MONITOR

of the 2017 Deutsche Bank Mortgage Settlement

FIFTH REPORT | FEBRUARY 2019

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INTRODUCTION

This is the fifth report of the independent Monitor appointed by the United States Department of Justice to oversee Deutsche Bank's obligation to provide $4.1 billion in consumer relief as set forth in the January 17, 2017, RMBS Settlement Agreement.[1]

For the past two years the Monitor has reported on the Bank's plans to provide loan modifications to distressed homeowners eligible for relief under the Agreement. The Bank recently informed the Monitor, however, that it no longer intends to facilitate loan modifications. Instead, it plans to satisfy its entire $4.1 billion consumer relief obligation by financing the origination of new purchase money loans.

The Bank's strategy of focusing solely on new loan originations is permitted by the Agreement. The change in plans, however, may disappoint distressed homeowners and others, including the many individuals who have reached out to the Monitor over the past two years, hoping to receive different types of consumer relief from the Bank.

The Bank's decision to focus solely on new loan originations to the exclusion of every other option listed in the Consumer Relief Annex means it will not:

- forgive principal on loans to homeowners who are in distress because they are in imminent risk of defaulting on their mortgage payments, owe more on their mortgage than the value of their home, have a history of difficulty keeping current on their mortgage payments, or have loans with especially high interest rates;

- reduce the monthly payments on borrowers' loans by deferring to a later date the payment of some of the principal owed or reducing the interest rate on their mortgages;

- assist borrowers to refinance their mortgages with new lenders by covering the costs of the refinancing, including closing costs;

- forgive all of the principal owed by borrowers on their second lien, junior lien, or unsecured mortgage debt, which may help borrowers gain equity in their homes;

[1] The Settlement Agreement named Michael J. Bresnick as independent Monitor. Deutsche Bank also entered into a separate agreement with the Office of the Maryland Attorney General requiring the Bank to provide at least $80 million of consumer relief to Maryland residents. Michael J. Bresnick was appointed to serve as independent Monitor of Deutsche Bank pursuant to that agreement as well.

- forgive the entire balance on the loans secured by, and extinguishing any liens on, occupied homes, thereby avoiding foreclosure and making it easier for the homeowners to sell their home; or

- provide financing, at a loss to the bank, to facilitate the construction, rehabilitation, or preservation of affordable low-income rental, and low or moderate income for-sale, housing developments.

To be clear, despite the Monitor's discussion in his fourth report regarding the Bank's specific plans to begin offering loan modifications, the Bank now has declined to pursue these options for relief. It will not, after all, help any underwater homeowner by forgiving a portion of the principal owed on a mortgage, offer forbearance to any homeowner finding it difficult to make a monthly mortgage payment, or provide any of the other relief addressed in the Monitor's prior report.

To date, the Bank has obtained all its credit – **more than $1.5 billion** – by financing the origination of 130,639 new purchase money loans. The Bank will continue to finance new originations until it is done satisfying its $4.1 billion consumer relief obligation.[2]

In prior reports, as well as below in this report, the Monitor provided a summary of the loans that the Bank submitted for credit (such as information about the loan amounts, interest rates, and monthly payments), and basic facts about the borrowers (such as monthly income and average median income at the subject property). The Monitor will continue to do so in future reports, as well as provide a more detailed analysis of the loans, including where they were made and how the loans are similar to or different from those in the overall market, among other things. The Monitor will perform these analyses to report, where possible, on the nature of the relief and benefits provided to consumers and communities through this Settlement Agreement.

SUMMARY OF COUNTERPARTY DUE DILIGENCE

As described in previous reports, the Monitor continues to perform due diligence to evaluate the Bank's arrangements with proposed loan origination counterparties and to inform the decision about whether to grant safe harbor consent to such arrangements.

Since the Monitor published his last report in July 2018, and consistent with the

[2] In this report the Monitor confirms that the Bank has earned an additional $1,198,852,000 of consumer relief credit for originating loans to borrowers under Menu Item 2.B. in connection with two recent submissions. In addition, on November 28, 2018, the Bank submitted an additional 61,362 loans for credit under Menu Item 2.B. The Monitor will discuss this submission in the next report. Including this figure in the total loans submitted as of the end of 2018, the Bank to date has submitted for credit 192,001 new loan originations.

Bank's intention to focus solely on loan originations, Deutsche Bank has entered into financing arrangements with Nationstar Mortgage LLC ("Nationstar") and Caliber Home Loans, Inc. ("Caliber") to originate loans pursuant to Menu Item 2. In the following sections, the Monitor describes the diligence performed on these counterparties.

As with the Monitor's diligence of prior counterparties, the diligence of Nationstar and Caliber was tailored for each arrangement's unique circumstances and consisted of participating in the Bank's (or its outside legal counsel's) on-site diligence visits, engaging in follow-up visits and interviews, and reviewing key policies and procedures and other documentary material.

In all cases, the Monitor's diligence of the counterparties is limited to publicly available information or information made available by the counterparties through Deutsche Bank. The Monitor's diligence, therefore, does not constitute a complete review of all potential legal or regulatory compliance risks or issues. The Monitor's provision of safe harbor consent does not constitute an endorsement of any counterparty, or any other representation or statement regarding the counterparty, and such provision does not constitute a legal opinion and may not be relied upon as such.

Overview of the Diligence of the Nationstar Transaction

In September 2018, Deutsche Bank entered into a financing arrangement under Menu Item 2 with non-bank mortgage loan originator Nationstar, which also is known as Mr. Cooper, to originate loans to creditworthy borrowers who are purchasing homes in Hardest Hit Areas or are first-time, low-to-moderate-income ("LMI") homebuyers.

Founded in 1994, Nationstar is a wholly owned subsidiary of Nationstar Mortgage Holdings Inc., which is a publicly traded non-bank mortgage company. Nationstar is the 15th largest mortgage loan originator in the United States with direct-to-consumer, wholesale, and correspondent channels. In addition, it is the largest non-depository mortgage servicer in the United States. It is a highly regulated company that is subject to oversight by federal and state regulatory authorities, including the Consumer Financial Protection Bureau ("CFPB") and dozens of state regulatory agencies.

As it has with its other counterparties engaged in loan origination, the Bank entered into a Master Repurchase Agreement ("MRA") with Nationstar.[3] The MRA limits

[3] *See* Monitor's Second Report, *available at* https://deutschebankmortgagemonitor.com/wp-content/uploads/2017/11/Second-Monitor-Report-November-2017.pdf. In the mortgage context, repurchase transactions are a common mechanism used by mortgage originators to raise short-term capital. A repurchase agreement typically is viewed as having the same effect as a short-term,

"eligible loans" under the financing arrangement to those that are eligible for insurance or guarantees by the Federal Housing Administration ("FHA"), Veterans Administration ("VA"), or U.S. Department of Agriculture Rural Development ("USDA"), or purchase by Fannie Mae or Freddie Mac (the "GSEs"), in order to address Annex 2's requirement that the borrowers be "creditworthy." The MRA also requires the Bank to provide an incentive payment to Nationstar as encouragement to provide relief to the specific categories of borrowers identified in the Settlement Agreement.

Nationstar has a somewhat blemished regulatory history (primarily with its servicing operations).[4] Accordingly, the Monitor's due diligence included a particular focus on Nationstar's regulatory compliance. Pursuant to standard practice, the Monitor reviewed Nationstar's compliance management system ("CMS") covering its mortgage origination and servicing activities, including many of the company's compliance and operational policies and procedures.

The Monitor determined that Nationstar has implemented compliance and monitoring controls to mitigate the risk that its origination or servicing activities may result in practices harmful to consumers. In particular, the Monitor evaluated Nationstar's underwriting standards and processes, as well as its oversight of its correspondent network, including quality control performed on loans acquired from correspondent lenders. Based on this review, it appears that the company has implemented a thorough review process for its correspondent channel, including diligence of potential correspondents, a multi-layered underwriting and compliance review of loans it purchases, and ongoing monitoring of correspondents.

Accordingly, the Monitor provided safe harbor consent to the Bank's arrangement with Nationstar, which will be subject to an ongoing compliance review process, described at length in earlier reports. In addition, the Monitor receives information from Nationstar on an ongoing basis regarding its compliance with various settlement agreements with state regulators.[5] This process provides additional insight into any potential compliance or regulatory issues related to the company.

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collateral-backed, interest-bearing loan. The buyer acts as a short-term lender, the seller acts as a short-term borrower, and the loans (or securities) purchased are the collateral.

[4] The Fourth Report discussed the diligence of Nationstar in the context of the financing arrangement with New Residential Investment Corp. ("NRZ") and its affiliates, because NRZ expected at the time to use Nationstar to subservice loans to be modified under Menu Item 1. In addition to the previous diligence conducted in connection with Nationstar's servicing activities, the Monitor conducted separate diligence of Nationstar in its capacity an originator.

[5] The Monitor originally received this information as a condition of the Monitor's approval for the Bank's agreement with NRZ to provide loan modifications, since Nationstar would be servicing NRZ's loans. Although the Bank has indicated it does not plan to submit any loan modifications for credit, the Monitor will continue to require this information from Nationstar in light of the company's direct

Overview of the Diligence of the Caliber Transaction

In August 2018, Deutsche Bank entered into a financing arrangement under Menu Item 2 with non-bank mortgage loan originator Caliber to originate loans to creditworthy borrowers who are purchasing homes in Hardest Hit Areas or are first-time, LMI homebuyers. Like the prior loan origination MRAs, the Bank will provide an incentive payment to Caliber as encouragement to provide relief to the specific categories of borrowers identified in the Settlement Agreement.

Caliber, which is owned by affiliates of the private equity firm Lone Star Funds ("Lone Star"),[6] originates and services mortgages. Caliber promotes itself as the only mortgage lender that ranks in the top ten for retail volume, wholesale volume, and correspondent volume. In addition to servicing the loans it originates, Caliber services mortgage loans owned by Lone Star, many of which have experienced default and non-performance issues.

In September 2015, a New York Times article featuring Caliber and Lone Star described the trend of private equity firms in purchasing distressed mortgages and allegedly pushing borrowers into foreclosure.[7] In the article, Caliber defended its servicing practices, stating that "it had modified or restructured loans for 2,300 delinquent borrowers" whose mortgages had been acquired by Lone Star. In an October 2015 follow-up article, the New York Times reported that the New York State Attorney General had opened an investigation into Caliber's servicing practices.[8] One year later, the New York Times reported that the New York State Department of Financial Services ("NYDFS") also was investigating Caliber's distressed mortgage servicing practices as well as originations involving "borrowers who have filed for bankruptcy or been foreclosed on but are repairing their credit histories."[9] Based on the Monitor's diligence, there have not been any significant recent developments relating to the Attorney General's or the NYDFS's investigation into Caliber's servicing practices.

Consequently, the Monitor focused on Caliber's regulatory history, including these reported investigations, and reviewed Caliber's CMS to ensure that it has appropriate mechanisms in place to manage compliance risk. As with other origination

agreement with the Bank to originate loans under Menu Item 2 and, as explained in earlier reports, the importance of ensuring that new borrowers are treated fairly during the servicing process.

[6] *See* Lone Star Funds, Specialty Management Firms, *available at* http://www.lonestarfunds.com/asset-management/specialty-management-firms/.

[7] Goldstein, M., N.Y. Times, *As Banks Retreat, Private Equity Rushes to Buy Troubled Home Mortgages* (Sept. 28, 2015).

[8] Goldstein, M. & Abrams, R., N.Y. Times, *New York Attorney General Examining Private Equity Firm's Mortgage Business* (Oct. 6, 2015).

[9] Goldstein, M., N.Y. Times, *Caliber Said to Be Asked for Data on Handling Distressed Mortgages* (Sept. 23, 2016).

counterparties, the Monitor evaluated Caliber's underwriting standards and processes, as well as its oversight of its correspondent network, which is comprised of approximately 640 approved lenders. Caliber also has agreed to provide certain updates and reports, on an ongoing basis, regarding regulatory and compliance matters.

In sum, based on the review of publicly available information and documents, the materials provided by Caliber, and meetings with Caliber, the Monitor has received sufficient assurance that Caliber has a CMS that is designed to address and prevent violations of applicable consumer finance laws as well as ensure sufficient vetting and oversight of Caliber's origination channels, including its sizable correspondent channel. Accordingly, the Monitor granted the Bank safe harbor consent as to its financing arrangement with Caliber.

CORRESPONDENT LENDER REVIEW

In this and prior reports, the Monitor has discussed the Bank's financing arrangements with counterparties to originate new loans to certain categories of homebuyers under Menu Item 2.B. These counterparties originate loans through various channels, including retail offices (brick and mortar locations), wholesale,[10] and, in many cases, correspondent lenders.

A correspondent origination is one in which a mortgage loan is originated and funded by a lender in its own name and subsequently sold pursuant to an existing agreement to a second, typically larger, lender (here, one of the counterparties), which either holds the loan on its books, resells the loan in the secondary market, or packages the loan for sale in a security. In other words, a correspondent lender typically is responsible for tasks such as processing a borrower's application; ordering and reviewing credit reports, appraisals, and title reports; confirming the borrower's employment and salary information; and ultimately funding the loan to the borrower.[11]

With the Bank now having made several submissions of loans for credit under Menu Item 2.B, the Monitor has determined it is appropriate to expand his ongoing diligence of the counterparties to include a more robust review of information about their correspondent lenders. While this decision is not prompted by any specific

[10] This means that a counterparty originates loans by providing financing directly to other brokers to originate loans pursuant to the counterparty's requirements.

[11] A correspondent lender with "delegated" underwriting authority has been authorized by a loan purchaser to underwrite the mortgage loan itself, meaning that the correspondent lender determines whether to lend a borrower money to purchase a home. A correspondent lender with "non-delegated" underwriting authority, on the other hand, has not received underwriting authority from a mortgage loan purchaser and, accordingly, does not underwrite the loan. Non-delegated loans typically are underwritten by the entity that purchases the loan; the correspondent lender, however, typically funds the loan.

concerns with any of the loans submitted by the Bank to date, the Monitor determined that it is prudent to perform this additional diligence, particularly given that a significant portion of the loans submitted for credit to date have been originated through a counterparty's correspondent lender.

As part of the Monitor's standard due diligence process, he evaluated each counterparty's oversight of its correspondent network and the quality control performed on the loans acquired from correspondent lenders. The Monitor previously reported that each of the counterparties (including, in connection with this report, Nationstar and Caliber) performs diligence on its correspondent lenders, reviews loans it purchases from those correspondent lenders using multi-layered underwriting and compliance reviews, and monitors its correspondents for performance and compliance.

Given the nature of correspondent lending, and the fact that each of the counterparties may work with hundreds of correspondents, the Monitor determined it is not practicable to perform diligence on each individual correspondent lender as part of the standard diligence performed in connection with each new counterparty. The Monitor therefore has implemented an additional post-loan submission process that will allow him to perform on-going diligence of specific correspondents that originate a material portion of the loans submitted for credit or that the Monitor otherwise identifies as presenting potential regulatory concerns.

More specifically, the Monitor has developed a process for reviewing the "scorecards" that the counterparties maintain for their correspondent lenders. These internal documents are generated periodically by the counterparties and typically gauge a correspondent's financial performance, compliance with GSE requirements, and other relevant criteria. To the extent the counterparties' scorecards indicate that the correspondents have substantial compliance issues or that the counterparties are not being diligent in assessing the compliance risks posed by their correspondents, the Monitor may perform additional reviews of the counterparties or their correspondent lenders.

COMPLIANCE REVIEW

As described in the Second and Fourth Reports, the Monitor implemented a compliance review process designed to monitor that the loan originations resulting from the Bank's financing arrangements with the counterparties do not violate the law.

The review of loan originations continues apace. There is one aspect of the compliance review of loan originations that has not yet been described, but which merits brief discussion; specifically, the manner by which the Monitor chooses the loans for review. As explained in this and earlier reports, the originations the Bank has submitted for credit come from multiple counterparties, which, in turn, work with dozens, if not hundreds, of correspondent lenders. That structure poses a challenge as the Monitor undertakes the compliance review. To address that challenge, the Monitor is careful to choose a mix of loan originations from each counterparty for the compliance review.[12] And, in determining which originations from each counterparty to review, the Monitor focuses, in part, on selecting loans from those correspondents that originated the most loans, as well selects additional correspondents to review at random.

The Monitor performed the compliance review steps described in this and earlier reports for the loans in the two current submissions and all prior submissions. Based on that analysis, the Monitor has not identified any relief that he reasonably has determined to be in violation of the law and, thus, the Bank is entitled to the Monitor's continued consent to its financial arrangements with the counterparties.

ECOA / FAIR HOUSING

The Fourth Report described the testing process the Monitor developed – in conjunction with BLDS LLC ("BLDS"), a firm that specializes in applied statistics – to assess the Bank's origination submissions for compliance with the Equal Credit Opportunity Act ("ECOA") and Fair Housing Act ("FHA").[13] As with the compliance review, the Monitor's fair lending analysis for loan originations continues. With the assistance of BLDS, the Monitor conducted a statistical analysis of the loans submitted for credit in the manner described in the Fourth Report and has not identified any violations of the FHA or ECOA.

CONSUMER OUTREACH

The Settlement Agreement requires the Bank to hold or sponsor (e.g., provide financing for) three consumer outreach events each year in geographically dispersed locations. The Monitor has determined that, for purposes of sponsoring consumer outreach events, each one-year period spans April 1 through March 31, with the first-year spanning April 1, 2017 (the start date of crediting under Annex 2), through March 31, 2018. The Bank satisfied its consumer outreach requirement for the first year, partnering with the Homeownership Preservation Foundation ("HPF") to

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[12] As discussed in the Fourth Report, the Monitor determined that it was prudent to institute an enhanced compliance review process specific to Freedom Mortgage Corporation. The Monitor, therefore, chooses a disproportionately larger number of Freedom loans – relative to the total number of loans the Bank has submitted for credit – for compliance review than otherwise would be selected.

[13] Broadly speaking, the FHA and ECOA forbid discrimination in lending. The FHA governs "residential real estate-related transactions," and prohibits discrimination, in the making of such transactions, on the basis of "race, color, religion, sex, handicap, familial status, or national origin." 42 U.S.C. § 3605. ECOA, with a slightly different reach, governs any "credit transaction," and prohibits discrimination, with respect to any such transaction, on the basis of "race, color, religion, national origin, sex or marital status, or age." 15 U.S.C. § 1691.

sponsor an event in Detroit, Michigan, on October 21, 2017, and with the National Housing Resource Center ("NHRC") to sponsor events in Chicago, Illinois, on November 11, 2017, and Tampa, Florida, on March 3, 2018.[14] The Bank held its first event of the second year in Riverside, California, on June 23, 2018, and its second event of the second year in Decatur, Georgia, on November 3, 2018; the Bank partnered with NHRC for both of these events. All the consumer outreach events have been held on Saturdays to encourage the greatest number of attendees.

The third event of the second year is scheduled to take place in Phoenix, Arizona on March 2, 2019. More details about the Phoenix event will be posted on the Monitor's website (https://deutschebankmortgagemonitor.com/news) as they become available.

Decatur Event

The Bank held the Decatur, Georgia, consumer outreach event on Saturday, November 3, 2018, at New Life Church, which is located in a suburb of Atlanta. NHRC organized and marketed the event. As with the other consumer outreach events, local housing organizations, lenders, and realtors participated. Approximately 249 consumers attended the event.

Representatives from PennyMac (one of the Bank's counterparties) participated. Other participating lenders included BB&T Home Mortgage, Synovus Mortgage Corp., Regions Bank, and PNC Bank. Participating housing counseling agencies included NID-HCA Georgia, Urban League of Greater Atlanta, Center for Pan Asian Community Services, Catholic Charities Atlanta, Morningstar Urban Development, and Green Forest CDC. Members of the Monitor's team observed a steady stream of visitors to the various lender and housing agency tables, and the educational presentations about credit and homeownership were especially popular with participants. Consumers who met with housing counselors had the opportunity to receive free credit reports; 191 attendees used this service. All associated fees were paid by the Bank.

Once again, throughout the day, the Bank organized presentations – in English and Spanish – by local housing agencies about the home buying process and down payment assistance programs. As with the June 2018 Riverside event, the Decatur event also included a presentation about building good credit, which offered

[14] While the Bank has significant flexibility in structuring these events, the Consumer Relief Annex sets forth certain minimum requirements that must be satisfied, including, for example, that the Bank conduct targeted borrower outreach in English and Spanish and participate in a presentation during the event informing attendees about the Bank's efforts and obligations under the Settlement Agreement. The Monitor has reviewed, and will continue to review, the proposed agendas for the consumer outreach events, as well as proposed participants, to ensure the events comply with the Settlement Agreement's requirements. In addition, members of the Monitor's team will continue to attend and observe the events.

information about the importance of credit scores in the mortgage process, what credit scores measure, and the factors that influence credit scores.

REVIEW OF LOANS SUBMITTED FOR CREDIT

Since the Monitor's last report was published in July 2018, the Bank has submitted its fourth (51,131) and fifth (53,117) submissions of loans, corresponding to the Second and Third Quarters of 2018, respectively, for the Monitor's review and validation. Pursuant to agreed-upon protocols, and with the assistance of Control Risks, the Monitor independently tested and confirmed the eligibility of these loans for consumer relief credit under the Settlement Agreement.

Each loan the Bank submitted qualified for $10,000 in consumer relief credit. In addition, because each loan was closed before September 1, 2018, the loans qualified for a 15% early incentive credit. This means that the Bank was able to receive a total of $11,500 per origination.

Accordingly, the Monitor validates the Bank's Second and Third Quarter 2018 Submissions of loans for consumer relief credit and confirms that the Bank is entitled to receive additional credit in the amount of $1,198,852,000.

Submission	# of Loans	Base Credit	Incentive Credit	Total Credit to Deutsche Bank
Q2 2018	51,131	$511,310,000	$76,696,500	$588,006,500
Q3 2018	53,117	$531,170,000	$79,675,500	$610,845,500
Total	**104,248**	**$1,042,480,000**	**$156,372,000**	**$1,198,852,000**

The following sections provide an overview of these loans submitted for consumer relief credit.

Characteristics of the Second Quarter 2018 Loans

Over half the loans in this submission (57%) were submitted for credit pursuant to Menu Item 2.B.1 (Hardest Hit Areas), and the remaining loans (43%) were submitted pursuant to Menu Item 2.B.3 (first-time LMI borrowers).[15] Although some of the 2.B.3

[15] When validating the Bank's submissions of loans for credit, the Monitor's review, with the assistance of Control Risks, focuses on whether each loan in the sample is eligible for credit pursuant to Menu Item 2.B. The Monitor and Control Risks do not validate whether the loan has been claimed under the correct provision of Menu Item 2.B. For example, a loan originated in a Hardest Hit Area, qualifying for credit under 2.B.1, might also have been made to a first-time, LMI homebuyer, eligible under 2.B.3. But so long as a loan is eligible under at least one of the provisions of Menu Item 2.B, the Monitor treats that loan as eligible for consumer relief credit, irrespective of the provision or provisions under which the loan was claimed. As a result, the Monitor does not validate that the total number of loans

loans were made in Hardest Hit Areas, and would have qualified for credit under 2.B.1, the Bank's general policy was to submit any loan originated to a first-time LMI borrower under 2.B.3, regardless of where it was originated.

Second Quarter 2018 Submission	2.B.1	2.B.3	All Loans
Total Loans Confirmed for Credit	29,052	22,079	51,131
Total Incentive Credit	$43,578,000	$33,118,500	$76,696,500
Total Credit to Deutsche Bank	$334,098,000	$253,908,500	$588,006,500

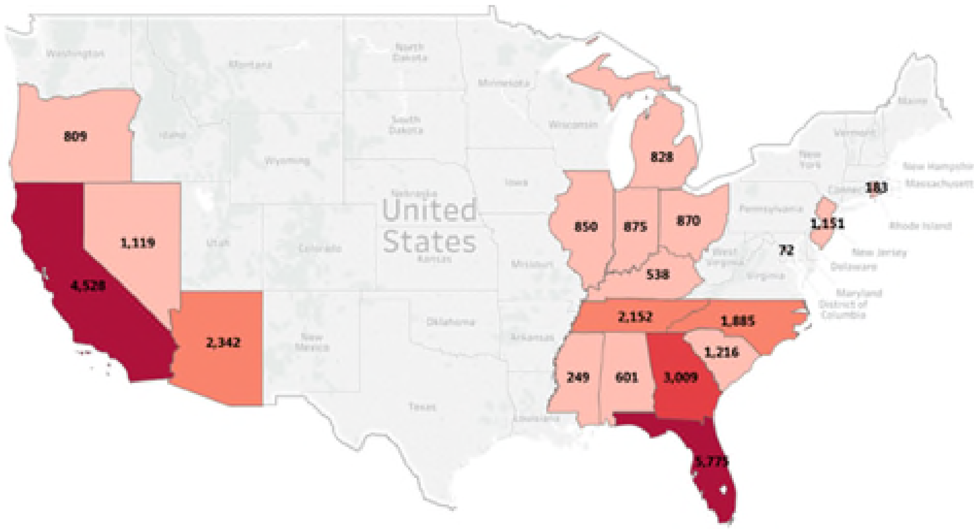
Summary of 2.B.1 Loans

The 29,052 loans submitted for credit under Menu Item 2.B.1 (Hardest Hit Areas) have an average loan amount of $263,771 with a maximum loan amount of $982,871. The borrowers of these loans had an average monthly income of $8,358, and the loans require an average monthly payment of $1,312.

2.B.1	Average	Median	Minimum	Maximum
Principal UPB	$263,771	$245,585	$35,150	$982,871
Interest Rate	4.28%	4.25%	2.50%	6.25%
Monthly Payment	$1,312	$1,217	$178	$4,622
Borrower Monthly Income	$8,358	$7,294	$1,228	$41,665

claimed by the Bank for each provision or combination of provisions is correct, only that the loans qualified for credit under at least one provision of Menu Item 2.B. Accordingly, although the Bank claimed in its Second Quarter Submission that 57% of the loans submitted (29,052) satisfied Menu Item 2.B.1, and 43% of the loans submitted (22,079) satisfied Menu Item 2.B.3, the Monitor and Control Risks did not confirm the accuracy of these classifications under Menu Item 2.B. Instead, they merely validated that all 51,131 loans submitted by the Bank were entitled to credit under at least one provision of Menu Item 2.B.

The loans were originated in 18 states and the District of Columbia, with approximately 46% of the loans originated in Florida, California, and Georgia:



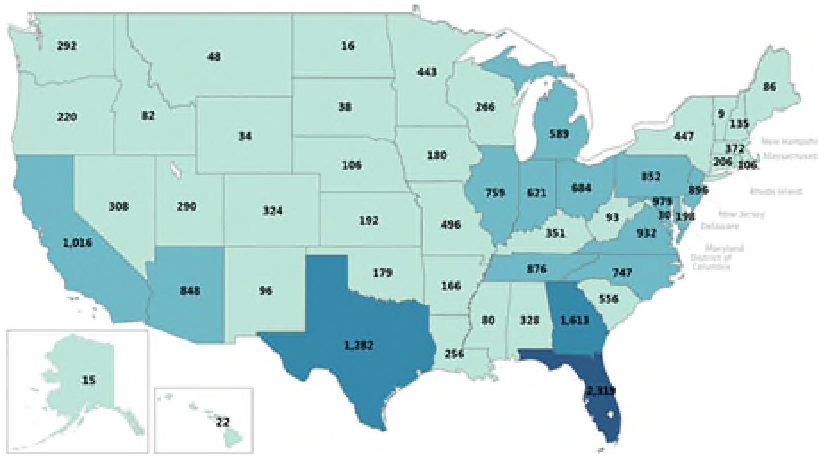
State	# Loans	% of Total
FL	5,775	19.88%
CA	4,528	15.59%
GA	3,009	10.36%
AZ	2,342	8.06%
TN	2,152	7.41%
NC	1,885	6.49%
SC	1,216	4.19%
NJ	1,151	3.96%
NV	1,119	3.85%
IN	875	3.00%
OH	870	2.99%
IL	850	2.93%
MI	828	2.85%
OR	809	2.78%
AL	601	2.07%
KY	538	1.85%
MS	249	0.86%
RI	183	0.63%
DC	72	0.25%
Total	**29,052**	–

Summary of 2.B.3 Loans

The loans submitted for credit pursuant to Menu Item 2.B.3 (first-time LMI homebuyers) have an average loan amount of $177,427, with a maximum loan amount of $790,000. The borrowers of these loans had an average monthly income of $4,088 and the loans require an average monthly payment of $874.

2.B.3	Average	Median	Minimum	Maximum
Principal UPB	$177,427	$165,000	$31,500	$790,000
Interest Rate	4.28%	4.25%	2.88%	6.00%
Monthly Payment	$874	$819	$167	$3,772
AMI at Subject Property	$70,695	$68,700	$34,200	$142,800
Borrower Monthly Income	$4,088	$3,992	$875	$9,372

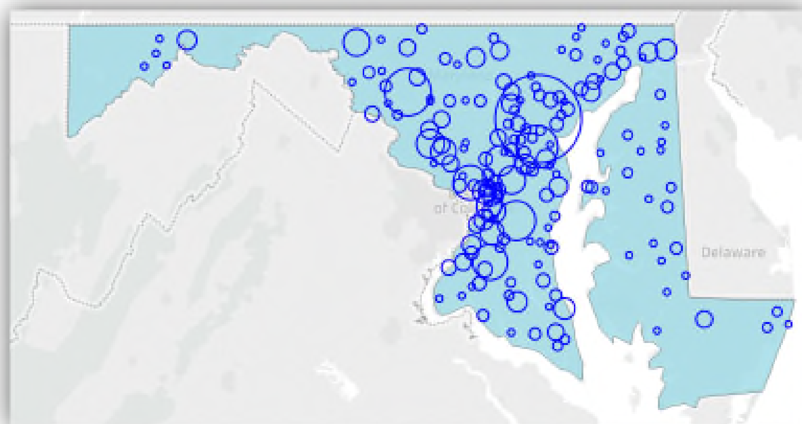
These loans were originated in 50 states and the District of Columbia, with just over a quarter of the loans (28.22%) originated in Florida, Georgia, Texas, and California. As noted, many of these loans would also have qualified for credit under 2.B.1 (Hardest Hit Areas), but the Bank chose to submit them under Menu Item 2.B.3.



State	# Loans	% of Total
FL	2,319	10.50%
GA	1,613	7.31%
TX	1,282	5.81%
CA	1,016	4.60%
MD	979	4.44%
VA	932	4.22%
NJ	896	4.06%
TN	876	3.97%
PA	852	3.86%
AZ	848	3.84%
IL	759	3.44%
NC	747	3.38%
OH	684	3.10%
IN	621	2.81%
MI	589	2.67%
SC	556	2.52%
MO	496	2.25%
NY	447	2.02%
MN	443	2.01%
MA	372	1.68%
KY	351	1.59%
AL	328	1.49%
CO	324	1.47%
NV	308	1.39%
WA	292	1.32%
UT	290	1.31%

State	# Loans	% of Total
WI	266	1.20%
LA	256	1.16%
OR	220	1.00%
CT	206	0.93%
DE	198	0.90%
KS	192	0.87%
IA	180	0.82%
OK	179	0.81%
AR	166	0.75%
NH	135	0.61%
NE	106	0.48%
RI	106	0.48%
NM	96	0.43%
WV	93	0.42%
ME	86	0.39%
ID	82	0.37%
MS	80	0.36%
MT	48	0.22%
SD	38	0.17%
WY	34	0.15%
DC	30	0.14%
HI	22	0.10%
ND	16	0.07%
AK	15	0.07%
VT	9	0.04%
Total	**22,079**	–

Of these loans, 979 were originated in Maryland pursuant to its agreement with the Office of the Maryland Attorney General on June 1, 2017.



City	# Loans	Credit Amount
Baltimore	170	$1,955,000
Frederick	49	$563,500
Glen Burnie	40	$460,000
Upper Marlboro	34	$391,000
Waldorf	28	$322,000
Silver Spring	26	$299,000
Laurel	19	$218,500
Germantown	18	$207,000
Bowie	17	$195,500
Hagerstown	16	$184,000
166 Other MD Cities	562	$6,463,000
Q2 2018 TOTAL	**979**	**$11,258,500**
Q3 2017 MD Loans	3	$34,500
Q4 2017 MD Loans	17	$195,500
Q1 2018 MD Loans	583	$6,704,500
GRAND TOTAL	**1,582**	**$18,193,000**

Additional Characteristics of Second Quarter 2018 Loans

In terms of the types of loans submitted for credit in the Second Quarter 2018 Submission, approximately 78% were conventional (meaning they were eligible for purchase by Fannie Mae or Freddie Mac) or FHA loans. In addition, a sizeable number of loans (17%) were made under VA programs.

Mortgage Type	2.B.1	2.B.3	Total
Conventional	12,640	3,268	15,908 (31%)
FHA	10,667	13,295	23,962 (47%)
USDA/RHS	694	2,102	2796 (5%)
VA	5,051	3,414	8,465 (17%)
Total	**29,052**	**22,079**	**51,131**

Over 99% of the loans had fixed interest rates, and 98% of the loans were for a term of 30 years. These characteristics are expected given the Monitor's determination that the Bank only submit loans for borrowers who meet the credit underwriting standard required by the GSEs, FHA, VA, or USDA. And while the Bank can earn credit for loans made to purchase certain multi-unit residences, less than 2% of the loans were issued for homes with between two and four units.

Characteristics of the Third Quarter 2018 Loans

As with the Second Quarter 2018 Submission noted above, the Monitor validated the credit the Bank is seeking for the Third Quarter 2018 Submission.

Unlike the Second Quarter 2018 Submission discussed above, however, where the Bank requested credit for each loan solely under either Menu Item 2.B.1 (Hardest Hit Areas) or Menu Item 2.B.3 (first-time LMI homebuyers), the Bank changed the method by which it submits loans for review with the Third Quarter 2018 Submission. Given that many of the loans submitted for credit may qualify for credit under one or more of the 2.B Menu Items, the Bank made the decision with the Third Quarter 2018 Submission to submit loans for credit based on the following groupings:

1. Loans Submitted under Menu Item 2.B.1 (Hardest Hit Areas)
2. Loans Submitted under Menu Item 2.B.3 (First-time LMI homebuyers)
3. Loans Submitted under Menu Items 2.B.1 (Hardest Hit Areas) and 2.B.3 (first-time LMI homebuyers)
4. Loans Submitted under Menu Items 2.B.1 (Hardest Hit Areas) and 2.B.2 (Previous Foreclosure or Short Sale)[16]

Thus, for example, if a loan was originated in a Hardest Hit Area (2.B.1) but does not qualify for any of the other 2.B Menu Items, the Bank submits the loan to me for potential credit under Menu Item 2.B.1. If, however, a loan was originated in a Hardest Hit Area (2.B.1) to a first-time, LMI homebuyer (2.B.3), the Bank will identify the loan as qualifying for credit under either Menu Item 2.B.1 or Menu Item 2.B.3.

The Bank ***may only earn credit for a loan once***. The fact that the Bank now identifies loans that would qualify for credit under more than one Menu Item does not enhance the amount of credit earned by the Bank. In other words, when the Bank submits a loan that would qualify for credit under both Menu Items 2.B.1 and 2.B.3, the Bank seeks – and the Monitor will award – a single $10,000 credit (plus any early incentive credit earned) for the loan, the same way the Monitor would award credit had the loan been identified as qualifying for credit under a single Menu Item.

Given the change in the Bank's reporting, the Monitor will provide an analysis of the characteristics of the loans in the Third Quarter Submission under the four groupings

[16] The Bank is not actively seeking to originate loans to borrowers who lost a primary residence to foreclosure or short sale. In the course of reviewing the loans for submission to the Monitor, however, the Bank has identified some loans that likely would have qualified for credit under Menu Item 2.B.2.

identified above.[17] In terms of overall totals, the Bank submitted the following types of loans for credit in connection with the Third Quarter Submission:

Third Quarter Submission	2.B.1	2.B.3	2.B.1 / 2.B.2	2.B.1 / 2.B.3	All Loans
Total Loans	29,343	9,754	10	14,010	53,117
Early Incentive Credit	$44,014,500	$14,631,000	$15,000	$21,015,000	$79,675,500
Total Credit	$337,444,500	$112,171,000	$115,000	$161,115,000	$610,845,500

Summary of 2.B.1 Loans

In connection with the Third Quarter 2018 Submission, 29,343, or 55% of the loans in the Third Quarter Submission, were submitted solely under Menu Item 2.B.1 (Hardest Hit Areas). These loans had an average loan amount of $257,513, with a maximum loan amount of $792,377. The borrowers of these loans had an average monthly income of $8,419, and the loans resulted in an average monthly payment of $1,341.

2.B.1	Average	Median	Minimum	Maximum
Principal UPB	$257,513	$240,000	$42,122	$792,377
Interest Rate	4.68%	4.63%	3.25%	6.00%
Monthly Payment	$1,341	$1,239	$230	$5,151
Borrower Monthly Income	$8,419	$7,376	$1,137	$41,158

Over 68% percent of the Menu Item 2.B.1 loans had loan amounts between $100,000 and $300,000. The Menu 2.B.1 loans submitted for credit were originated in 18 states and the District of Columbia (i.e., all of the 19 Hardest Hit Areas designated under the Agreement).

[17] *But see,* n.15, *supra.* Accordingly, the Monitor and Control Risks have not validated the Bank's claims that it submitted 29,343 loans under 2.B.1, 9,754 loans under 2.B.3, 10 loans under both 2.B.1 and 2.B.2, and 14,010 loans under both 2.B.1 and 2.B.3. The Monitor and Control Risks merely validated that all of the loans submitted in the Third Quarter – 53,117 – qualify for credit under at least one provision of Menu Item 2.B.

State	# Loans	% of Total
FL	5,928	20.20%
CA	3,575	12.18%
GA	3,268	11.14%
TN	2,350	8.01%
NC	2,133	7.27%
AZ	1,989	6.78%
NJ	1,345	4.58%
SC	1,209	4.12%
IL	1,123	3.83%
OH	1,061	3.62%
IN	998	3.40%
NV	955	3.25%
AL	893	3.04%
MI	738	2.52%
OR	658	2.24%
KY	604	2.06%
MS	278	0.95%
RI	179	0.61%
DC	59	0.20%
Total	**29,343**	–

Summary of 2.B.3 Loans

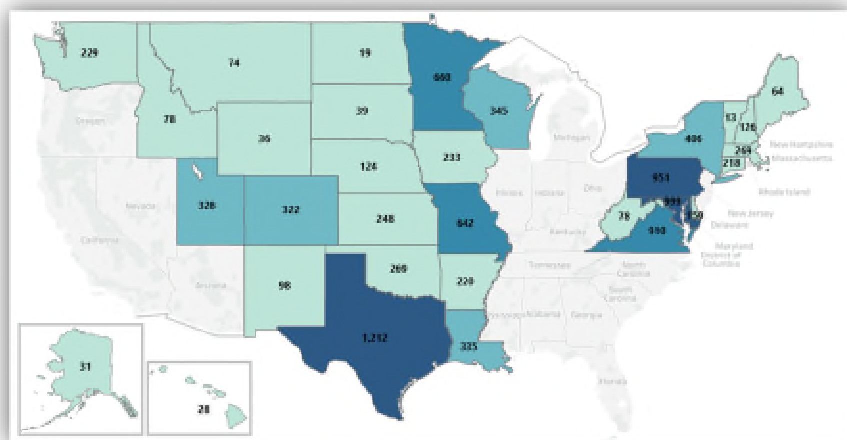
The 9,754 loans submitted solely under Menu Item 2.B.3 (first-time LMI homebuyers) (18% of the total number of loans submitted) had an average loan amount of $175,643, with a maximum loan of $786,452. The borrowers of the 2.B.3 loans had an average monthly income of $4,234, and the loans resulted in an average monthly payment of $901.

2.B.3	Average	Median	Minimum	Maximum
Principal UPB	$175,643	$162,011	$44,184	$786,452
Interest Rate	4.64%	4.63%	3.00%	6.00%
Monthly Payment	$901	$837	$241	$3,642
AMI at Subject Property	$78,254	$74,900	$35,100	$120,200
Borrower Monthly Income	$4,234	$4,119	$1,116	$9,525

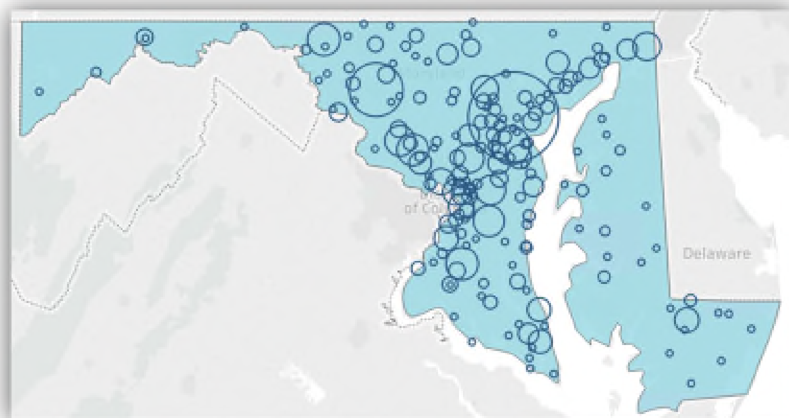
Over 81% of the loans were made in amounts between $75,000 and $250,000.

The 2.B.3 loans were originated in 32 states, with nearly a quarter of the loans originated in Texas and Maryland.

State	# Loans	% of Total
TX	1,212	12.43%
MD	999	10.24%
PA	951	9.75%
VA	910	9.33%
MN	660	6.77%
MO	642	6.58%
NY	406	4.16%
WI	345	3.54%
LA	335	3.43%
UT	328	3.36%
CO	322	3.30%
MA	269	2.76%
OK	269	2.76%
KS	248	2.54%
IA	233	2.39%
WA	229	2.35%
AR	220	2.26%
CT	218	2.23%
DE	150	1.54%
NH	126	1.29%
NE	124	1.27%
NM	98	1.00%
ID	78	0.80%
WV	78	0.80%
MT	74	0.76%
ME	64	0.66%
SD	39	0.40%
WY	36	0.37%
AK	31	0.32%
HI	28	0.29%
ND	19	0.19%
VT	13	0.13%
Total	**9,754**	–



As noted previously, Deutsche Bank also entered into a separate agreement with the Office of the Maryland Attorney General requiring the Bank to provide at least $80 million of consumer relief to Maryland residents. The Bank's progress towards satisfying the Maryland requirement has been slower than its overall loan originations volume; the Bank submitted an additional 999 Maryland loans in the Third Quarter 2018 Submission, resulting in a total of $29,681,500 in credit to date having been provided to Maryland consumers in the form of loan originations under Menu Item 2.B.3. The Monitor expects that the Bank will pick up its pace in Maryland in the next few months.



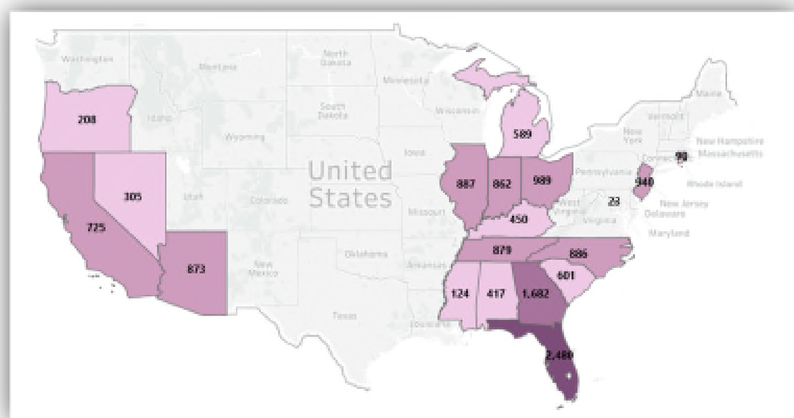
City	# Loans	Credit Amount
Baltimore	177	$2,035,500
Frederick	63	$724,500
Glen Burnie	32	$368,000
Hagerstown	24	$276,000
Waldorf	23	$264,500
Gaithersburg	22	$253,000
Upper Marlboro	21	$241,500
Germantown	20	$230,000
Bowie	19	$218,500
Laurel	19	$218,500
169 Other Cities	579	$6,658,500
Q3 2018 (Current Submission) Total	**999**	**$11,488,500**
Q3 2017 MD Loans	3	$34,500
Q4 2017 MD Loans	17	$195,500
Q1 2018 MD Loans	583	$6,704,500
Q2 2018 MD Loans	979	$11,258,500
Total	**2,581**	**$29,681,500**

Summary of 2.B.1 and 2.B.3 Loans

The Bank submitted 14,010 loans, claiming that they satisfied the requirements of both Menu Item 2.B.1 (Hardest Hit Area) and Menu Item 2.B.3 (first-time LMI homebuyers). These loans had an average loan amount of $166,209, with a maximum loan amount of $679,650. The borrowers of these loans had an average monthly income of $3,986, and the loans resulted in an average monthly payment of $866. Over 85% percent of the loans were made in amounts between $75,000 and $250,000.

2.B.1 and 2.B.3	Average	Median	Minimum	Maximum
Principal UPB	$166,209	$157,102	$27,300	$679,650
Interest Rate	4.76%	4.75%	3.13%	6.25%
Monthly Payment	$866	$823	$214	$3,683
AMI at Subject Property	$68,834	$68,600	$31,700	$125,200
Borrower Monthly Income	$3,986	$3,900	$863	$10,360

Almost half of the 2.B.1 / 2.B.3 loans were made in five states: Florida, Georgia, Ohio, New Jersey, and Illinois.



State	2.B.1 / 2.B.3 Loans	% of Total
FL	2,480	17.70%
GA	1,682	12.01%
OH	989	7.06%
NJ	940	6.71%
IL	887	6.33%
NC	886	6.33%
TN	879	6.27%
AZ	873	6.23%
IN	862	6.15%
CA	725	5.17%
SC	601	4.29%
MI	589	4.21%
KY	450	3.21%
AL	417	2.98%
NV	305	2.18%
OR	208	1.48%
MS	124	0.89%
RI	90	0.64%
DC	23	0.16%
Total	**14,010**	–

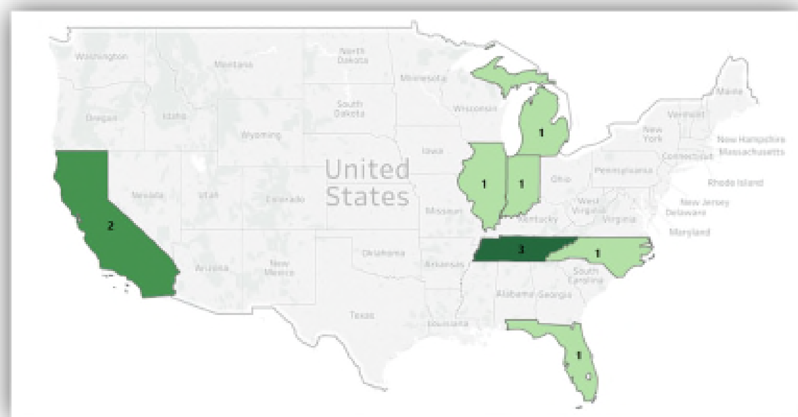
Summary of 2.B.1 and 2.B.2. Loans

In connection with the Third Quarter 2018 Submission, the Bank submitted 10 loans, claiming that they satisfied the requirements under both Menu Items 2.B.1 and 2.B.2. Menu Item 2.B.2 allows the Bank to receive credit for originating loans to consumers who previously lost a primary residence to foreclosure or short sale. While the Bank is not actively seeking to originate loans to this category of borrowers, a small number of the loans that it submitted for credit under Menu Item 2.B.1 potentially could also qualify for credit under Menu Item 2.B.2, given that the borrower indicated in his or her application material that he or she previously lost a home to foreclosure or short sale.

These 10 loans had an average loan amount of $190,016, with a maximum loan of $485,052. The borrowers of these loans had an average monthly income of $6,777, and the loans resulted in an average monthly payment of $987.

2.B.1 and 2.B.2	Average	Median	Minimum	Maximum
Principal UPB	$190,016	$120,741	$76,363	$485,052
Interest Rate	4.83%	4.75%	4.38%	5.50%
Monthly Payment	$987	$648	$434	$2,458
Borrower Monthly Income	$6,777	$6,592	$3,333	$12,839

The ten loans submitted for credit under 2.B.1/2.B.2 were made in seven states.



State	2.B.1 / 2.B.2 Loans	% of Total
TN	3	30.00%
CA	2	20.00%
FL	1	10.00%
IL	1	10.00%
IN	1	10.00%
MI	1	10.00%
NC	1	10.00%
Total	**10**	–

Additional Characteristics of Third Quarter 2018 Loans

In terms of the types of loans submitted for credit in the Third Quarter Submission, over 75% were conventional (meaning they were eligible for purchase by Fannie Mae or Freddie Mac) or FHA loans. In addition, a sizeable number of loans (17%) were made under VA programs.

Mortgage Type	2.B.1 (# of Loans)	2.B.3 (# of Loans)	2.B.1 / 2.B.2 (# of Loans)	2.B.1 / 2.B.3 (# of Loans)	Total
Conventional	13,960	1,662	-	2,805	18,427 (34.69%)
FHA	9,443	5,248	6	7,981	22,678 (42.69%)
USDA/RHS	748	995	1	1,138	2,882 (5.43%)
VA	5,192	1,849	3	2,086	9,130 (17.19%)
Total	**29,343**	**9,754**	**10**	**14,010**	**53,117**

Over 99% of the loans had fixed interest rates, and 98% of the loans were for a term of 30 years. Again, these characteristics are expected given the Monitor's determination that the Bank only submit loans for borrowers who meet the credit underwriting standard required by the GSEs, FHA, VA, or USDA. And while the Bank can earn credit for loans made to purchase certain multi-unit residences, less than 2% of the loans were issued for homes with between two and four units.

CONCLUSION

As of the date of this Report, the Bank has submitted 130,639 loans for credit, which has resulted in **$1,502,348,500 in total credit** for the Bank. As demonstrated in the chart below, the Bank and its counterparties have rapidly increased the volume of loans submitted for credit since the first 100 loans were submitted in Q3 of 2017. The Monitor expects this volume to continue to increase significantly in 2019.

Submission	# of Loans	Base Credit	Incentive Credit	Total Credit to Deutsche Bank
Q3 2017	100	$1,000,000	$150,000	$1,150,000
Q4 2017	1,977	$19,770,000	$2,965,500	$22,735,500
Q1 2018	24,314	$243,140,000	$36,471,000	$279,611,000
Q2 2018	51,131	$511,310,000	$76,696,500	$588,006,500
Q3 2018	53,117	$531,170,000	$79,675,500	$610,845,500
Total	**130,639**	**$1,306,390,000**	**$195,958,500**	**$1,502,348,500**

As noted above, the Monitor intends in future reports to perform a thorough analysis of the Bank's loans submitted for credit.

The Bank's total consumer relief credit to date is as follows:

Menu Item	Current Submissions (Q2 and Q3 2018)	Credit Earned for Q2 and Q3 2018 Submissions	Cumulative Submission	Cumulative Credit Earned
No. 1 Loan Modification, Forgiveness, and Forbearance	None	$0	None	$0
No. 2 Loan Originations	104,248	$1,198,852,000	130,639 purchase money loan originations	$1,502,348,500
No. 3 Community Reinvestment	None	$0	None	$0
No. 4 Financing for Affordable Rental Housing	None	$0	None	$0
Total	**104,248**	**$1,198,852,000**	**130,639**	**$1,502,348,500**

The Monitor's next report is expected to be published in Spring 2019. If you have questions about this report, please contact the Monitor at:

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