo in the Litigation as if the Parties had not entered into this Agreement and any Party may reassert their claims against the other Party or Parties as provided in Paragraph 14. In addition, and in such event, this Agreement and all negotiations, court orders and proceedings relating thereto, shall be without prejudice to the rights of the Parties, and each of them, and evidence of or relating to the Agreement and all negotiations shall not be admissible or discoverable in the Litigation or otherwise. DBTCA, as trustee, must exercise its option pursuant to this Paragraph 10.b at least seven (7) business days prior to the Final Hearing Date, by giving written notice of such exercise to Counsel for all Parties.

11. Final Approval Order and Final Judgment

a. The Named Plaintiffs and Plaintiffs' Counsel agree that they will request the Court to enter, after the hearing on final approval of this Agreement, a Final Approval Order substantially in the form attached as **Exhibit C**. In accordance with **Exhibit C**, the Final Approval Order will certify the Preferred Trusts Settlement Class and find that the Settlement and this Agreement are fair, reasonable, and adequate and in the best interests of the Preferred Trusts Settlement Class and the Trust Investors. The Final Approval Order will require the Parties to carry out the provisions of this Agreement.

b. The Named Plaintiffs and Plaintiffs' Counsel agree that they will request the Court to enter a Final Judgment in the Litigation in a form substantially the same as that attached as **Exhibit D** after the Final Approval Hearing. In accordance with **Exhibit D**, the Final Judgment will dismiss all petitions, complaints, claims and motions of the Named Plaintiffs on behalf of the Preferred Trusts Settlement Class Members

pending against the Settling Defendants in the Litigation on the merits and with prejudice as to the Releasers, declare that the Preferred Trusts Settlement Class Members are bound by the Releases set forth in Paragraph 6 of this Agreement as of the Effective Date, find and/or conclude that the Non-Preferred Trusts Plaintiff Borrowers cannot recover any damages, penalties or other relief from the Settling Defendants with respect to the PCC Loans because the PCC Loans of the Non-Plaintiff Preferred Trusts Borrowers are not PCC-Preferred Trusts Loans (which finding and/or conclusion shall not be deemed a holding that the Non-Preferred Trusts Plaintiff Borrowers have released any claims of any kind or type with respect to the PCC Loans), contain an express determination by the Court that “there is no just reason for delay,” and reserve continuing jurisdiction over the enforcement of this Agreement, the administration and distribution of the Settlement Funds and, if necessary, vacating and/or setting aside the Final Judgment in the event the Settlement does not (or cannot) become effective pursuant to Paragraph 13 below.

12. Certifications to the Court

a. On or before the Final Hearing Date, Plaintiffs’ Counsel shall file with the Court in the Litigation an affidavit verifying that the court-approved Class Mail Notices have been sent by first-class mail.

b. On or before the Final Hearing Date, DBTCA’s counsel shall file with the Court in the Litigation an affidavit verifying that the court-approved Trust Investors’ Notice have been sent as required by the Trust Documents, as defined in Paragraph 2.50.

c. On or before the Final Hearing Date, Plaintiffs’ Counsel shall file with the Court an affidavit verifying that they have complied with the procedures

described in Paragraph 15.a with respect to all Class Mail Notices returned as undeliverable.

13. Effectiveness of Settlement Agreement

a. The “Effective Date” of this Agreement shall be the date when each and all of the following conditions have occurred, at which point the Settlement shall be deemed effective in all respects:

i. This Agreement has been signed by the Named Plaintiffs, the Settling Defendants, Plaintiffs’ Counsel, and the Settling Defendants’ Counsel;

ii. A Preliminary Approval Order has been entered by the Court in a form substantially similar to that attached as **Exhibit B**, granting preliminary approval of this Agreement, and approving a form of Class Mail Notice, as provided in Paragraph 8;

iii. The Court-approved Class Mail Notice has been duly mailed to the Preferred Trusts Settlement Class as ordered by the Court;

iv. The Court-approved Trust Investors’ Notice has been duly mailed to the Trust Investors as ordered by the Court;

v. A Final Approval Order has been entered by the Court in a form substantially similar to that attached as **Exhibit C**, as provided in Paragraph 11.a;

vi. A Final Judgment has been entered by the Court, in a form substantially similar to that attached as **Exhibit D**, as provided in Paragraph 11.b; and

vii. The Final Approval Order and the Final Judgment entered as provided in Paragraphs 11.a and 11.b have become final because of (a) the expiration of the time for appeals therefrom without any appeal having been taken or, (b) if review

of the order, or any portion thereof, is sought by any person, the matter has been fully and finally resolved by the appellate court(s) and the time for seeking any higher level of appellate review has expired.

b. If any material portion of the Agreement, the Final Approval Order, or the Final Judgment, other than those provisions included in Paragraph 5 of the Agreement, is vacated, voided, modified, or otherwise altered by the Court or on appeal, any Party may, in its sole discretion, within seven (7) calendar days of such ruling, declare that the Agreement has failed to become effective and in such circumstances the Agreement shall cease to be of any force and effect as provided in Paragraph 14.

14. Failure of Condition

If, for any reason, this Agreement fails to become effective as provided in Paragraphs 3, 9, 10 and/or 13, each and every obligation under the Agreement shall cease to be of any force and effect, and this Agreement, any dismissal entered pursuant to this Agreement, the Final Judgment and any orders entered in connection with the Settlement, dismissal order or Final Judgment, shall be vacated, rescinded, canceled, annulled and deemed “void” and/or “no longer equitable” and/or set aside for a reason that otherwise “justifies relief” for purposes of Fed.R.Civ.P. 60 and/or Mo. Rule 74.06 and the Parties shall be returned to the status quo prior to entering into this Agreement with respect to the Litigation as if this Agreement had never been entered into, except that the provisions of Paragraph 1 hereof shall survive and remain binding on the Parties and effective in all respects regardless of the reasons for such failure of condition and any Party may reassert their claims against the other Party or Parties in the Litigation; provided, however, that if at such time the Litigation is terminated or otherwise concluded, or if the Named

Plaintiffs and/or the Preferred Trusts Settlement Class Members are precluded from reasserting their claims against the Settling Defendants in the Litigation after requesting the Court to allow them to do so, then the Named Plaintiffs and the Preferred Trusts Settlement Class Members may commence a new lawsuit or proceeding against the Settling Defendants, or any one or more of them, to pursue the claims and causes of action that they are currently asserting in the Litigation as if the claims had been reasserted in the Litigation as stated herein; provided further, however, that any such re-commenced lawsuit shall be filed in the United States District Court for the Western District of Missouri, Western Division. In such event, claims time-barred as of the date of this Agreement remain so and the Settling Defendant retain all defenses, privileges and immunities they had prior to the execution of the Agreement. Further, the Agreement and all negotiations, court orders and proceedings relating thereto shall be without prejudice to the rights of any and all parties hereto, and evidence relating to the Agreement and all negotiations shall not be admissible or discoverable in the Litigation or otherwise.

15. Class Notice Forms

a. **Exhibit E** constitutes a list of the members of the Preferred Trusts Settlement Class to whom notice pursuant to this Agreement shall be provided. Prior to mailing, Plaintiffs' Counsel will update the addresses by use of the United States Postal Service's National Change of Address database or another address database service (e.g., Accurint, Intelius). Plaintiffs' Counsel will re-mail any returned notices to any new address disclosed. To the extent any notice is returned a second time, Plaintiffs' Counsel shall undertake reasonable efforts to locate current addresses for said class member(s).

The notices shall be mailed within five (5) days of the Preliminary Approval Order.

b. Subject to Court approval, all Preferred Trusts Settlement Class Members shall be bound by this Agreement and the Released Claims shall be dismissed with prejudice and deemed released as of the Effective Date, even if a Preferred Trusts Settlement Class Member did not receive actual notice of the Litigation or the Settlement. Further, the Parties expressly acknowledge and agree that a Final Judgment shall be entered by the Court dismissing the Released Claims and barring the relitigation of the Released Claims as provided herein, regardless of whether such Released Claims were actually asserted, to the fullest extent of the law and that any dismissal order or judgment shall be entitled to full faith and credit in any other court, tribunal, forum, including arbitration fora, or agency.

16. Public Comments and Press Releases

a. All Parties and their respective counsel agree that they will not issue any press release related to the Settlement. It is expressly understood and agreed that a Party's website is not the "press" and that the publication and/or a description of information and documents on a Party's website is not a "press release."

b. Before the Motion for Preliminary Approval of Class Action Settlement is filed, neither the Parties nor their counsel shall have any communications with the media regarding the Settlement, except as required by law.

c. No Party and no counsel shall make any public comments that would undermine the Settlement, adversely affect the ability of the Parties to obtain final approval of the Settlement, or disparage any other Party or counsel for any Party.

d. Nothing in this Section shall prohibit counsel from providing legal

advice to any of the individual Preferred Trusts Settlement Class Members and/or any other client.

17. General Provisions

a. Entire Agreement. This Agreement constitutes the full, complete and entire understanding, agreement and arrangement of and between the Named Plaintiffs and the Preferred Trusts Settlement Class Members on the one hand and the Settling Defendants on the other hand with respect to the Settlement and the Released Claims against the Released Persons. This Agreement supersedes any and all prior oral or written understandings, agreements, and arrangements between the Parties with respect to the Settlement and the Released Claims against the Released Persons. Except for those set forth expressly in this Agreement, there are no agreements, covenants, promises, representations or arrangements between the Parties with respect to the Settlement and/or the Released Claims against the Released Persons.

b. Modification in Writing. This Agreement may be altered, amended, modified or waived, in whole or in part, only in a writing signed by all Parties. This Agreement may not be amended, altered, modified or waived, in whole or in part, orally.

c. Ongoing Cooperation. The Parties hereto shall execute all documents and perform all acts necessary and proper to effectuate the terms of this Agreement. The execution of any documents must take place prior to the Final Hearing Date.

d. Duplicate Originals/Execution in Counterpart. All Parties, Plaintiffs' Counsel and Settling Defendants' Counsel shall sign three copies of this

Agreement and each such copy shall be considered an original. This Agreement may be signed in one or more counterparts. All executed copies of this Agreement, and photocopies thereof (including facsimile copies of the signature pages), shall have the same force and effect and shall be as legally binding and enforceable as the original.

e. No Reliance. Each Party to this Agreement warrants that he, she or it is acting upon his, her, or its independent judgment and upon the advice of his, her, or its own counsel and not in reliance upon any warranty or representation, express or implied, of any nature or kind by any other Party, other than the warranties and representations expressly made in this Agreement.

f. Governing Law. This Agreement shall be interpreted, construed, enforced, and administered in accordance with the laws of the state of Missouri, without regard to conflict of laws rules. This Agreement shall be enforced in the United States District Court for the Western District of Missouri, Western Division. The Settling Defendants, the Named Plaintiffs and the Preferred Trusts Settlement Class Members waive any objection that each such Party may now have or hereafter have to the venue of any suit, action, or proceeding that may be brought to enforce the Agreement, and irrevocably consent to the jurisdiction of said District Court solely for the purposes of any such suit, action or proceeding; and agree to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding.

g. Reservation of Jurisdiction. Notwithstanding the dismissal of and entry of a judgment on the Released Claims, the Court shall retain jurisdiction for purposes of enforcing the terms of this Agreement and implementing the Settlement, including the issuance of injunctions against actions brought by Preferred Trusts

Settlement Class Members in violation of the Final Judgment.

h. Binding on Successors. This Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors, assigns, executors, administrators, heirs and legal representatives.

i. Mutual Preparation. This Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that because of the arm's length negotiations between the Parties, all Parties have contributed to the preparation of this Agreement.

j. Gender Neutrality. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural and vice versa.

k. Taxes. All Preferred Trusts Settlement Class Members shall be responsible for paying and/or reporting any and all federal, state and local income taxes due on the payments made to them pursuant to the Settlement.

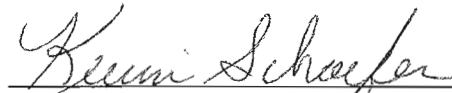
l. No Other Financial Obligations on the Settling Defendants. The Settling Defendants shall not be liable or obligated to pay any fees, expenses, costs or disbursements to the Named Plaintiffs, Plaintiffs' Counsel or the Preferred Trusts Settlement Class Members, either directly or indirectly, in connection with the Litigation or the administration of this Agreement, other than the amounts expressly provided for herein. Any miscellaneous settlement administration expenses of any kind shall be advanced by Plaintiffs' Counsel and reimbursed from the Settlement Funds, subject to the Court's approval.

m. Authority. With respect to themselves, each of the Parties to this Agreement represents, covenants and warrants that (i) they have the full power and authority to enter into and consummate all transactions contemplated by this Agreement and have duly authorized the execution, delivery and performance of this Agreement and (ii) the person executing this Agreement has the full right, power and authority to enter into this Agreement on behalf of the Party for whom he/she has executed this Agreement, and the full right, power and authority to execute any and all necessary instruments in connection herewith, and to fully bind such Party to the terms and obligations of this Agreement.

n. Exhibits. The exhibits attached to this Agreement are incorporated herein as though fully set forth herein.


IN WITNESS WHEREOF, the undersigned, being duly authorized, have caused this Agreement to be executed as of the 20 day of March 2012.

Dated: March 20, 2012



KEVIN SCHAEFER, on his own behalf
and on behalf of the Preferred Trusts
Settlement Class Members.

Dated: March 20, 2012



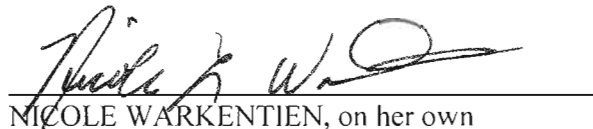
SUSAN SCHAEFER, on her own behalf
and on behalf of the Preferred Trusts
Settlement Class Members.

Dated: March 20, 2012



DAVID WARKENTIEN, on his own
behalf and on behalf of the Preferred
Trusts Settlement Class Members.

Dated: March 20, 2012



NICOLE WARKENTIEN, on her own
behalf and on behalf of the Preferred
Trusts Settlement Class Members.

Dated: March ____, 2012

JOHN RUMANS, on his own behalf and
on behalf of the Preferred Trusts
Settlement Class Members.

Dated: March ____, 2012

JEANNE RUMANS, on her own behalf
and on behalf of the Preferred Trusts
Settlement Class Members.

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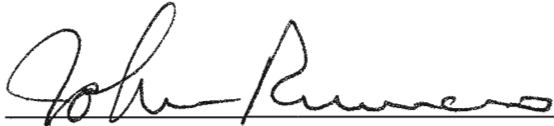
Dated: March ___, 2012

DAVID WARKENTIEN, on his own
behalf and on behalf of the Preferred
Trusts Settlement Class Members.

Dated: March ___, 2012

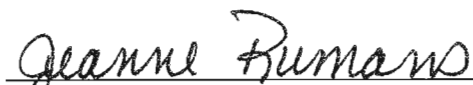
NICOLE WARKENTIEN, on her own
behalf and on behalf of the Preferred
Trusts Settlement Class Members.

Dated: March 20, 2012



JOHN RUMANS, on his own behalf and
on behalf of the Preferred Trusts
Settlement Class Members.

Dated: March 20, 2012



JEANNE RUMANS, on her own behalf
and on behalf of the Preferred Trusts
Settlement Class Members.

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CREDIT SUISSE FIRST BOSTON
MORTGAGE SECURITIES
CORPORATION

Dated: March 20, 2012

By: B. Karsenics
Title: President

DEUTSCHE BANK TRUST
COMPANY AMERICAS

Dated: March ___, 2012

By: _____
Title: _____

DEUTSCHE BANK TRUST
COMPANY AMERICAS

Dated: March ___, 2012

By: _____
Title: _____

DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED
MORTGAGE TRUST 1996-1

Dated: March ___, 2012

By: _____
Title: _____

DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED
MORTGAGE TRUST 1996-1

Dated: March ___, 2012

By: _____
Title: _____

CREDIT SUISSE FIRST BOSTON
MORTGAGE SECURITIES
CORPORATION

Dated: March __, 2012

By: _____
Title: _____


DEUTSCHE BANK TRUST
COMPANY AMERICAS

Dated: March 22, 2012

By: 
Title: David Co
Director

DEUTSCHE BANK TRUST
COMPANY AMERICAS

Dated: March 22, 2012

By: 
Title: _____

DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED
MORTGAGE TRUST 1996-1

Dated: March 22, 2012

By: 
Title: David Co
Director


DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED
MORTGAGE TRUST 1996-1

Dated: March 22, 2012

By: 
Title: Barbara Campbell
Vice President

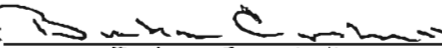
DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED
MORTGAGE TRUST 1996-2

Dated: March 22, 2012

By: 
Title: David Co
Director

DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED
MORTGAGE TRUST 1996-2

Dated: March 22, 2012

By: 
Title: Barbara Campbell
Vice President

DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED CREDIT
TRUST 1997-1

Dated: March 22, 2012

By: 
Title: David Co
Director

DEUTSCHE BANK TRUST
COMPANY AMERICAS, in its capacity
as Trustee of the PREFERRED CREDIT
TRUST 1997-1

Dated: March 22, 2012

By: 
Title: Barbara Campbell
Vice President

Plaintiffs' Counsel

Dated: March 20, 2012

By: *Roy Frederick Walters*

Settling Defendant CSFBMSC's
Counsel

Dated: March __, 2012

By: _____

Settling Defendants the Trusts and
DBTCA's Counsel

Dated: March __, 2012

By: _____

Plaintiffs' Counsel

Dated: March ___, 2012

By: _____

Settling Defendant CSFBMSC's
Counsel

Dated: March 22, 2012

By: Mary Gessler Ham

Settling Defendants the Trusts and
DBTCA's Counsel

Dated: March ___, 2012

By: _____

Plaintiffs' Counsel

Dated: March ___, 2012

By: _____

Settling Defendant CSFBMSC's
Counsel

Dated: March ___, 2012

By: _____

Settling Defendants the Trusts and
DBTCA's Counsel

Dated: March 27, 2012

By: *Louis Brantley*

by JLG

EXHIBITS AND SCHEDULES

Schedule A – Proposed Distribution Schedule of Net Distributable Settlement Fund/Preferred Trusts Settlement Class Member Payments

Exhibit A – Class Mail Notice

Exhibit B – Preliminary Approval Order

Exhibit C – Final Approval Order

Exhibit D – Final Judgment

Exhibit E – Preferred Trusts Settlement Class Mailing List

Exhibit F – Trust Investors' Notice

SCHEDULE A
to Settlement Agreement dated March 20, 2012

ORIGINAL SCHEDULE FILED
UNDER SEAL

EXHIBIT A: PROPOSED CLASS MAIL NOTICE

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT
AND OF SETTLEMENT HEARING**

*The United States District Court for the Western District of Missouri
has authorized this Notice. This is not a solicitation from a lawyer.
Please read this Notice carefully and completely.*

THIS NOTICE AND ANNOUNCEMENT APPLIES TO YOU BECAUSE YOU ARE AMONG A CLASS OF PERSONS WHO, ON OR AFTER JUNE 27, 1994, OBTAINED A “SECOND MORTGAGE LOAN” AS DEFINED UNDER MISSOURI LAW THAT WAS SECURED BY A MORTGAGE OR A DEED OF TRUST ON RESIDENTIAL REAL PROPERTY LOCATED IN THE STATE OF MISSOURI, ORIGINATED BY PREFERRED CREDIT CORPORATION (FORMERLY “T.A.R. PREFERRED MORTGAGE CORPORATION”) (“PCC”) AND PURCHASED BY, ASSIGNED OR CONVEYED TO, OR OTHERWISE OWNED AND/OR HELD BY PREFERRED MORTGAGE TRUST 1996-1, PREFERRED MORTGAGE TRUST 1996-2, PREFERRED CREDIT TRUST 1997-1, CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORPORATION, OR DEUTSCHE BANK TRUST COMPANY AMERICAS, INDIVIDUALLY OR AS TRUSTEE OF PREFERRED MORTGAGE TRUST 1996-1, PREFERRED MORTGAGE TRUST 1996-2 AND PREFERRED CREDIT TRUST 1997-1.

YOU MAY BE ENTITLED TO RECEIVE A SUBSTANTIAL PAYMENT IN CONNECTION WITH THE SETTLEMENT. CLASS MEMBERS WHO DO NOT EXCLUDE THEMSELVES FROM THE SETTLEMENT WILL RECEIVE A PAYMENT RANGING FROM AN ESTIMATED \$6,609.99 TO \$117,507.36 (\$38,193.98 ON AVERAGE) PURSUANT TO A SETTLEMENT REACHED WITH CREDIT SUISSE FIRST BOSTON MORTGAGE SECURITIES CORPORATION (“CSFBMSC”); DEUTSCHE BANK TRUST COMPANY AMERICAS, FORMERLY KNOWN AS BANKERS TRUST COMPANY, INDIVIDUALLY AND IN ITS CAPACITIES AS TRUSTEE OF THE PREFERRED MORTGAGE TRUST 1996-1, PREFERRED MORTGAGE TRUST 1996-2, AND PREFERRED CREDIT TRUST 1997-1 (“DBTCA”); PREFERRED MORTGAGE TRUST 1996-1, PREFERRED MORTGAGE TRUST 1996-2, AND PREFERRED CREDIT TRUST 1997-1 (THE “TRUSTS”), EACH BY AND THROUGH DBTCA AS TRUSTEE (COLLECTIVELY, DBTCA AND THE TRUSTS ARE REFERRED TO AS THE “PREFERRED TRUSTS”) WITH RESPECT TO THE

SUBJECT “PCC-PREFERRED TRUSTS LOANS.” CLASS MEMBERS CAN REVIEW WHAT PLAINTIFFS’ COUNSEL CURRENTLY ESTIMATES THE AMOUNT OF THEIR “PREFERRED TRUSTS SETTLEMENT CLASS MEMBER PAYMENT” TO BE BY VISITING THE WEBSITE OF PLAINTIFFS’ COUNSEL, www.wbsvlaw.com, AND CLICKING ON THE LINK “GILMOR-PREFERRED TRUSTS SETTLEMENT.”

THIS NOTICE MAY AFFECT YOUR RIGHTS. PLEASE READ IT CAREFULLY!

1. WHY SHOULD I READ THIS NOTICE?

This Notice has been mailed to you because the parties’ records show that you obtained a second mortgage loan that was originated by Preferred Credit Corporation (f/k/a T.A.R. Preferred Mortgage Corporation) on or after June 27, 1994, that was purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1. Your second mortgage loan is currently the subject of the class action lawsuit originally filed in the Circuit Court of Clay County, Missouri styled *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263-CC, and which is currently pending before the United States District Court for the Western District of Missouri, Western Division, as Case No. 10-0189-CV-W-ODS (the “Lawsuit” or “Litigation”). You (and any co-borrower(s) on your second mortgage loan) may be eligible to receive money from a proposed settlement (the “Settlement”) executed on March __, 2012 by Kevin and Susan Schaefer, David and Nicole Warkentien, and John and Jeanne Rumans (the “Named Plaintiffs”), on the one hand, and Credit Suisse First Boston Mortgage Securities Corporation and Deutsche Bank Trust Company Americas, individually and as Trustee of the Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1 (the “Settling Defendants”), on the other hand. Please share this Notice with any co-borrower(s) on your loan(s).

This Notice generally describes the Lawsuit; your rights under the proposed Settlement, which has been preliminarily approved by the United States District Court for the Western District of Missouri, in Case No. 10-0189-CV-W-ODS (the “Court”), and the date and time of a public “Fairness Hearing” that will be held by the Court to consider the fairness of the proposed Settlement.

2. WHAT IS THE LAWSUIT ABOUT?

A class action lawsuit was commenced on June 27, 2000 in the Circuit Court of Clay County, Missouri, styled *Michael and Shellie Gilmor v. Preferred Credit Corporation, et al.* Case No. CV100-4263-CC. The Gilmors filed the lawsuit on their own behalf, and on behalf of a proposed class of other borrowers who also obtained junior or “second” mortgage loans secured by Missouri residential real estate from Preferred Credit Corporation (formerly T.A.R. Preferred Mortgage Corporation) (“PCC”).

In the Lawsuit, the plaintiffs allege that PCC violated the Missouri Second Mortgage Loans Act, Mo.Rev.Stat. §§ 408.231-408.241 by directly or indirectly charging, contracting for and/or receiving a number of different settlement charges or loan fees in connection with its Missouri second mortgage loans. The plaintiffs also allege in the Lawsuit that PCC conveyed and assigned its Missouri second mortgage loans after making them and that the entities that purchased, acquired or otherwise owned or held the loans are derivatively liable as the assignees and holders of the second mortgage loans for PCC's violations of Missouri law. In addition, the plaintiffs allege that the entities that purchased, acquired or otherwise owned and/or serviced the Missouri loans also violated the Missouri Second Mortgage Loans Act by directly or indirectly charging, contracting for and/or receiving the illegal settlement charges and loan fees, as well as interest, on the loans.

The Settling Defendants deny that all of the alleged settlement charges by PCC violated the Missouri Second Mortgage Loan Act and deny that they are derivatively liable for any violations of the law. The Settling Defendants also deny that they, as purchasers and subsequent assignees of the loans, directly or indirectly charged, contracted for or received any settlement charges or loan fees in violation of the Missouri Second Mortgage Loans Act and also deny that there is liability under the Act for any interest paid on the loans.

On January 2, 2003, the Circuit Court of Clay County certified a litigation class in the Lawsuit comprised of those persons who obtained a second mortgage loan from PCC on or after June 27, 1994 (the "Litigation Class"). Notice was provided to the members of the Litigation Class of their opportunity to opt out and exclude themselves from the Settlement and Litigation Class that had been certified.

The Named Plaintiffs (as representatives of the "Preferred Trusts Settlement Class" whose PCC Loans were purchased by and assigned to the Settling Defendants) and the Settling Defendants have now agreed to settle and resolve the Lawsuit as between them on terms that are summarized in this Notice. The complete details of the proposed Settlement are contained in a "Settlement Agreement and Release" filed with the Court (the "Agreement") by the Named Plaintiffs and the Settling Defendants. The Named Plaintiffs and the Settling Defendants are collectively referred to in this Notice as the "Parties."

On March __, 2012, the Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate. The Court will conduct a "fairness hearing" on _____, 2012 to consider, among other things, whether the Settlement should be finally approved. The proposed Settlement will become effective only if it is finally approved by the Court, provided all other terms and conditions of the Settlement are met.

3. WHO IS COVERED BY THE PROPOSED SETTLEMENT?

According to the parties' records, you are a member of the Preferred Trusts Settlement Class and will be covered by the Settlement. The Settlement Class includes all persons who, on or after June 27, 1994, obtained a "Second Mortgage Loan," as defined in Mo.Rev.Stat. § 408.231.1, that was secured in whole or in part by a mortgage or a deed of trust on residential real property located in the state of Missouri, that was originated by Preferred Credit Corporation (f/k/a T.A.R.

Preferred Mortgage Corporation), and that was purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1, and who did not timely exercise their right and option to opt out and exclude themselves from the litigation class that the Circuit Court of Clay County, Missouri previously certified on January 2, 2003, in *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263-CC.

4. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

The following is only a summary of some of the terms and conditions of the proposed Settlement. For more information, you may obtain a copy of the executed Agreement by contacting Plaintiffs' Counsel at the address listed in Section 7 of this Notice, or by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com, and clicking on the link "Gilmor-Preferred Trusts Settlement."

- A. The total amount that the Settling Defendants have agreed to pay in settlement (the "Settlement Fund") is \$3,500,000.00. If the Court approves the proposed Settlement, the members of the Preferred Trusts Settlement Class who do not exclude themselves from the Settlement will receive a settlement payment ranging from an estimated \$6,609.99 to \$117,507.36 (\$38,193.98 on average). The amount of each such "Preferred Trusts Settlement Class Member Payment" represents a pro rata share of the "Net Distributable Settlement Fund" and is determined per loan based on the following: (a) the allegedly illegal loan fees charged, contracted for or received in connection with the loan; (b) the interest paid on the loan; and (c) an additional sum properly characterized as "prejudgment interest."

The "Net Distributable Settlement Fund" is a percentage of the "Net Settlement Fund." The "Net Settlement Fund" is calculated by subtracting the following amounts from the \$3,500,000.00 Settlement Fund: (a) the amount of any incentive awards made to the Named Plaintiffs by the Court; and (b) the amount of any litigation expenses and/or court costs awarded to Plaintiffs' Counsel by the Court. The "Net Distributable Settlement Fund" is estimated to be \$1,947,862.41 (approximately 56.4%) of the Net Settlement Fund. The Named Plaintiffs and Plaintiffs' Counsel will ask the Court to award the remaining \$1,504,414.09 (approximately 43.6%) of the Net Settlement Fund as an attorney's fee award to Plaintiffs' Counsel for services and work in this case and the Settlement with the Settling Defendants. The amount of the incentive, expense and attorney's fees awards that the Named Plaintiffs and Plaintiffs' Counsel will ask the Court to approve and make are explained in Section 10 of this Notice. Preferred Trusts Settlement Class Members can review what Plaintiffs' Counsel currently estimates the amount of their individual Preferred Trusts Settlement Class Member Payment to be by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com, and clicking on the link "Gilmor-Preferred Trusts Settlement."

- B. If the Court approves the Settlement and it becomes effective in accordance with the terms of the Agreement, the members of the Preferred Trusts Settlement Class who do not exclude themselves from the Settlement will receive their Preferred Trusts Settlement Class Member Payment for the loan by check. The check will be mailed by first-class mail, postage prepaid, to the Preferred Trusts Settlement Class Members, or to the bankruptcy trustee for those Preferred Trusts Settlement Class Members who filed a Chapter 7 bankruptcy after obtaining their loan. The check will be mailed by Plaintiffs' Counsel and will not come from any of the Settling Defendants directly. **Joint borrowers, such as a husband and wife, will receive a single payment per loan, even if they are separated or divorced. Any Preferred Trusts Settlement Class Member who receives a payment under the Settlement is personally and solely responsible for distributing or allocating the payment between or among any co-borrower(s), regardless of whether the check is made payable to all or only some of the Preferred Trusts Settlement Class Member's co-borrowers. Preferred Trusts Settlement Class Members will also be responsible for paying any taxes due on any Preferred Trusts Settlement Class Member Payment received. Preferred Trusts Settlement Class Members are strongly encouraged to consult with their own tax advisor concerning the tax effects of any money received pursuant to this Settlement. Plaintiffs' Counsel cannot provide you with any tax advice.**
- C. The proposed Settlement will become effective only if approved by the Court and all other terms and conditions as to effectiveness as stated in the Agreement are met. If the proposed Settlement is approved and becomes effective, the Court will enter a judgment that releases and discharges the Settling Defendants, and each of them, and certain other entities and/or persons, as of the Effective Date from certain claims that were or could have been asserted against them in the Lawsuit. The Releases are further discussed and set out in Section 11 of this Notice.

5. WHAT DO I NEED TO DO TO PARTICIPATE IN THE SETTLEMENT?

Nothing. You are already a member of the Preferred Trusts Settlement Class and will participate in the Settlement and will receive the estimated Preferred Trusts Settlement Class Member Payments as stated above. **If you filed for Chapter 7 bankruptcy protection after you obtained your loan, you are still a member of the Preferred Trusts Settlement Class, but the Settlement Payment will be made payable to you and/or your Chapter 7 bankruptcy trustee, who will also receive this Notice.** If you filed for bankruptcy protection, you should consult with a bankruptcy attorney about this Notice.

If you change your address, please contact Plaintiffs' Counsel at the address provided in Section 7 below.

6. CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?

Yes. However, if you exclude yourself from the Settlement, you will **not** receive any payment from the Settlement Fund.

Consequently, if you wish to receive your Preferred Trusts Settlement Class Member Payment as described in Section 4.A of this Notice, **DO NOTHING**.

If you do wish to exclude yourself from the Settlement, you must send a request for exclusion by first-class mail, postage prepaid, to Plaintiffs' Counsel and the Settling Defendants' Counsel (the names and addresses are provided in Section 7 below). To be effective, your request for exclusion must be in writing and be **received** by Plaintiffs' Counsel and Settling Defendants' Counsel at the addresses below on or before _____, **2012**. The request for exclusion must include: (a) your name, address, telephone number and the last four digits of your social security number; (b) a statement that you and all other borrowers named on the promissory note for your loan are seeking exclusion from the Settlement; (c) your signature and the signature of any other borrower(s) named on the promissory note for your loan; and (d) a reference to "Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS." The request for exclusion must be signed personally by you and any other borrower(s) named on the promissory note for your loan or the personal representative of any such person if deceased or legally incompetent. No request for exclusion may be made on behalf of a group of Preferred Trusts Settlement Class members. Nor may any member(s) of the Preferred Trusts Settlement Class opt out or exclude themselves from the Preferred Trusts Settlement Class by having an agent or attorney sign and submit an exclusion request form on their behalf. A request for exclusion form must be signed personally by you and any other borrower(s) named on the promissory note for your loan. Your request for exclusion must be timely **received** to be effective.

If you exclude yourself from the Settlement, you will not be bound by any Final Approval Order or Final Judgment entered in the case with respect to the Preferred Trusts Settlement Class and you will be free to continue pursuing whatever legal rights you may have against the Settling Defendants.

7. WHY, WHEN, AND WHERE WILL A FAIRNESS HEARING BE HELD?

A hearing on whether to grant final approval of the Settlement will be held before the Honorable Ortrie D. Smith of the United States District Court for the Western District of Missouri on _____, **2012**, at _____ **a.m.**, in Room 8552, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106 (the "Fairness Hearing"). There is no need for you to attend the Fairness Hearing if you simply wish to benefit from the Settlement. The purpose of the Fairness Hearing is to determine, among other things: (a) whether the terms and conditions of the Settlement are fair, reasonable and adequate; (b) whether the Named Plaintiffs are adequate representatives of the proposed Preferred Trusts Settlement Class; (c) whether Plaintiffs' Counsel are entitled to attorney's fees and expenses and, if so, how much; (d) whether the Named Plaintiffs should be entitled to a payment for their services as representatives of the Preferred Trusts Settlement Class and, if so, how much; and (e) whether the Final Order and Judgment should be entered dismissing the Lawsuit with prejudice on the merits as to the Settling Defendants.

The Court has the power to adjourn or reschedule the Fairness Hearing from time to time without further notice of any kind.

At the Fairness Hearing, the Court will consider the statements of the parties and any objections that may have been made. Any member of the Preferred Trusts Settlement Class who has not filed a timely written request for exclusion has the right to object to the proposed Settlement. If you want to object, you must file a written objection with the Clerk of the United States District Court, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106, no later than _____, **2012**. All persons wishing to object must also send a copy of their written objection to Plaintiffs' Counsel and the Settling Defendant's Counsel (the names and addresses are stated below). The objection must include: (a) your name, address, and telephone number; (b) a statement of each objection to the proposed Settlement that you wish to assert; (c) a detailed description of the facts supporting each of the objections; (d) copies of any loan documents in your possession or control that you rely on as a basis for your objections; (e) the names of all witnesses, and the report(s) from any proposed experts you intend to call at the Fairness Hearing; (f) copies of any exhibits that you intend to rely on at the hearing; (g) a reference to "Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS"; (h) a statement of whether you intend to appear at the Fairness Hearing in person or through an attorney; and (i) if you are represented by an attorney, a detailed description of the legal authorities supporting each of your objections.

Any member of the Preferred Trusts Settlement Class who has not filed a timely written request for exclusion has the right to appear and/or enter an appearance at the Fairness Hearing. Attendance at the final hearing is not necessary. If you do wish to appear at the Hearing, you or your attorney must: (a) file a Notice of Appearance with the Clerk of the United States District Court, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106 no later than _____, **2012**; and (b) serve the Notice of Appearance on Plaintiffs' Counsel and the Settling Defendants' Counsel. Any subjects to be raised at the Fairness Hearing must be contained in a written objection filed with the Court in the manner set out above. If you wish to call witnesses or present other evidence at the Fairness Hearing, you must identify the witnesses in your written objection. In addition, you must attach to your objection any exhibits or other documents on which you intend to rely and describe any other evidence you intend to present at the Hearing.

The addresses for Plaintiffs' Counsel and the Settling Defendants' Counsel are as follows:

Plaintiffs' Counsel

R. Frederick Walters, Esq.
Kip D. Richards, Esq.
Walters Bender Strohbehn & Vaughan, P.C.
2500 City Center Square
1100 Main Street
Kansas City, MO 64105

Settling Defendants' Counsel

Leslie A. Greathouse, Esq.
Spencer Fane Britt & Browne, LLP
1000 Walnut Street, Suite 1400
Kansas City, Missouri 64106
Counsel for the Preferred Trusts

and

Marcy Ressler Harris, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Counsel for CSFBMSC

Any member of the Preferred Trusts Settlement Class who has not filed a timely written request for exclusion may also request to intervene in the Lawsuit, in person or through an attorney retained at the Preferred Trusts Settlement Class Member's own expense. A request or motion to intervene must be in writing and reference "Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS" and otherwise comply with the Federal Rules of Civil Procedure and applicable law. A request to intervene must be filed with the Clerk of the United States District Court, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106, no later than _____, 2012. Any persons wishing to intervene must also send a copy of their written request to intervene to Plaintiffs' Counsel and the Settling Defendants' Counsel at the addresses above.

Any member of the Preferred Trusts Settlement Class who does not comply with the above requirements shall be deemed to have waived all objections to and shall be forever barred from challenging the proposed Settlement.

8. WHO REPRESENTS THE PREFERRED TRUSTS SETTLEMENT CLASS?

The Preferred Trusts Settlement Class is represented by Plaintiffs' Counsel: R. Frederick Walters, Kip D. Richards, David M. Skeens, J. Michael Vaughan, and Garrett M. Hodes of the law firm Walters Bender Strohbehn & Vaughan, P.C. If you have questions regarding the Settlement, this Notice or your options, you can contact Plaintiffs' Counsel without charge by writing to them at the address provided above, or by calling 1-877-472-6620 (or 816-421-6620 if in the KC Metro Area) or by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com and clicking on the link "Gilmor Preferred Trusts Settlement."

9. WHAT ARE THE REASONS FOR SETTLEMENT?

The Named Plaintiffs and the Settling Defendants have agreed to the Settlement after considering, among other things, (i) the substantial benefits available to the Preferred Trusts Settlement Class under the terms of the Agreement; (ii) the attendant risks and uncertainty of litigation, especially in complex litigation such as this, as well as the difficulties and considerable

delays inherent in such litigation; (iii) the vigorousness of the defenses asserted by the Settling Defendants; and (iv) the desirability of consummating the Settlement promptly to provide effective relief to the Preferred Trusts Settlement Class.

The Court has not ruled on the merits of the claims or defenses in this case, and the Settling Defendants have denied and continue to deny each and every claim asserted against them. They deny and continue to deny all charges of wrongdoing or liability against them arising out of or relating to any of the conduct, statements, acts, or omissions alleged, or that could have been alleged in the Lawsuit. Nonetheless, the Settling Defendants have concluded that further litigation and a trial of the claims would be protracted, burdensome, and expensive, and that it is desirable that the Lawsuit be fully and finally settled as against them in the manner and on the terms and conditions set forth in the Agreement.

10. WILL THE NAMED PLAINTIFFS OR PLAINTIFFS' COUNSEL RECEIVE COMPENSATION?

Yes. The Named Plaintiffs, as representatives of the Preferred Trusts Settlement Class, will make an application to the Court for approval of what is called an "incentive award." Such awards are used and made in class action lawsuits to provide an "incentive" to individuals like the Named Plaintiffs to file and prosecute class action lawsuits for the benefit of a class of people they do not know. The award also compensates the representatives of a class for their work and time (over 10 years of service in this case) as class representatives (being interviewed, reviewing documents, meeting and conferring with class counsel, etc.) The Named Plaintiffs will ask the Court to approve and make an incentive award in this case of up to \$500.00 per couple (\$1,500.00 total) for the Named Plaintiffs' time, services and expenses throughout the course of the Lawsuit. The Settling Defendants will take no positions with respect to the Named Plaintiffs' application, but the Court must still determine and approve the amount of any incentive award to be made as "reasonable." Any incentive award made to the Named Plaintiffs will be paid from the Settlement Fund in order to determine the Net Settlement Fund and Net Distributable Settlement Fund, the latter of which will be distributed to the Preferred Trusts Settlement Class Members as "Preferred Trusts Settlement Class Member Payments" as described in Section 4 above.

Plaintiffs' Counsel has prosecuted this litigation on a contingency fee basis and has incurred or advanced all of the costs associated with the Lawsuit since it was first filed in June 2000. Plaintiffs' Counsel has not yet been paid for their work or received reimbursement for the expenses incurred or advanced on behalf of the Plaintiffs and the members of the Preferred Trusts Settlement Class and the other members of the Litigation Class. The Court must determine and approve the amount of any such awards of attorney's fees and litigation expenses to be made to Plaintiffs' Counsel. The amount of any such award must be reasonable based on a number of factors including, but not limited to, the nature and extent of the work involved, the difficulty of the case and the issues presented, the skill needed to conduct the case properly, the experience, reputation and ability of the lawyers, the contingency or certainty of compensation, the customary charges for similar work, and the amount involved in the controversy and the benefits resulting to the client.

Based on these and other factors, and as a part of the Settlement, Plaintiffs' Counsel and/or the Named Plaintiffs will request the Court to approve an award of attorney's fees and litigation expenses not to exceed the following amounts: (a) \$46,223.50 for an allocated share of the more than \$268,151.00 of litigation expenses and costs that Plaintiffs' Counsel has incurred and advanced in connection with the Lawsuit/Claims as of January 24, 2012; and (b) approximately 43.6% of the "Net Settlement Fund" as defined above in Section 4 of this Notice. The amounts of any such expense and attorney's fees awards made to Plaintiffs' Counsel will be deducted and paid from the Settlement Fund and Net Settlement Fund, respectively, before the Preferred Trusts Settlement Class Member Payments are distributed to the Preferred Trusts Settlement Class Members as described in Section 4 above.

The Settling Defendants will take no position with respect to the above application for expenses and attorney's fees by Plaintiffs' Counsel, but the Court must also determine and approve the amount of any expense and attorney's fee awards as "reasonable." If the Court approves and makes the expense and attorney's fees awards as proposed, the Preferred Trusts Settlement Class Members will receive \$1,947,862.41 (approximately 56.4%) of the Net Settlement Fund and will be compensated for the following: (1) all (100%) of the allegedly illegal loan fees sought in the Lawsuit, which totals \$153,560.13; (2) all (100%) of the interest that the Class Members paid (or have yet to pay) on their second mortgage loans, which totals \$708,405.90; and (3) an additional sum totaling \$1,085,896.38, which represents "prejudgment interest" on the loan fee and interest paid amounts, accruing over the past 10 or more years. Plaintiffs' Counsel will receive the remaining \$1,504,414.09 (approximately 43.6%) of the Net Settlement Fund under Settlement as proposed.

The range and average of the Settlement Payments described above in Section 4 of this Notice have been estimated with the expectation that the Court will approve as reasonable the applications for the above stated incentive, expense and attorney's fees awards given, among other things, the Named Plaintiffs' years of service as representatives of the Preferred Trusts Settlement Class, the complexity of the case, the nature and extent of the legal work provided by Plaintiffs' Counsel since 2000, and the results obtained for the Preferred Trusts Settlement Class. If the Court approves an incentive award or an award of expenses or attorney's fees in an amount less than that applied for, the difference shall be reallocated to the Net Settlement Fund or the Net Distributable fund, as applicable.

11. WHAT CLAIMS WILL BE RELEASED UNDER THE SETTLEMENT?

If approved by the Court and effective in accordance with its terms, the proposed Settlement will be legally binding upon all members of the Preferred Trusts Settlement Class who did not timely request exclusion from the Preferred Trusts Settlement Class. The Settlement will fully, finally and forever release, settle, compromise, relinquish and discharge any and all of the Released Persons, as defined in the Agreement, from the Released Claims, also as defined in the Agreement, as of the Effective Date.

The Releases mean that you cannot bring any lawsuit against any of the Settling Defendants or any of the other "Released Persons" as defined in the Agreement for any reason whatsoever relating to the "Released Claims," which are also defined in the Agreement; but you will of

course be able to enforce your rights under the Agreement, if necessary. If you are currently litigating any claims against any of the Settling Defendants or any other “Released Person” in any other lawsuit or proceeding, either individually or as part of a class, you may be barred from continuing to pursue those claims if you do not timely exclude yourself from the Preferred Trusts Settlement Class in this case. If you are currently litigating any such claims, you should consult with an attorney concerning your rights immediately.

The term “**Releasers**” is defined in the Agreement at paragraph 2.42 as:

[T]he Named Plaintiffs and the other Preferred Trusts Settlement Class Members, and each of their respective heirs, executors, administrators, assigns, predecessors, and successors, and any other person claiming by or through any or all of them. The Releasers shall not include any of the following: (a) any members of the Preferred Trusts Settlement Class who timely opt out of the Settlement in accordance with Paragraph 9 below; (b) any persons not identified on **Exhibit E, attached**; or (c) the Non-Preferred Trusts Plaintiff Borrowers. It is understood that the releases to be given by the “Releasers,” as defined herein, shall only release the Released Persons from the Released Claims, and nothing more, as provided herein.

The term “**Released Persons**” is defined in the Agreement at paragraph 2.41 as:

[T]he Settling Defendants, individually and together with all of their affiliates, parent companies and subsidiaries, and each of the Settling Defendants’ respective past and present officers, directors, shareholders, employees, attorneys (including consultants hired by counsel), accountants, insurers, heirs, executors, and administrators, and each of their respective predecessors, successors, and assigns. Notwithstanding anything in this Agreement to the contrary, the term “Released Persons” does not include any of the Non-Settling Defendants.

The term “**Released Claims**” is defined in the Agreement at paragraph 2.40 as:

[A]ny and all claims, demands, actions, causes of action, rights, offsets, setoffs, suits, damages, lawsuits, liens, costs, surcharges, losses, attorney’s fees, expenses or liabilities of any kind whatsoever, in law or in equity, for any relief whatsoever, including monetary, injunctive or declaratory relief, rescission, general, compensatory, special, liquidated, indirect, incidental, consequential or punitive damages, as well as any and all claims for compensatory, punitive or treble damages, penalties, attorney’s fees, costs or expenses, whether known or unknown, alleged or not alleged in the Litigation, suspected or unsuspected, contingent or vested, accrued or not accrued, liquidated or unliquidated, matured or unmatured, that in any way concern, relate to, or arise out of the PCC-Preferred Trusts Loans and which any one or more of the Releasers have had, or now have against the Released Persons, as defined in Paragraph 2.41, from the beginning of time up through and including the Effective Date (“Claims”), including but not limited to, any and all Claims arising out of or relating to: (1) allegations that are or could have been asserted against the Released Persons in the Litigation in any way relating to the Preferred Trusts Settlement Class Members’ PCC-Preferred Trusts Loans; (2) any activities of the Released Persons with respect to the PCC-Preferred Trusts Loans including, without limitation, any alleged representations, misrepresentations, disclosures, incorrect disclosures, failures to disclose, acts (legal or illegal), omissions, failures to act, deceptions, acts of unconscionability,

unfair business practices, breaches of contract, usury, unfulfilled promises, breaches of warranty or fiduciary duty, conspiracy, excessive fees collected, or violations of any consumer protection statute, any state unfair trade practice statute, or any other body of case, statutory or common law or regulation, federal or state, including but not limited to the MSMLA, Mo.Rev.Stat. § 408.231, *et seq.*, or any other similar state statute; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and its implementing regulations, 12 C.F.R. part 226; the Home Ownership and Equity Protection Act, 15 U.S.C. §§ 1639, *et seq.*, and its implementing regulation, 12 C.F.R. part 226.31-32; the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, and its implementing regulation, 24 C.F.R. part 3500; the Equal Credit Opportunity Act, 15 U.S.C. §§ 1691, *et seq.*, and its implementing regulation, 12 C.F.R. part 202; the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801, *et seq.*, and its implementing regulation, 12 C.F.R. part 203; the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*; the Fair Credit Reporting Act, 15 U.S.C. §§ 1681, *et seq.*; the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692, *et seq.*; and the Federal Trade Commission Act, 15 U.S.C. §§ 45, *et seq.*; and/or (3) any conduct undertaken by any of the Released Persons to defend the Litigation, including but not limited to, any alleged improper discovery conduct and/or any request for sanctions in this Litigation. It is the intention of the Releasers to provide a general release of the Released Claims against the Released Persons; provided, however, that anything in this Agreement to the contrary notwithstanding, the term Released Claims does not include: (1) any claims of any kind or type of the Releasers against any person, association or entity that is not a Released Person, whether such claims arise out of or relate to PCC-Preferred Trusts Loans or some other conduct, transaction, loan or occurrence; (2) any claims of any kind or type of the Releasers against any person, association or entity in connection with a loan and/or loan transaction originated or made by a person, association or entity other than PCC, notwithstanding the fact that the loan, in whole or in part, was purchased by, assigned or conveyed to, or otherwise owned and/or held by any one or more of the Settling Defendants; and/or (3) any claims of any kind or type by any Non-Preferred Trusts Plaintiff Borrower with respect to the PCC Loans.

12. WHAT IF THE SETTLEMENT IS NOT APPROVED BY THE COURT OR DOES NOT BECOME EFFECTIVE?

If the proposed Settlement is not approved by the Court as being fair, reasonable, and adequate, or if the Settlement does not become effective in accordance with the terms and conditions of the Agreement, the Settlement and the Agreement will be null and void and the Named Plaintiffs will proceed with their claims against the Settling Defendants and the other Defendants in the Lawsuit. In that event, no payments will be made under the terms of the Agreement; however, any or all of the Settling Defendants and the Named Plaintiffs could attempt to enter into another settlement.

13. WHERE DO I GET ADDITIONAL INFORMATION?

This Notice is only a summary of the proposed Settlement and does not describe all of the terms and conditions of the Agreement. You are encouraged to review the Agreement and other related documents, all of which are available upon request from Plaintiffs' Counsel, or by visiting the website of Plaintiffs' Counsel, www.wbsvlaw.com and clicking on the link "Gilmor Preferred Trusts Settlement."

14. WHAT ARE THE RELEVANT DATES?

If you wish to request exclusion from the Preferred Trusts Settlement Class or appear at the Fairness Hearing, these are the relevant dates:

- **Deadline for mailing a request for exclusion (must be received by): _____, 2012**
- **Deadline for filing and serving a notice of appearance, a motion to intervene or any written objection (must be received by the court by): _____, 2012**
- **Date and time of Fairness Hearing: _____, 2012 at _____ a.m.**

This Notice provides only a summary of matters about the Lawsuit. If you have any questions or concerns, please contact Plaintiffs' Counsel in writing at the address listed in Section 7 of this Notice or call 816-421-6620.

PLEASE DO NOT CALL OR CONTACT THE COURT FOR INFORMATION.

This Notice is being sent pursuant to Rule 23 of the FEDERAL RULES OF CIVIL PROCEDURE and BY ORDER OF THE DISTRICT COURT

DATED: March ____, 2012

EXHIBIT B: PROPOSED PRELIMINARY APPROVAL ORDER

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

MICHAEL P. AND SHELLIE GILMOR,
ET AL.,

Plaintiffs,

vs.

PREFERRED CREDIT CORPORATION,
ET AL.,

Defendants.

Case No. 10-0189-CV-W-ODS

**ORDER PRELIMINARILY APPROVING
CLASS ACTION SETTLEMENT**

WHEREAS, a class action petition was originally filed in the above-entitled action (the “Litigation”) on June 27, 2000; and

WHEREAS, on January 2, 2003, the Circuit Court of Clay County (the forum before which the Litigation was then pending) certified a litigation class in the Litigation, comprised of those persons who obtained a Missouri residential second mortgage loan from Preferred Credit Corporation (f/k/a T.A.R Preferred Mortgage Corporation) (“PCC”) on or after June 27, 1994, and as is particularly described in the Court’s *Order Certifying Plaintiff Class* (the “Litigation Class”); and

WHEREAS, notice of the Litigation was thereafter provided to the members of the Litigation Class, notifying the members of the Litigation Class and of their right to opt out of the Class; and

WHEREAS, seven (7) members of the Litigation Class, who were co-borrowers on four (4) PCC-originated second mortgage loans, opted out of and excluded themselves from the

Litigation Class; and

WHEREAS, Named Plaintiffs Kevin and Susan Schaefer, David and Nicole Warkentien, and John and Jeanne Rumans (“the Named Plaintiffs”), are members of and did not opt out of the Litigation Class; and

WHEREAS, the Missouri residential second mortgage loans that the Named Plaintiffs obtained from PCC were purchased by, assigned or conveyed to, or otherwise owned and/or held by Defendants Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company), individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 or Preferred Credit Trust 1997-1 (collectively, the “Settling Defendants”; Deutsche Bank Trust Company Americas, Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1 will be referred to as the “Preferred Trusts”); and

WHEREAS, the Settling Defendants and the Named Plaintiffs, individually and as representatives of a proposed “Preferred Trusts Settlement Class,” have entered into a “Settlement Agreement and Release” dated March __, 2012 (the “Agreement”), which memorializes the negotiated and agreed-upon settlement of the Litigation as between the Named Plaintiffs and the proposed Preferred Trusts Settlement Class, on one hand, and the Settling Defendants and each of them, on the other, subject to the approval of the Court (“the Settlement”); and

WHEREAS, the Named Plaintiffs have filed a *Motion for Preliminary Approval of Class Action Settlement* with the Court, which asks the Court to preliminarily approve the proposed Settlement.

NOW THEREFORE, upon careful consideration of the *Motion for Preliminary Approval of Class Action Settlement* (Doc.____), and after reviewing the Agreement, and for good cause shown,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. The terms of the Agreement, and the Settlement as provided therein, are approved preliminarily as fair, reasonable and adequate to the Preferred Trusts Settlement Class as defined in the Agreement, subject to further consideration at the Fairness Hearing described in Paragraph 14 below.

2. The definitions set forth in the Agreement are hereby incorporated by reference into this Order (with capitalized terms as set forth in the Agreement).

3. The Named Plaintiffs and Settling Defendants have executed the Agreement in order to settle and resolve the Litigation as between the Preferred Trusts Settlement Class and the Settling Defendants, subject to approval of the Court.

4. Accordingly, for the purpose of a settlement in accordance with the Agreement, and upon review of *Plaintiffs' Motion for Preliminary Approval of Class Action Settlement*, this Court hereby preliminarily certifies the following class of persons as a settlement class (the "Preferred Trusts Settlement Class"):

All persons who, on or after June 27, 1994, obtained a "Second Mortgage Loan," as defined in Mo.Rev.Stat. § 408.231.1, that was secured in whole or in part by a mortgage or a deed of trust on residential real property located in the state of Missouri, that was originated by Preferred Credit Corporation (f/k/a T.A.R. Preferred Mortgage Corporation), and that was purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1, and who did not timely exercise their right and option to opt out and exclude themselves from the litigation class that the Circuit Court of Clay County, Missouri previously

certified on January 2, 2003, in *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263-CC.

5. Pursuant to the Agreement, and for purposes of the Settlement only, the Court finds preliminarily as to the Preferred Trusts Settlement Class that:

a. The Preferred Trusts Settlement Class is so numerous that joinder of all members is impracticable;

b. There are questions of law or fact common to the Preferred Trusts Settlement Class that predominate over questions affecting only individual members of the Preferred Trusts Settlement Class;

c. The claims of the Named Plaintiffs are typical of those of the members of the Preferred Trusts Settlement Class;

d. The Named Plaintiffs and Plaintiffs' Counsel will fairly and adequately represent and protect the interests of the members of the Preferred Trusts Settlement Class; and

e. Certification of the Preferred Trusts Settlement Class as proposed is an appropriate method for the fair and efficient adjudication of the controversies between the Preferred Trusts Settlement Class and the Settling Defendants.

6. For the purpose of this preliminary approval, and for all matters relating to the Settlement and the Litigation, until further order of the Court, the Court appoints the Named Plaintiffs as Representatives of the Preferred Trusts Settlement Class and R. Frederick Walters, Kip D. Richards, David M. Skeens, J. Michael Vaughan, and Garrett M. Hodes of the law firm Walters Bender Strohbehn & Vaughan, P.C., as Counsel for the RFC Settlement Class ("Plaintiffs' Counsel" or "Class Counsel").

7. By this Order, the Court hereby exercises subject matter and personal jurisdiction

over the Preferred Trusts Settlement Class for purposes of evaluating the final certification of the Preferred Trusts Settlement Class and the fairness and adequacy of the Settlement.

8. The Class Mail Notice, as set forth in Exhibit A to the Agreement, is hereby approved.

9. The Class Mail Notice in a form substantially the same as that set forth in Exhibit A to the Agreement shall be mailed by Class Counsel by first-class mail, postage prepaid, to (a) all members of the Preferred Trusts Settlement Class as identified on Exhibit E of the Agreement, and (b) any known Chapter 7 bankruptcy trustees of any member of the Preferred Trusts Settlement Class for any Chapter 7 bankruptcy filed after origination of said class member's loan. Such mailing shall be made within five (5) days of this Preliminary Approval Order.

10. The Trust Investor Mail Notice in a form substantially the same as that set forth in Exhibit F to the Agreement shall be transmitted by the Trustee as set forth in the Trust Documents to all affected investors in the Preferred Trusts. Such transmittal shall be made within five (5) business days of this Preliminary Approval Order.

11. The Agreement contemplates notice methodologies that (a) protect the interests of the Named Plaintiffs, the Preferred Trusts Settlement Class, the Trust Investors, and the Settling Defendants, and each of them, (b) are the best notice practicable under the circumstances, (c) are reasonably calculated to apprise the Preferred Trusts Settlement Class of the proposed Settlement, the Agreement, and their right to opt out and exclude themselves from or object to the proposed Settlement; and (d) are reasonably calculated to apprise the Trust Investors of the settlement and their rights in relation to it. In addition, the Court finds that the notice methodologies are reasonable and constitute due, adequate and sufficient notice to all persons

entitled to receive notice of the proposed Settlement and meet all applicable requirements of law, including, but not limited to, Fed.R.Civ.P. 23, and the Due Process Clause of the Fourteenth Amendment of the United States Constitution.

12. Prior to the Fairness Hearing: (a) Class Counsel shall serve and file a sworn statement of a person with knowledge, evidencing compliance with the provisions of this Order concerning the mailing of the Class Mail Notice; and (b) DBTCA, as trustee, shall serve and file a sworn statement of a person with knowledge, evidencing compliance with the provisions of this Order concerning transmittal of the Trust Investor Mail Notice.

13. Any member of the Preferred Trusts Settlement Class desiring exclusion from the Preferred Trusts Settlement Class shall mail a request for exclusion (“Request for Exclusion”) to the Parties’ respective counsel. To be valid, the Request for Exclusion must be **received** on or before _____, **2012**. Such Request for Exclusion must be in writing and include: (a) the name, address, telephone number and the last four digits of the social security number of the class member seeking to opt out; (b) a statement that the class member and all other borrowers named on the class member’s promissory note are seeking exclusion; (c) the signature of each person who was a party to the promissory note made in connection with the class member’s loan, unless such person is deceased or legally incompetent, in which event the opt out submission shall be signed by said deceased or legally incompetent person’s personal representative or guardian; and (d) a reference to “Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS.” Any member of the Preferred Trusts Settlement Class who does not properly and timely request exclusion from the Preferred Trusts Settlement Class in full compliance with these requirements shall be included in the Preferred Trusts Settlement Class and be bound by any judgment entered in this Action with respect to the Class.

14. Within seven (7) days after the deadline for submitting Requests for Exclusion, Class Counsel shall file with the Court a sworn statement to identify those persons, if any, who timely submitted a Request for Exclusion. The originals of all Requests for Exclusion shall be retained by the Parties.

15. A hearing (the "Fairness Hearing") shall be held at ____ a.m. on _____, **2012**, in Room 8552, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106. At the Fairness Hearing, the Court will consider: (a) the fairness, reasonableness, and adequacy of the Settlement; (b) the entry of any final order or judgment in the Litigation with respect to the Preferred Trusts Settlement Class; (c) the application for incentive awards for the services rendered by the Named Plaintiffs; (d) the application for attorney's fees and for reimbursement of expenses by Class Counsel; and (e) other related matters. The Fairness Hearing may be postponed, adjourned or continued by Order of the Court without further notice to the Preferred Trusts Settlement Class.

16. To be considered at the Fairness Hearing, any Preferred Trusts Class Member desiring to file an objection or other comment on the Settlement shall be required to file all such objections and comments and all supporting pleadings on or before _____, **2012**, with service upon Class Counsel and Settling Defendants' Counsel. The objections of any Preferred Trusts Class Member must be in writing, and must specifically include the following: (a) the name, address, and telephone number of the class member filing the objection; (b) a statement of each objection asserted; (c) a detailed description of the facts underlying each objection; (d) any loan documents in the possession or control of the objector and relied upon by the objector as a basis for the objection; (e) if the objector is represented by counsel, a detailed description of the legal authorities supporting each objection; (f) if the objector plans to utilize expert opinion

and/or testimony as part of the objection(s), a written expert report from all proposed experts; (g) if the objector plans to call a witness or present other evidence at the hearing, the objector must state the identity of the witness and identify any documents by attaching them to the objection and provide any other evidence that the objector intends to present; (h) a statement of whether the objector intends to appear at the hearing; (i) a copy of any exhibits which the objector may offer during the hearing; and (j) a reference to “Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS.”

17. To be considered at the Fairness Hearing, any Trust Investor desiring to file an objection or other comment on the Settlement also must file all such objections and comments and all supporting pleadings on or before _____, **2012**, with service upon Class Counsel and Settling Defendants’ Counsel. The objections of any Trust Investor must be in writing, and must specifically include the following: (a) the name, address, and telephone number of the Trust Investor filing the objection; (b) a statement of each objection asserted; (c) a detailed description of the facts underlying each objection of the objecting party; (d) any documentation relied upon by the objector as a basis for the objection; (e) identification of the objector’s interest in one of more of the Preferred Trusts, if any, including the name of the relevant Trust(s), identification of class of ownership, and CUSIP(s); (f) if the objector is represented by counsel, a detailed description of the legal authorities supporting each objection; (g) if the objector plans to utilize expert opinion and/or testimony as part of the objection(s), a written expert report from all proposed experts; (h) if the objector plans to call a witness or present other evidence at the hearing, the objector must state the identity of the witness and identify any documents by attaching them to the objection and provide any other evidence that the objector intends to present; (i) a statement of whether the objector intends to appear at the hearing; (j) a copy of any

exhibits which the objector may offer during the hearing; (k) a reference to “Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS”; and (l) a signature of an authorized person for the objecting party.

18. No objection to or other comment concerning the Settlement shall be heard unless timely filed in accordance with the respective guidelines specified above. Class Counsel and Settling Defendants’ Counsel shall promptly furnish each other with copies of any and all objections or written requests for exclusion that come into their possession.

19. Any objector who does not make his or her objection in the manner provided in this Order shall be deemed to have waived any such objection and shall forever be barred from making any objection to the Settlement, including without limitation, the propriety of class certification, the adequacy of any notice, or the fairness, adequacy or reasonableness of the Settlement.

20. Submissions of the Parties relative to the Settlement, including memoranda in support of the Settlement, applications for attorney’s fees and reimbursement of expenses by Class Counsel, and any applications for the payment of services rendered by the Named Plaintiffs shall be filed with the Clerk of the Court on or before _____, **2012**.

21. Any attorney hired by any objector for the purpose of appearing and/or making an objection shall file his or her entry of Appearance at the Class Member’s expense on or before _____, **2012**, with service on Class Counsel and Settling Defendants’ Counsel per the Federal Rules of Civil Procedure.

22. Any Preferred Trusts Settlement Class Member or Trust Investor may appear at the Fairness Hearing in person, or by counsel if an appearance is filed and served as provided in the Class Mail Notice, and such person will be heard to the extent allowed by the Court. No

person shall be permitted to be heard unless, on or before _____, **2012**, such person has (a) filed with the Clerk of the Court a notice of such person's intention to appear; and (b) served copies of such notice upon Class Counsel and Settling Defendants' Counsel as required by the Federal Rules of Civil Procedure.

23. Any Preferred Trusts Settlement Class Member may seek to intervene in the Litigation in person, or by counsel if a motion to intervene is filed and served as provided in the Notice. No person shall be permitted to intervene unless, on or before _____, **2012**, such person has (a) filed with the Clerk of the Court a valid motion to intervene and (b) served copies of such notice upon Class Counsel and Settling Defendants' Counsel as required by the Federal Rules of Civil Procedure.

24. All other events contemplated under the Agreement to occur after entry of this Order and before the Fairness Hearing shall be governed by the Agreement and the Class Mail Notice, to the extent not inconsistent herewith. Class Counsel and Settling Defendants' Counsel shall take such further actions as are required by the Agreement.

25. The Parties shall be authorized to make non-material changes to the Class Mail Notice and Trust Investor Mail Notice so long as Class Counsel and Settling Defendants' Counsel agree and one of the Parties files a notice thereof with the Court prior to the Fairness Hearing. Neither the insertion of dates nor the correction of typographical or grammatical errors shall be deemed a change to the Class Mail Notice.

26. All claims against and motions involving the Settling Defendants in the Litigation are hereby stayed and suspended until further order of this Court, other than such as may be necessary to carry out the terms and conditions of the Agreement or the responsibilities related or incidental thereto.

27. The claims of the Named Plaintiffs, the members of the Preferred Trusts Settlement Class and/or the remaining members of the Litigation Class against any Defendant and/or person or entity other than the Settling Defendants and other “Released Persons” are **not** stayed or suspended by the Agreement, this Order, or otherwise. Only the “Released Claims” of the “Releasers” as against the “Released Persons,” as defined in the Agreement, are suspended and stayed.

28. If Final Approval of the Settlement does not occur, or if the Settlement does not become effective on or before the Effective Date as provided in the Agreement, or if the Settlement is rescinded or terminated for any reason, the Settlement and all proceedings had in connection therewith shall be null and void and without prejudice to the rights of the Parties before the Settlement was executed and made, and this Order and all Orders issued pursuant to the Settlement shall be vacated, rescinded, canceled, annulled and deemed “void” and/or “no longer equitable” for purposes of Fed.R.Civ.P. 60, as provided in and subject to Paragraph 14 of the Agreement.

29. Neither this Order, the Agreement, nor any of their terms or provisions, nor any of the negotiations between the Parties or their counsel (nor any action taken to carry out this Order), is, may be construed as, or may be used as an admission or concession by or against any of the Parties or the Released Persons of (i) the validity of any claim or liability, any alleged violation or failure to comply with any law, any alleged breach of contract, any legal or factual argument, contention or assertion, (ii) the truth or relevance of any fact alleged by Plaintiffs, (iii) the existence of any class alleged by Plaintiffs, (iv) the propriety of class certification if the Litigation were to be litigated rather than settled, (v) the validity of any claim or any defense that has been or could have been asserted in the Litigation or in any other litigation; (vi) that the

consideration to be given to Preferred Trusts Settlement Class Members hereunder represents the amount which could be or would have been recovered by any such persons after trial; or (vii) the propriety of class certification in any other proceeding or action. Entering into or carrying out the Agreement, and any negotiations or proceedings related to it, shall not in any way be construed as, or deemed evidence of, an admission or concession as to the denials, defenses, or factual or legal positions of the Settling Defendants, and shall not be offered or received in evidence in the Litigation or any action or proceeding against any party in any court, administrative agency or other tribunal for any purpose whatsoever, except as is necessary (a) to enforce the terms of this Order and the Agreement or (b) to show, if appropriate, the recoveries obtained by the Named Plaintiffs and other Preferred Trust Class Members hereunder, including, without limitation, the damages, attorney's fees award and costs; provided, however, that this Order and the Agreement may be filed by a Settling Defendant in any action filed against or by the Settling Defendants, or any one or more of them, or any other Released Person, to support a defense of *res judicata*, collateral estoppel, release, waiver, good faith settlement, judgment bar or reduction, full faith and credit, or any other theory of claim preclusion, issue preclusion or similar defense or counterclaim. The Settling Defendants expressly reserve all rights and defenses to any claims and do not waive any such rights or defenses in the event that the Agreement is not approved for any reason.

SO ORDERED

Date: March ____, 2012

ORTRIE D. SMITH, JUDGE
UNITED STATES DISTRICT COURT

EXHIBIT C: PROPOSED FINAL APPROVAL ORDER

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

MICHAEL P. AND SHELLIE GILMOR,
ET AL.,

Plaintiffs,

vs.

PREFERRED CREDIT CORPORATION,
ET AL.,

Defendants.

Case No. 10-0189-CV-W-ODS

**ORDER FINALLY APPROVING CLASS ACTION SETTLEMENT
AND CERTIFYING A CLASS FOR SETTLEMENT PURPOSES**

Upon careful review and consideration of the Parties' Settlement and Release Agreement dated March __, 2012 (the "Agreement"), the evidence and arguments of counsel as presented at the Fairness Hearing held on _____, 2012, the memoranda filed with this Court, [and the timely objections to the proposed Settlement], and all other filings in connection with the Parties' settlement as memorialized in the Agreement (the "Settlement"); and for good cause shown,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. **Incorporation of Other Documents.** This Order incorporates and makes the following a part hereof:

- a. The Agreement, filed with the Court on or about March __, 2011; and
- b. The following exhibits to the Agreement: (i) Schedule A (Proposed Distribution Schedule of "Net Distributable Settlement Fund," **filed under seal**); (ii) Exhibit A (Proposed Class Mail Notice); (iii) Exhibit B (Proposed Order Preliminarily

Approving the Class Action Settlement); (iv) Exhibit C (Proposed Order Finally Approving the Class Action Settlement and Certifying a Class for Settlement Purposes); (v) Exhibit D (Proposed Final Judgment); (vi) Exhibit E (list of members of the Preferred Trusts Settlement Class, **filed under seal**); (vii) Exhibit F (Trust Investors' Notice); and Exhibit G (Trusts' affiliates).

Unless otherwise provided herein, all capitalized terms in this Order shall have the same meaning as those terms in the Agreement.

2. **Jurisdiction.** Because adequate notice was disseminated and all potential members of the Preferred Trusts Settlement Class (as defined below) were given notice of and an opportunity to opt out of the Settlement, the Court has personal jurisdiction over all members of the Preferred Trusts Settlement Class. The Court has subject matter jurisdiction over the Litigation, including, without limitation, jurisdiction to approve the proposed Settlement, to grant final certification of the Preferred Trusts Settlement Class, and to dismiss the Litigation against the Settling Defendants with prejudice.

3. **Final Class Certification.** The Preferred Trusts Settlement Class, which this Court previously certified preliminarily, is hereby finally certified for settlement purposes pursuant to Fed.R.Civ.P. 23, the Court finding that for purposes of settlement the Preferred Trusts Settlement Class fully satisfies all of the applicable requirements of Rule 23 and due process.

The Preferred Trusts Settlement Class is defined as follows:

All persons who, on or after June 27, 1994, obtained a "Second Mortgage Loan," as defined in Mo.Rev.Stat. § 408.231.1, that was secured in whole or in part by a mortgage or a deed of trust on residential real property located in the state of Missouri, that was originated by Preferred Credit Corporation (f/k/a T.A.R. Preferred Mortgage Corporation), and that was purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-

1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1, and who did not timely exercise their right and option to opt out and exclude themselves from the litigation class that the Circuit Court of Clay County, Missouri previously certified on January 2, 2003, in *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263-CC.

[No members of the Preferred Trusts Settlement Class timely requested to be excluded from or “opted out” of the Preferred Trusts Settlement Class.] OR [A list of those persons who have timely excluded themselves from the Preferred Trusts Settlement Class, and who therefore are not bound by the Settlement and the accompanying Final Judgment, is attached hereto as **Exhibit 1** and incorporated herein and made a part hereof.]

4. **Adequacy of Representation.** There are no apparent conflicts of interest between the Named Plaintiffs and the Preferred Trusts Settlement Class, or among the members of the Preferred Trusts Settlement Class. Plaintiffs’ Counsel will fairly and adequately represent and protect the interests of the Preferred Trusts Settlement Class. Accordingly, the Named Plaintiffs and R. Frederick Walters, Kip D. Richards, David M. Skeens, J. Michael Vaughan, and Garrett M. Hodes of the firm Walters Bender Strohbehn & Vaughan, P.C. (“Plaintiffs’ Counsel” or “Class Counsel”), have satisfied the requirements of Rule 23 and are hereby appointed and approved as representatives of the Preferred Trusts Settlement Class and Counsel for the Preferred Trusts Settlement Class, respectively.

5. **Class Notice.** The Court finds that the Class Mail Notice and its distribution to the Preferred Trusts Settlement Class as implemented pursuant to the Agreement and the Preliminary Approval Order:

a. Constituted the best practicable notice to the members of the Preferred Trusts Settlement Class under the circumstances of this Litigation;

b. Constituted notice that was reasonably calculated, under the circumstances, to apprise the members of the Preferred Trusts Settlement Class of (i) the pendency of this Litigation and the proposed Settlement, (ii) their right to exclude themselves from the Preferred Trusts Settlement Class and the proposed Settlement, (iii) their right to object to any aspect of the proposed Settlement (including, but not limited to, the following: final certification of the Preferred Trusts Settlement Class; the fairness, reasonableness or adequacy of the Settlement as proposed; the adequacy of the Named Plaintiffs and/or Class Counsels' representation of the Preferred Trusts Settlement Class; the proposed awards of attorney's fees and expenses; and the proposed incentive award), (iv) their right to appear at the Fairness Hearing if they did not exclude themselves from the Preferred Trusts Settlement Class, and (v) the binding effect of the Orders and Judgment in the Litigation on all members of the Preferred Trusts Settlement Class who did not request exclusion;

c. Constituted notice that was reasonable and constituted due, adequate and sufficient notice to all persons and entities entitled to be provided with notice; and

d. Constituted notice that fully satisfied the requirements of Rule 23, due process, and any other applicable law.

6. **Trust Investor Notice.** The Court finds that the Trust Investor Notice, and its distribution to the Trust Investors as implemented pursuant to the Agreement and the Preliminary Approval Order:

a. Constituted the best practicable notice to the Trust Investors under the circumstances of this Litigation;

b. Constituted notice that was reasonably calculated, under the circumstances, to apprise the Trust Investors of (i) the proposed Settlement, (ii) their right to object to any aspect of the proposed Settlement, (iii) their right to appear at the Fairness Hearing, and (v) the binding effect of the Orders and Judgment in the Litigation; and,

c. Constituted notice that was reasonable and constituted due, adequate and sufficient notice to all persons and entities entitled to be provided with notice.

7. **Final Settlement Approval.** The terms and provisions of the Agreement, including all exhibits, have been entered into in good faith and as a result of arm's length negotiations, and the Agreement is fully and finally approved as fair, reasonable and adequate as to, and in the best interests of, each of the Parties and the Preferred Trusts Settlement Class Members, and in full compliance with all applicable requirements of the laws of the state of Missouri, the United States Constitution (including the Due Process Clause), and any other applicable law. The Parties are hereby directed to implement and consummate the Agreement according to its terms and provisions.

8. **Binding Effect.** The terms of the Agreement, this Order and the accompanying Final Judgment shall be forever binding on all of the Preferred Trusts Settlement Class Members and the Named Plaintiffs, individually and as representatives of said Class, as well as on their respective heirs, executors, administrators, assigns, predecessors, and successors, and any other person claiming by or through any or all of them. The terms of the Agreement, this Order and the accompanying Final Judgment shall have *res judicata* and other preclusive effect as to the "Releasers" for the "Released Claims" as against the "Released Persons," all as defined in the Agreement.

9. **Releases.** The Releasers, as defined in Paragraph 2.42 of the Agreement, shall be bound by the Releases provided in Paragraph 6 of the Agreement, which is incorporated herein in all respects, regardless of whether such persons received any compensation under the Agreement or Settlement. The Releases are effective as of the Effective Date specified in Paragraph 13 of the Agreement. The Court expressly adopts all defined terms in Paragraph 6 of the Agreement, including but not limited to, the definitions of the persons and claims covered by the Releases as set forth at Paragraphs 2.40 (Released Claims), 2.41 (Released Persons) and 2.42 (Releasers).

10. **Enforcement of Settlement.** Nothing in this Final Approval Order or the accompanying Final Judgment shall preclude any action by any Party to enforce the terms of the Agreement.

11. **Additional Payment to the Named Plaintiffs.** The Court hereby awards \$500.00 per couple (\$1,500.00 total) to be paid from the Settlement Fund to the Named Plaintiffs as incentive awards for their services as representatives of the Preferred Trusts Settlement Class in this Litigation.

12. **Attorney's Fees and Expenses.** Plaintiffs' Counsel are awarded \$46,223.50, representing an allocated share of the litigation expenses and court costs that Plaintiffs' Counsel has incurred and advanced as of January 24, 2012 in connection with the Litigation and the Settlement, which shall be deducted from the Settlement Fund as defined in the Agreement. In addition, the Court awards Plaintiffs' Counsel attorney's fees of \$1,504,414.09, representing approximately 43.6% of the "Net Settlement Fund" as defined in the Agreement. The Court finds and concludes that each of the above awards to Plaintiffs' Counsel for work and services in this case and in connection with the Settlement is reasonable for the reasons stated in *Plaintiffs'*

Application for Award of Attorney's Fees, Litigation Expenses and Court Costs (Doc. #____) and finds as follows:

[As in other cases, Plaintiffs will include additional language for the Court to consider using in any final order that it signs in support of Plaintiffs' fee award.]

13. **No Other Payments.** The preceding paragraphs of this Final Approval Order cover, without limitation, any and all claims for attorney's fees and expenses, costs or disbursements incurred by Plaintiffs' Counsel or any other counsel representing the Named Plaintiffs as representatives of the Preferred Trusts Settlement Class or the Preferred Trusts Settlement Class Members, or incurred by the Preferred Trusts Settlement Class Members, in connection with or related in any manner to this Litigation, the Settlement of this Litigation, the administration of such Settlement, and/or the Released Claims, except to the extent otherwise specified in this Final Approval Order or the Agreement.

14. **Retention of Jurisdiction.** The Court has jurisdiction to enter this Final Approval Order and the accompanying Final Judgment. Without in any way affecting the finality of this Final Approval Order and the accompanying Final Judgment, this Court expressly retains jurisdiction as to all matters relating to the administration and enforcement of the Agreement and Settlement and of this Final Approval Order and the accompanying Final Judgment, and for any other necessary purpose as permitted by Missouri law, including, without limitation:

a. enforcing the terms and conditions of the Agreement and Settlement and resolving any disputes, claims or causes of action that, in whole or in part, are related to the administration and/or enforcement of the Agreement, Settlement, this Final Approval Order or the Final Judgment (including, without limitation, whether a person is or is not a

member of the Preferred Trusts Settlement Class or a Preferred Trusts Settlement Class Member; and whether any claim or cause of action is or is not barred by this Final Approval Order and the Final Judgment);

b. entering such additional Orders as may be necessary or appropriate to protect or effectuate the Court's Final Approval Order and the Final Judgment and/or to ensure the fair and orderly administration of the Settlement and distribution of the Settlement Fund; and

c. entering any other necessary or appropriate Orders to protect and effectuate this Court's retention of continuing jurisdiction.

15. **No Admissions.** Neither this Final Approval Order, nor the accompanying Final Judgment, nor the Agreement, nor any of its terms or provisions, nor any of the negotiations between the Parties or their counsel, nor any action taken to carry out this Order or the Final Judgment, is, may be construed as, or may be used as an admission or concession by or against any of the Parties or the Released Persons of: (a) the validity of any claim or liability, any alleged violation or failure to comply with any law, any alleged breach of contract, any legal or factual argument, contention or assertion; (b) the truth or relevance of any fact alleged by Plaintiffs; (c) the existence of any class alleged by Plaintiffs; (d) the propriety of class certification if the Litigation were to be litigated rather than settled; (e) the validity of any claim or any defense that has been or could have been asserted in the Litigation or in any other litigation; (f) that the consideration to be given to Preferred Trusts Settlement Class Members hereunder represents the amount which could be or would have been recovered by any such persons after trial; or (g) the propriety of class certification in any other proceeding or action. Entering into or carrying out the Agreement, and any negotiations or proceedings related to it,

shall not in any event be construed as, or deemed evidence of, an admission or concession as to the Settling Defendants' denials, defenses, factual or legal positions, and shall not be offered or received in evidence in this litigation or any action or proceeding against any party in any court, administrative agency or other tribunal for any purpose whatsoever, except as necessary (i) to enforce the terms of this Order and the Agreement or to prove or show that a compromise in settlement of the Released Claims per the Agreement, in fact, was reached, or (ii) to show, if appropriate, the recoveries obtained by the Named Plaintiffs and other Preferred Trust Class Members' hereunder, including, without limitation, the damages, attorney's fees award and costs; provided, however, that this Order and the Agreement may be filed by a Settling Defendant in any action against or by a Settling Defendant or the Released Persons to support a defense of *res judicata*, collateral estoppel, release, waiver, good faith settlement, judgment bar or reduction, full faith and credit, or any other theory of claim preclusion, issue preclusion or similar defense or counterclaim.

16. **Dismissal of Litigation Against the Settling Defendants.** This Litigation and all individual and class claims being asserted against Defendant Credit Suisse First Boston Mortgage Securities Corporation, Defendant Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company), individually and in its capacities as trustee of the Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1, and Defendants Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1, are dismissed with prejudice and without fees or costs to any party, except as otherwise provided in the Agreement, this Order and/or the Final Judgment. The Litigation and all other claims and causes of action shall remain pending including, but not limited to, the following: (a) the individual and class claims of Plaintiffs Michael Gilmor, Shellie Gilmor,

Michael E. and Lois A. Harris, Leo E. Parvin, Jr., Ted Varns, Raye Ann Varns, Mark and Thomasina Shipman, William and Marion Jones, Bruce and Mary James, Patricia Ann Worthy, Derrick Rockett, Alethia Rockett, William and Carole Hudson, James and Kathleen Woodward, Jeffrey Weathersby, Debra Mooney, Joseph Black and Amy Black and the claims of any Non-Preferred Trust Plaintiff Borrowers as defined in Paragraph 2.26 of the Agreement; and (b) the individual and/or class claims of Plaintiffs Kevin and Susan Schaefer, David and Nicole Warkentien, and/or John and Jeanne Rumans against Advanta Mortgage Corporation USA (now in bankruptcy) and any other person or entity not a Released Person as defined in Paragraph 2.41 of the Agreement.

17. **Claims of Non-Preferred Trusts Plaintiff Borrowers.** The Court finds and concludes that the “PCC Loans” of the “Non-Preferred Trusts Plaintiff Borrowers” as defined in Paragraph 2.26 of the Agreement were not purchased by, assigned to, or serviced by any of the Settling Defendants and that, given this fact, as stipulated by the Parties, the Non-Preferred Trusts Plaintiff Borrowers cannot recover any damages, penalties or other relief from the Settling Defendants with respect to the PCC Loans. This finding and/or conclusion by the Court shall not be deemed or construed as a holding that any of the Non-Preferred Trusts Plaintiff Borrowers have in any way released any claims, of whatever type or kind, with respect to any PCC Loans or otherwise.

18. **Separate Judgment.** The Court will separately enter the accompanying Final Judgment.

Dated: _____

ORTRIE D. SMITH, JUDGE
UNITED STATES DISTRICT COURT

EXHIBIT D: PROPOSED FINAL JUDGMENT

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

MICHAEL P. AND SHELLIE GILMOR,
ET AL.,

Plaintiffs,

vs.

PREFERRED CREDIT CORPORATION,
ET AL.,

Defendants.

Case No. 10-0189-CV-W-ODS

FINAL JUDGMENT

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The settlement of the claims of the Preferred Trusts Settlement Class on the terms set forth in the parties' Settlement Agreement and Release ("Agreement"), dated March __, 2012, is approved, and the following settlement class is granted final certification for settlement purposes under Fed.R.Civ.P. 23:

All persons who, on or after June 27, 1994, obtained a "Second Mortgage Loan," as defined in Mo.Rev.Stat. § 408.231.1, that was secured in whole or in part by a mortgage or a deed of trust on residential real property located in the state of Missouri, that was originated by Preferred Credit Corporation (f/k/a T.A.R. Preferred Mortgage Corporation), and that was purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1, and who did not timely exercise their right and option to opt out and exclude themselves from the litigation class that the Circuit Court of Clay County, Missouri previously certified on January 2, 2003, in *Gilmor v. Preferred Credit Corporation*, Case No. CV100-4263-CC.

(the "Preferred Trusts Settlement Class").

2. Individual notice complying with Rule 23 was sent to the last-known address of each member of the Preferred Trusts Settlement Class as identified on Exhibit E to the Agreement. The Court finds all members of the Preferred Trusts Settlement Class to be “Preferred Trusts Settlement Class Members” as defined in Paragraph 2.37 of the Agreement and that all such persons are bound by this Final Judgment, [except for those members, if any, who timely excluded themselves from the Preferred Trusts Settlement Class, as shown on **Exhibit 1** to the Court’s *Order Finally Approving Class Action Settlement and Certifying a Class for Settlement Purposes*.]

3. Individual notice was also sent to the Trust Investors as required by the Agreement. The Court finds that such notice was fair, reasonable and adequate to apprise the Trust Investors of the Agreement and Settlement and of their right to timely object to the same if they desired.

4. All individual and class claims being asserted in this Litigation against Defendant Credit Suisse First Boston Mortgage Securities Corporation, Defendant Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company), individually and in its capacities as trustee of the Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1, and Defendants Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1 (collectively, the “Settling Defendants”) are dismissed on the merits and with prejudice according to the terms set forth in the Agreement and in the *Order Finally Approving Class Action Settlement and Certifying a Class for Settlement Purposes* (the “Final Approval Order”), without costs to any Party except as provided in the Final Approval Order.

5. Plaintiffs Kevin and Susan Schaefer, David and Nicole Warkentien, and John and Jeanne Rumans and all other members of the Preferred Trusts Settlement Class who did not timely exclude themselves from the Preferred Trusts Settlement Class shall be bound by the Releases provided in Paragraph 6 of the Agreement.

6. On January 2, 2003, the Circuit Court of Clay County, Missouri, in Case No. CV100-4263-CC, certified a litigation class that included numerous borrowers whose loans were originated by Preferred Credit Corporation (f/k/a T.A.R. Preferred Mortgage Corporation), but which were never purchased by, assigned to, and/or serviced by the Settling Defendants (such borrowers, collectively, are the “Non-Preferred Trusts Plaintiff Borrowers”). The Court finds and concludes that, as a result of this fact, as stipulated by the Parties, the Non-Preferred Trusts Plaintiff Borrowers cannot recover any damages, penalties or other relief from the Settling Defendants with respect to the PCC Loans, as defined in the Agreement. This finding and/or conclusion of the Court, however, shall not be deemed or construed as a holding that any of the Non-Preferred Trusts Plaintiff Borrowers have in any way released any claims, of whatever type or kind, with respect to any PCC Loans or otherwise.

7. All claims for contribution, indemnity and other claims over, whether asserted, unasserted or asserted in a representative capacity, inclusive of interest, taxes and costs, related to the Released Claims as defined in Paragraph 2.40 of the Agreement, which could have been brought in this Litigation by any person or party against a Released Person as defined in Paragraph 2.41 of the Agreement (unless such claim over is made with respect to a claim by a person or party who is not a Releaser as defined in Paragraph 2.42 of the Agreement), are permanently barred, prohibited and enjoined.

8. The dismissal of this Litigation and claims against the Settling Defendants as provided in the Agreement and Final Approval Order shall in no way stay, bar, preclude, abate or otherwise operate as a dismissal, release, discharge or adjudication of any other claims including, but not limited to, the following: (a) the individual and class claims of Plaintiffs Michael Gilmor, Shellie Gilmor, Michael E. and Lois A. Harris, Leo E. Parvin, Jr., Ted Varns, Raye Ann Varns, Mark and Thomasina Shipman, William and Marion Jones, Bruce and Mary James, Patricia Ann Worthy, Derrick Rockett, Alethia Rockett, William and Carole Hudson, James and Kathleen Woodward, Jeffrey Weathersby, Debra Mooney, Joseph Black and Amy Black and the claims of any Non-Preferred Trust Plaintiff Borrowers as defined in Paragraph 2.26 of the Agreement; and (b) the individual and/or class claims of Plaintiffs Kevin and Susan Schaefer, David and Nicole Warkentien, and/or John and Jeanne Rumans against Advanta Mortgage Corporation USA (now in bankruptcy) and any other person or entity not a Released Person as defined in Paragraph 2.41 of the Agreement.

9. The Court will retain continuing jurisdiction over this Litigation and each of the matters set forth in Paragraph 13 of the Final Approval Order for the purposes set forth in the Final Approval Order.

10. The Court expressly determines that there is no just reason for delay for purposes of Fed.R.Civ.P. 54(b).

11. Unless otherwise provided herein, all capitalized terms in this Final Judgment shall have the same meaning as those terms in the Agreement.

IT IS SO ORDERED.


Dated: _____

ORTRIE D. SMITH, JUDGE
UNITED STATES DISTRICT COURT

EXHIBIT E
to Settlement Agreement dated March 20, 2012

ORIGINAL EXHIBIT FILED
UNDER SEAL

EXHIBIT F: PROPOSED TRUST INVESTOR MAIL NOTICE

Deutsche Bank 
1761 East St. Andrew Place
Santa Ana, CA 92705-4934

_____, 2012

THIS TRANSMITTAL CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE RE-TRANSMITTAL TO SUCH BENEFICIAL OWNERS IN A TIMELY MANNER.

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT
AND OF SETTLEMENT HEARING**

*The United States District Court for the Western District of Missouri
has authorized this Notice.
Please read this Notice carefully and completely.*

To the Holders of the:

Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, and Preferred Credit Trust 1997-1 (the “Trusts”) and the addressees listed in Schedule A attached hereto
*Each transaction, and its Classes and CUSIPs
are listed on Exhibit A attached hereto (the “Securities”)¹*

Deutsche Bank Trust Company Americas (hereinafter, the “Trustee”), acts as trustee under the governing documents (the “Governing Documents”) for the Trusts listed on Exhibit A attached to this Notice, pursuant to which the Securities were issued.

By notices dated December 23, 2009 (the “Prior Notices”), the Trustee notified holders of Securities of the pendency of certain class action lawsuits (the “Actions”) naming the Trusts as defendants, which allege that the originators of mortgage loans held by the Trusts charged fees exceeding the amounts allowed by law. The plaintiffs in the Actions contend that the Trusts and the Trustee, as assignee(s) and holder(s) of the subject mortgage loans, are liable to the plaintiffs for the alleged excess payments and various additional items of damage. To cover legal expenses for defense of the Actions, the Trustee had suspended distributions by the Prior Notices.

¹ The CUSIP numbers appearing herein have been included solely for the convenience of the Holders. Deutsche Bank Trust Company Americas assumes no responsibility for the selection or use of such numbers and makes no representations as to the correctness of the CUSIP numbers appearing herein.

Counsel to the Trusts and Trustee has advised that the Actions present significant risk of financial liability to the Trusts and Trustee. Based on information currently available to the Trustee concerning the Actions, the Trustee believes that there is a significant risk of financial liability to the Trusts and Trustee with respect to the Actions and that the settlement is in the best interest of the Trusts.² The remainder of the current suspended distributions are to be and future suspended distributions are expected to be used for payment of the settlement and legal expenses.

1. BACKGROUND ON SETTLEMENT AND THIS NOTICE

While the case was still in state court, the Missouri Court certified a class of persons who, on or after June 27, 1994, obtained a “second mortgage loan” as defined under Missouri law that was secured by a mortgage or a deed of trust on residential real property located in the State of Missouri, originated by Preferred Credit Corporation (formerly “T.A.R. Preferred Mortgage Corporation”) (“PCC”) and purchased by, assigned or conveyed to, or otherwise owned and/or held by Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2, Preferred Credit Trust 1997-1, Credit Suisse First Boston Mortgage Securities Corporation, or Deutsche Bank Trust Company Americas, individually or as trustee of Preferred Mortgage Trust 1996-1, Preferred Mortgage Trust 1996-2 and Preferred Credit Trust 1997-1 (the “Settling Defendants”).

This Notice generally describes the Litigation, your rights under the proposed Settlement, which has been preliminarily approved by the United States District Court for the Western District of Missouri (the “Court”), and the public “Fairness Hearing” that will be held by the Court to consider the fairness of the proposed Settlement.

2. WHAT IS THE LAWSUIT ABOUT?

A class action lawsuit was commenced on June 27, 2000, in the Circuit Court of Clay County, Missouri, styled Michael and Shellie Gilmore v. Preferred Credit Corporation, et al. Case No. CV100-4263-CC (and which is currently pending before the United States District Court for the Western District of Missouri, as Case No. 10-0189-CV-W-ODS (the “Lawsuit” or “Litigation”). The Gilmors filed the lawsuit on their own behalf, and on behalf of a proposed class of other borrowers who also obtained junior or “second” mortgage loans secured by Missouri residential real estate from Preferred Credit Corporation.

² As with the defense costs, pursuant to the Governing Documents, the Trustee is not required to risk its own funds or otherwise incur financial liability for the performance of any of its duties or the exercise of any of its rights or powers if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Governing Documents provide that the Trustee is indemnified by the Trust Fund against any liability, loss, cost or expense incurred in connection with the administration of the Trusts. The Trust Fund includes all of the assets subject to the trusts created by the Governing Documents, including all funds deposited in accounts held thereunder. Thus, prior to any distribution to holders of Securities, funds held in any of the accounts included in the Trust Fund are liable for, and may be applied to the payment of, the extraordinary fees and costs incurred or to be incurred by the Trustee in the performance of its administrative duties, including those arising from the defense of the Actions.

In the Lawsuit, the plaintiffs allege that PCC violated the Missouri Second Mortgage Loans Act, Mo. Rev. Stat. §§ 408.231-408.241, by directly or indirectly charging, contracting for and/or receiving a number of different settlement charges or loan fees in connection with its Missouri second mortgage loans. The plaintiffs also allege in the Lawsuit that PCC conveyed and assigned its Missouri second mortgage loans after making them and that the entities that purchased, acquired or otherwise owned or held the loans are derivatively liable as the assignees and holders of the second mortgage loans for PCC's violations of Missouri law. In addition, the plaintiffs allege that the entities that purchased, acquired or otherwise owned and/or serviced the Missouri loans also violated the Missouri Second Mortgage Loans Act by directly or indirectly charging, contracting for and/or receiving the illegal settlement charges and loan fees, as well as interest, on the loans.

The Settling Defendants deny that all of the alleged settlement charges by PCC violated the Missouri Second Mortgage Loan Act and deny that they are derivatively liable for any violations of the law. The Settling Defendants also deny that they, as purchasers and subsequent assignees of the loans, directly or indirectly charged, contracted for or received any settlement charges or loan fees in violation of the Missouri Second Mortgage Loans Act and also deny that there is liability under the Act for any interest paid on the loans.

On January 2, 2003, the Circuit Court of Clay County certified a litigation class in the Lawsuit comprised of those persons who obtained a second mortgage loan from PCC on or after June 27, 1994 (the "Litigation Class"). Notice was provided to the members of the Litigation Class of their opportunity to opt out and exclude themselves from the Settlement and Litigation Class that had been certified.

The Named Plaintiffs (as representatives of the "Preferred Trusts Settlement Class" whose PCC Loans were purchased by and assigned to the Settling Defendants) and the Settling Defendants have now agreed to settle and resolve the Lawsuit as between them on terms that are summarized in this Notice. The complete details of the proposed Settlement are contained in a "Settlement Agreement and Release" filed with the Court (the "Agreement") by the Named Plaintiffs and the Settling Defendants. The Named Plaintiffs and the Settling Defendants are collectively referred to in this Notice as the "Parties."

On March __, 2012, the Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate. The Court will conduct a "fairness hearing" on _____, 2012 to consider, among other things, whether the Settlement should be finally approved. The proposed Settlement will become effective only if it is finally approved by the Court, provided all other terms and conditions of the Settlement are met.

3. WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

The following is only a summary of some of the terms and conditions of the proposed Settlement. For more information, you may obtain a copy of the executed Agreement by contacting the Trustee or Counsel for the Trusts at the address listed in Section 5 of this Notice.

A. The total amount that the Settling Defendants have agreed to pay in settlement (the "Settlement Fund") is \$3,500,000.00. If the Court approves the proposed Settlement, the

members of the Preferred Trusts Settlement Class who do not exclude themselves from the Settlement will receive a settlement payment ranging from an estimated \$6,609.99 to \$117,507.36 (\$38,193.38 on average).

B. The proposed Settlement will become effective only if approved by the Court and all other terms and conditions as to effectiveness as stated in the Agreement are met. If the proposed Settlement is approved and becomes effective, the Court will enter a judgment that releases and discharges the Settling Defendants, and each of them, and certain other entities and/or persons, as of the Effective Date from certain claims that were or could have been asserted against them in the Lawsuit. The Releases are further discussed and set out in Section 8 of this Notice.

4. CAN I OBJECT TO THE TRUST(S)' PARTICIPATION IN THE SETTLEMENT?

If you wish to object to the Trust(s)' participation in the Settlement, you must send an objection by first-class mail, postage prepaid, to Plaintiffs' Counsel and the Settling Defendants' Counsel (the names and addresses are provided in Section 5 below). Further, you must file a written objection with the Clerk of the United States District Court, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106, no later than _____, 2012. The objection must include: (a) full name, current address, and telephone number of the objecting person; (b) a statement of each objection asserted; (c) a detailed description of the facts underlying each objection; (d) any loan or other documents in the objector's possession or control and relied upon as a basis for the objection; (e) identification of the objector's interest in one of more of the Trusts, if any, including the name of the relevant Trust(s), identification of class of ownership and CUSIP(s); (f) if the objector is represented by counsel, a detailed description of the legal authorities supporting each objection; (g) if the objector plans to utilize expert opinion and/or testimony as part of the objection(s), a written expert report from all proposed experts; (h) if the objector plans to call a witness or present other evidence at the hearing, the objector must state the identity of the witness and identify any documents by attaching them to the objection and provide any other evidence that the objector intends to present; (i) a statement of whether the objector intends to appear at the hearing; (j) a copy of any exhibits which the objector may offer during the hearing; (k) reference to the Litigation ("Gilmor v. Preferred Credit Corporation, Case No. 10-0189-CV-W-ODS"); and, (l) a signature of an authorized person for the objecting party. Any objection must be timely **received** to be effective.

5. WHY, WHEN, AND WHERE WILL A FAIRNESS HEARING BE HELD?

A hearing on whether to grant final approval of the Settlement will be held before the Honorable Ortrie D. Smith of the United States District Court for the Western District of Missouri on _____, 2012, at _____ a.m., in Room 8552, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106 (the "Fairness Hearing"). There is no need for you to attend the Fairness Hearing unless you wish to. The purpose of the Fairness Hearing is to determine, among other things (a) whether the terms and conditions of the Settlement are fair, reasonable and adequate; (b) whether the Named Plaintiffs are adequate representatives of the proposed Preferred Trusts Settlement Class; (c) whether Plaintiffs' Counsel are entitled to attorney's fees and expenses and, if so, how much; (d) whether the

Named Plaintiffs should be entitled to a payment for their services as representatives of the Preferred Trusts Settlement Class and, if so, how much; and (e) whether the Final Order and Judgment should be entered dismissing the Lawsuit with prejudice on the merits as to the Settling Defendants.

The Court has the power to adjourn or reschedule the Fairness Hearing from time to time without further notice of any kind.

At the Fairness Hearing, the Court will consider the statements of the parties and any objections that may have been made.

Any Holder of an interest in the Trust(s) who has filed a timely objection has the right to appear and/or enter an appearance at the Fairness Hearing. Attendance at the final hearing is not necessary. If you do wish to appear at the Hearing, you or your attorney must: (a) file a Notice of Appearance with the Clerk of the United States District Court, Charles Evans Whittaker Courthouse, 400 E. Ninth Street, Kansas City, MO 64106 no later than _____, 2012; and (b) serve the Notice of Appearance on Plaintiffs' Counsel and the Settling Defendants' Counsel. Any subjects to be raised at the Fairness Hearing must be contained in a written objection filed with the Court in the manner set out above. If you wish to call witnesses or present other evidence at the Fairness Hearing, you must identify the witnesses in your written objection. You must also attach any exhibits or other documents you rely on in your objection and describe any other evidence you intend to present at the Hearing.

The addresses for Plaintiffs' Counsel and the Settling Defendants' Counsel are as follows:

Plaintiffs' Counsel

R. Frederick Walters, Esq.
Kip D. Richards, Esq.
Walters Bender Strohbehn & Vaughan, P.C.
2500 City Center Square
1100 Main Street
Kansas City, MO 64105

Settling Defendants' Counsel

Leslie A. Greathouse, Esq.
Spencer Fane Britt & Browne, LLP
1000 Walnut Street, Suite 1400
Kansas City, Missouri 64106
(Counsel for the Trusts/Trustee)

And

Marcy Ressler Harris, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
(Counsel for CSFBMSC)

6. WHO REPRESENTS THE PREFERRED TRUSTS AND THE TRUSTEE?

The Preferred Trusts and their Trustee are represented by: Leslie A. Greathouse of the law firm Spencer Fane Britt & Browne LLP. If you have questions regarding the Settlement, this

Notice or your options, you can contact either the Trustee or counsel by writing to them at the address provided above, or by calling 816-474-8100.

7. WHAT ARE THE REASONS FOR SETTLEMENT?

The Settling Defendants have concluded that further litigation and a trial of the claims would be protracted, burdensome, and expensive, and that it is desirable that the Lawsuit be fully and finally settled in the manner and on the terms and conditions set forth in the Agreement. The Named Plaintiffs and the Settling Defendants have agreed to the Settlement after either or both of the Named Plaintiffs and Settling Defendants considered, among other things, (i) the attendant risks and uncertainty of litigation, especially in complex litigation such as this, as well as the difficulties and considerable delays inherent in such litigation; (ii) the vigorousness of the defenses asserted by the Settling Defendants; (iii) the benefits available to the Preferred Trusts Settlement Class under the terms of the Agreement; and (iv) the desirability of consummating the Settlement promptly to provide effective relief to the Preferred Trusts Settlement Class and resolution to the Settling Defendants.

The Court has not ruled on the merits of the claims or defenses in this case, and the Settling Defendants have denied and continue to deny each and every claim asserted against them. They deny and continue to deny all charges of wrongdoing or liability against them arising out of or relating to any of the conduct, statements, acts, or omissions alleged, or that could have been alleged in the Lawsuit.

8. WHAT CLAIMS AGAINST THE TRUSTS/TRUSTEE WILL BE RELEASED VIA THE SETTLEMENT?

If approved by the Court and effective in accordance with its terms, the proposed Settlement will be legally binding upon all members of the Preferred Trusts Settlement Class who did not timely request exclusion from the Preferred Trusts Settlement Class. The Settlement will fully, finally and forever release, settle, compromise, relinquish and discharge any and all of the Released Persons, as defined in the Agreement, from the Released Claims, also as defined in the Agreement, as of the Effective Date.

The Releases mean that the Releasers cannot bring any lawsuit against any of the Settling Defendants or any of the other Released Persons as defined in the Agreement for any reason whatsoever relating to the Released Claims, which are also defined in the Agreement; but they will be able to enforce their rights under the Agreement, if necessary.

The term “Releasers” is defined in the Agreement at paragraph 2.42 as:

[T]he Named Plaintiffs and the other Preferred Trusts Settlement Class Members, and each of their respective heirs, executors, administrators, assigns, predecessors, and successors, and any other person claiming by or through any or all of them. The Releasers shall not include any of the following: (a) any members of the Preferred Trusts Settlement Class who timely opt out of the Settlement in accordance with Paragraph 9 below; (b) any persons

not identified on Exhibit E, attached; or (c) the Non-Preferred Trusts Plaintiff Borrowers. It is understood that the releases to be given by the “Releasers,” as defined herein, shall only release the Released Persons from the Released Claims, and nothing more, as provided herein.

The term “Released Persons” is defined in the Agreement at paragraph 2.41 as:

[T]he Settling Defendants, individually and together with all of their affiliates, parent companies and subsidiaries, and each of the Settling Defendants’ respective past and present officers, directors, shareholders, employees, attorneys (including consultants hired by counsel), accountants, insurers, heirs, executors, and administrators, and each of their respective predecessors, successors, and assigns. Notwithstanding anything in this Agreement to the contrary, the term “Released Persons” does not include any of the Non-Settling Defendants.

The term “Released Claims” is defined in the Agreement at paragraph 2.40 as:

[A]ny and all claims, demands, actions, causes of action, rights, offsets, setoffs, suits, damages, lawsuits, liens, costs, surcharges, losses, attorney’s fees, expenses or liabilities of any kind whatsoever, in law or in equity, for any relief whatsoever, including monetary, injunctive or declaratory relief, rescission, general, compensatory, special, liquidated, indirect, incidental, consequential or punitive damages, as well as any and all claims for compensatory, punitive or treble damages, penalties, attorney’s fees, costs or expenses, whether known or unknown, alleged or not alleged in the Litigation, suspected or unsuspected, contingent or vested, accrued or not accrued, liquidated or unliquidated, matured or unmatured, that in any way concern, relate to, or arise out of the PCC-Preferred Trusts Loans and which any one or more of the Releasers have had, or now have against the Released Persons, as defined in Paragraph 2.41, from the beginning of time up through and including the Effective Date (“Claims”), including but not limited to, any and all Claims arising out of or relating to: (1) allegations that are or could have been asserted against the Released Persons in the Litigation in any way relating to the Preferred Trusts Settlement Class Members’ PCC-Preferred Trusts Loans; (2) any activities of the Released Persons with respect to the PCC-Preferred Trusts Loans including, without limitation, any alleged representations, misrepresentations, disclosures, incorrect disclosures, failures to disclose, acts (legal or illegal), omissions, failures to act, deceptions, acts of unconscionability, unfair business practices, breaches of contract, usury, unfulfilled

promises, breaches of warranty or fiduciary duty, conspiracy, excessive fees collected, or violations of any consumer protection statute, any state unfair trade practice statute, or any other body of case, statutory or common law or regulation, federal or state, including but not limited to the MSMLA, Mo.Rev.Stat. § 408.231, *et seq.*, or any other similar state statute; the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*, and its implementing regulations, 12 C.F.R. part 226; the Home Ownership and Equity Protection Act, 15 U.S.C. §§ 1639, *et seq.*, and its implementing regulation, 12 C.F.R. part 226.31-32; the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, and its implementing regulation, 24 C.F.R. part 3500; the Equal Credit Opportunity Act, 15 U.S.C. §§ 1691, *et seq.*, and its implementing regulation, 12 C.F.R. part 202; the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801, *et seq.*, and its implementing regulation, 12 C.F.R. part 203; the Fair Housing Act, 42 U.S.C. §§ 3601, *et seq.*; the Fair Credit Reporting Act, 15 U.S.C. §§ 1681, *et seq.*; the Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692, *et seq.*; and the Federal Trade Commission Act, 15 U.S.C. §§ 45, *et seq.*; and/or (3) any conduct undertaken by any of the Released Persons to defend the Litigation, including but not limited to, any alleged improper discovery conduct and/or any request for sanctions in this Litigation. It is the intention of the Releasers to provide a general release of the Released Claims against the Released Persons; provided, however, that anything in this Agreement to the contrary notwithstanding, the term Released Claims does not include: (1) any claims of any kind or type of the Releasers against any person, association or entity that is not a Released Person, whether such claims arise out of or relate to PCC-Preferred Trusts Loans or some other conduct, transaction, loan or occurrence; (2) any claims of any kind or type of the Releasers against any person, association or entity in connection with a loan and/or loan transaction originated or made by a person, association or entity other than PCC, notwithstanding the fact that the loan, in whole or in part, was purchased by, assigned or conveyed to, or otherwise owned and/or held by any one or more of the Settling Defendants; and/or (3) any claims of any kind or type by any Non-Preferred Trusts Plaintiff Borrower with respect to the PCC Loans.

**9. WHAT IF THE SETTLEMENT IS NOT APPROVED BY THE COURT
OR DOES NOT BECOME EFFECTIVE?**

If the proposed Settlement is not approved by the Court as being fair, reasonable, and adequate, or if the Settlement does not become effective in accordance with the terms and conditions of the Agreement, the Settlement and the Agreement will be null and void and the Named Plaintiffs will proceed with their claims against the Settling Defendants and the other

Defendants in the Lawsuit. In that event, no payments will be made under the terms of the Agreement; however, any or all of the Settling Defendants and the Named Plaintiffs could attempt to enter into another settlement.

10. WHERE DO I GET ADDITIONAL INFORMATION?

This Notice is only a summary of the proposed Settlement and does not describe all of the terms and conditions of the Agreement. You are encouraged to review the Agreement and other related documents, including the mail notice sent to members of the settling class describing how class members and their counsel are being paid, all of which are available upon request.

11. WHAT ARE THE RELEVANT DATES?

If you wish to object to the Settlement or appear at the Fairness Hearing, these are the relevant dates:

- **Deadline for filing and serving a notice of appearance, a motion to intervene or any written objection (must be received by the court by): _____, 2012**
- **Date and time of Fairness Hearing: _____, 2012 at _____ a.m.**

This Notice provides only a summary of matters about the Lawsuit.

PLEASE DO NOT CALL OR CONTACT THE COURT FOR INFORMATION.

This Notice is being sent BY ORDER OF
THE DISTRICT COURT

DATED: March __, 2012

If you have any question with respect to this notice, please contact us by e-mail at barbara.campbell@db.com or by calling Barbara Campbell , Deutsche Bank Trust Company Americas, at (714) 247-6278. This notice will also be made available on the Trustee’s Investor Report Website at <https://tss.sfs.db.com/investpublic/> under “Reports” for each Trust. The Trustee may conclude that a specific response to particular inquiries from an individual Holder is not consistent with equal and full dissemination of information to all Holders. The Trustee makes no recommendations and gives no investment, legal or tax advice to Securities Holders. EACH HOLDER IS STRONGLY ADVISED TO CONSULT WITH ITS OWN FINANCIAL, TAX AND/OR LEGAL ADVISORS REGARDING THESE MATTERS.

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee

Attachments

EXHIBIT A

Preferred Mortgage SPC
Funding Corp Series 1996-1

<u>Class</u>	<u>Cusip</u>
B	PR9601001

CS First Boston Mortgage Securities
Preferred Mortgage Asset-Backed
Certificates Series 1996-2

<u>Class</u>	<u>Cusip</u>
B	PR9602101

CS First Boston Mortgage Securities
Preferred Mortgage Asset-Backed
Certificates Series 1997-1

<u>Class</u>	<u>Cusip</u>
B	PR9701101

SCHEDULE A

Standard & Poor's
Attn: ABS Surveillance Group
55 Water Street, 41st Floor
New York, NY 10041

Moody's Investors Service, Inc.
Attn: MBS Monitoring
99 Church Street
New York, NY 10048

JP Morgan Chase National Association, as Servicer
3415 Vision Drive
Columbus, OH 43219