

## Annex 2

### Consumer Relief

Eligibility: The Consumer Relief eligibility criteria shall reflect only the terms set forth below and the following principles and conditions: (1) Consumer Relief will not be implemented through any policy that violates the Fair Housing Act or the Equal Credit Opportunity Act; (2) Consumer Relief will not be conditioned on a waiver or release by a borrower, provided that waivers and releases shall be permitted in the case of a contested claim where the borrower would not otherwise have received as favorable terms or consideration; and (3) Eligible modifications may be made under the Making Home Affordable Program (including the Home Affordable Modification Program (“HAMP”) and the Housing Finance Agency Hardest Hit Fund) and any proprietary or other modification program. Nothing herein shall preclude the implementation of pilot programs in particular geographic areas that do not violate the Fair Housing Act, the Equal Opportunity Credit Act, or any other federal or state civil rights law. The Monitor may deny Deutsche Bank credit for a portion of a consumer relief commitment, if the Monitor reasonably determines that the specific portion of consumer relief has been provided by Deutsche Bank, or a Deutsche Bank counterparty or vendor, in violation of law. Notwithstanding the foregoing, credit will not be denied if, in advance of retaining or contracting with a counterparty or vendor, Deutsche Bank does appropriate due diligence of said counterparty or vendor and receives prior consent of the Monitor, and such consent is not withdrawn prior to the provision of the particular component of consumer relief.

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### Menu<sup>1</sup>

<u>Menu Item<sup>2</sup></u>	<u>Credit Towards Settlement</u>	<u>Minimum/Cap</u>
1. <u>Modification - Forgiveness/Forbearance</u> <sup>3, 4, 5, 6</sup>		

<sup>1</sup> Start date of crediting is April 1, 2017 (based on first payment date for completed modifications and other actions under this Menu). Consumer Relief to be completed no later than March 31, 2022. No credit will be provided for a modification if payments are required unless the borrower makes the first three scheduled payments under the modification (including trial period payments). With respect to earned forgiveness principal reduction modifications, credit can be immediate, provided the borrower makes the required payments (to include any trial payments) and the earned forgiveness period is a maximum of 3 years. If a borrower receives more than one form of Consumer Relief, credit shall be provided for each form of relief, provided that the forms of relief must be segregated for purposes of determining credit. Credit can be earned for all forms of relief in the 50 states, the District of Columbia, and the U.S. territories.

<sup>2</sup> Credit will be provided for any Consumer Relief completed by any servicer pursuant to this Annex and for loans sold to other servicers (including sales of servicing rights) where a modification is completed by the deadline set forth in footnote 1 for Deutsche Bank to complete its Consumer Relief obligations, and provided that the agreement providing for such sale of servicing allows for the tracking and reporting of such subsequent Consumer Relief to the satisfaction of the Monitor.

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

<sup>4</sup> As used in this Menu, "LTV" shall refer to loan-to-value ratio. Subject to any applicable investor or contractual requirements, the property value used to calculate the LTV under this Menu shall be based upon a property valuation meeting the standards which would have been acceptable under the Making Home Affordable programs received within three months of the transaction or other activity arising under this Menu. Credit will be provided for forgiveness of amounts capitalized prior to or as part of a modification pursuant to this Annex.

<sup>5</sup> With respect to credits achieved under Menu Items 1.A, 1.B and 1.C, modifications must be for loans with an unpaid principal balance prior to capitalization at or below the local GSE conforming loan limit cap in effect as of the date of such modification.

<sup>6</sup> Credit is given for Menu "Item 1" for loans that serve as collateral for financing arrangements provided by Deutsche Bank, or for participation arrangements (in which Deutsche Bank owns an equity interest by which it can influence the provision of consumer relief) invested in by Deutsche Bank with third party originators and servicers and for which no other party is eligible to claim credit under a mortgage-related FIRREA settlement that involves its own respective consumer relief schedule with the Department of Justice. Deutsche Bank may reasonably rely on representations of the third party originator or servicer that it is not eligible to claim such credits and is not providing the required reporting to other investors in making this determination.

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<p>A. First Lien – Principal Forgiveness</p>	<p>\$1.00 Forgiveness = \$1.00 Credit</p> <p>150% Enhanced Early Incentive Credit<sup>7</sup></p> <p>115% Early Incentive Credit<sup>8</sup></p> <p>Credit limited to principal reduction that reduces LTVs to equal to or less than 100%</p> <p>115% Credit for incremental LTV reduction between 90% and 100%</p> <p>120% Credit for incremental LTV reduction between 76% and 90%</p> <p>If post-modification LTV equal to or less than 75%, 125% Credit for entire amount of principal forgiven</p>	
<p>B. Principal Forgiveness of Forbearance</p>	<p>\$1.00 Forgiveness = \$1.00 Credit</p> <p>115% Early Incentive Credit</p> <p>115% Credit for incremental LTV reduction below 100%</p> <p>Credit limited to principal reduction that reduces LTVs to equal to or less than 100%</p>	
<p>C. First Lien – Forbearance (Payment Forgiveness)</p>	<p><math>\\$ \text{Forgiveness} = \text{Pre Mod Rate} \times \text{Forborne UPB} \times \text{Average Life}^9</math></p> <p>115% Early Incentive Credit</p> <p>Credit limited to forbearance that reduces LTVs to equal to or less than 100%</p>	

<sup>7</sup> “Enhanced Early Incentive Credit” applies to all Consumer Relief activity under Menu Items 1.A and 1.G offered or completed by April 1, 2018 (based upon the first payment date, excluding trial payments, for modifications requiring a payment), provided that no Enhanced Early Incentive Credit will be provided for a modification if payments are required unless the borrower makes the first three scheduled payments under the modification (including trial period payments). Enhanced Early Incentive Credit and other credits are cumulative (e.g., \$1.00 of principal forgiveness in an amount below 100% LTV completed prior to April 1, 2018 would receive \$1.725 credit), except that no Early Incentive Credit applies to consumer relief activity receiving Enhanced Early Incentive Credit.

<sup>8</sup> Early Incentive Credit applies to all Consumer Relief activity offered or completed by September 1, 2018. Early Incentive Credit and other Credits are cumulative (e.g., \$1.00 of principal forgiveness completed prior to September 1, 2018 would receive \$1.3225 credit).

<sup>9</sup> Based on an average life of 10 years.

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<p>D. Assistance for Borrowers to Refinance With New Lender</p>	<p>\$1.00 Forgiveness/Extinguishments otherwise eligible under Menu Items 1 or 2A = \$1.00 Credit</p> <p>\$1.00 Closing Costs Paid on behalf of Borrowers to a third-party originator = \$1.00 Credit</p> <p>\$1.00 Other Costs Paid on behalf of Borrowers such as to lienholders other than Deutsche Bank to facilitate refinancing = \$1.00 Credit</p> <p>\$1.00 of cost of HUD approved counseling Deutsche Bank is not otherwise obligated to provide = \$1.00 Credit</p> <p>115% Early incentive Credit</p>	
<p>E. Second Lien Extinguishments<sup>10, 11</sup></p>	<p><u>Performing (90 days or less past due on the related Second Lien).</u><sup>12</sup></p> <p>\$1.00 Forgiveness = \$1.00 Credit</p> <p>115% Early Incentive Credit</p> <p><u>Seriously Delinquent &amp; Non- Performing (&gt;90 days past due on the related Second Lien):</u></p> <p>\$1.00 Forgiveness = \$0.40 Credit</p>	<p><b>Menu Items 1.E + 1.F Cap = 35% of total</b></p>

<sup>10</sup> Deutsche Bank may not earn credit under Menu Items 1.E and 1.F for extinguishment of a second lien, junior lien, or unsecured mortgage debt where Deutsche Bank owns or services the first lien and Deutsche Bank initiates or prosecutes a foreclosure with respect to the first lien within 6 months of the extinguishment of the second lien. Deutsche Bank may not earn credit under Menu Items 1.E and 1.F for debt that has become unenforceable by operation of state law (e.g., California Code of Civil Procedure sections 580b and 580d). To the extent that any form of relief under Menu Items 1.E or 1.F is offered on an opt-out basis, the opt-out period must be at least 90 days in length.

<sup>11</sup> Eligibility under Menu Items 1.E and 1.F is limited to borrowers with second lien UPBs at or below the local GSE conforming loan limit cap for second liens in effect as of the date of such modification. Credit can only be earned under Menu Items 1.E and 1.F for extinguishment of second liens, junior liens, or unsecured mortgage debt.

<sup>12</sup> As used in this Menu, delinquency will be determined using either the MBA or OTS definition of delinquency depending upon the method reflected in Deutsche Bank's servicer's applicable system of record. "MBA" refers to the Mortgage Bankers Association definition of delinquency. "OTS" refers to the Office of Thrift Supervision definition of delinquency.

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<p>F. Junior Liens (Liens less than Second Lien position)</p> <p>Outstanding Unsecured Mortgage Debt Principal Forgiveness/Extinguishment</p>	<p>\$1.00 Forgiveness = \$0.40 Credit</p> <p>115% Early Incentive Credit</p>	
<p><b>2. <u>Loan Originations</u></b><sup>13</sup></p>		
<p>A. Mortgage Rate Reduction<sup>14</sup></p>	<p>For rate reductions &gt;200 bps and &lt;400 bps:</p> <p style="padding-left: 40px;">\$ Credit = Rate Reduction x Term<sup>15</sup> x \$UPB (post mod interest bearing UPB if applicable)</p> <p>For rate reductions equal to or greater than 400 bps:</p> <p style="padding-left: 40px;">\$Credit = Rate Reduction x Term<sup>16</sup> x \$UPB (post mod interest bearing UPB if applicable) x 1.25</p> <p>\$1.00 Other Costs Paid on behalf of Borrowers such as to lienholders other than Deutsche Bank to facilitate refinancing = \$1.00 Credit</p> <p>\$1.00 Principal Forgiveness or Balance Forgiveness to facilitate a refinancing = \$1.00 Credit.</p> <p>115% Early incentive Credit</p>	

<sup>13</sup> Credit is given for Menu Item 2 for loans that serve as collateral for financing arrangements provided by or for participation arrangements (in which Deutsche Bank owns an equity interest by which it can influence the provision of consumer relief) invested in by Deutsche Bank for third party originators and servicers who are not subject to an ongoing FIRREA settlement involving a consumer relief schedule with Department of Justice. Deutsche Bank may reasonably rely on representations of the third party originator or servicer that it is not eligible to claim such credits and is not providing the required reporting to other investors in making this determination.

<sup>14</sup> With respect to Menu Item 2.A, rate reduction is available to all mortgagors, regardless of loan performance status.

<sup>15</sup> Based on an average life of 10 years.

<sup>16</sup> Based on an average life of 10 years.

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B. Low to Moderate Income and Other Lending	\$10,000 Credit for purchase money loans to credit worthy borrowers: (1) in Hardest Hit Areas; <sup>17</sup> (2) who lost a primary residence to foreclosure or short sale; or (3) who are first time LMI homebuyers. <sup>18</sup>  115% Early Incentive Credit	
3. <b><u>Community Reinvestment and Neighborhood Stabilization</u></b>		
A. Forgiveness of principal associated with a property where foreclosure is not pursued and liens are released <sup>19</sup>	\$1.00 Forgiveness = \$1.00 Credit	
4. <b><u>Affordable Housing Project Financing &amp; Development</u></b> <sup>20</sup>		

<sup>17</sup> Hardest Hit Areas are defined by HUD. The list is available on the HUD website at <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/Pages/Program-Documents.aspx>.

<sup>18</sup> Any LMI loan must be made to borrowers with income at or below 100% of the area median income (“AMI”) and originated after July 1, 2014. AMI shall be as calculated in accordance with the parameters used by the U.S. Department of Housing and Urban Development (“HUD”).

<sup>19</sup> Credit can only be earned for extinguishment on occupied properties. To the extent that any relief provided under Menu Item 3.A is offered on an opt-out basis, the opt-out period must be at least 90 days in length.

<sup>20</sup> Credit is given for Menu Item 4 for loans that serve as collateral for financing arrangements provided by Deutsche Bank to not for profit (“NFP”) organizations based on the estimated loss of Deutsche Bank at the time the NFP issues a commitment based upon Deutsche Bank’s financing.

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<p>A. Financing to fund affordable rental housing supporting residents eligible for such housing</p>	<p>Credits for Critical Family Need Housing<sup>21</sup> developments: \$1.00 Loss<sup>22</sup>= \$3.75 Credit</p> <p>For other developments: \$1.00 Loss = \$3.25 Credit</p> <p>115% Early Incentive Credit</p> <p>Credits for Critical Need Family Housing rental developments and for other rental developments will be given for developments that are equivalent to affordable rental housing developed through LIHTC. For example, rental developments eligible for Credits</p> <ul style="list-style-type: none"> <li>(i) must have at least 20% of the residential units affordable up to 50% AMI or at least 40% of the units affordable up to 60% AMI,</li> <li>(ii) must have a Land Use Restriction Agreement for at least 30 years, and</li> <li>(iii) must agree to accept Housing Choice vouchers. Other features also must be equivalent to affordable rental housing developed through LIHTC.</li> </ul>	<p>With respect to Menu Item 4, at least 50% of Credit must be in Critical Need Family Housing developments. Each year, at least 40% of all units generating credit in Critical Need Family Housing developments must have two or more bedrooms. Each year, at least 10% of all units generating credit in Critical Need Family Housing Developments must have 3 or more bedrooms.</p> <p>125% Credit for Losses incurred with respect to units in Critical Need Family Housing developments beyond the minimum of 50% Credit in Critical Family Need Housing.</p> <p>To earn Credit, rental developments must meet the same affirmative marketing standards as are set forth in 24 C.F.R. § 200.620. The process by which individuals and families apply and are selected for eligible affordable rental or for-sale units will be administered by municipal or government housing agencies or by the developer, in accordance with the typical practices for each type of development.</p>
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<sup>21</sup> “Critical Need Family Housing” is defined as affordable low-income rental housing developments or affordable low- or moderate-income-for-sale housing developments selected by Deutsche Bank that (i) are located within Small Area DDAs or State-Defined High Opportunity/Low Poverty Areas, and (ii) none of the units have age restrictions for any of the occupants. For these purposes, “Small Area DDAs” are Small Area Difficult Development Areas defined by the U.S. Department of Housing and Urban Development as set forth in 78 Fed. Reg. 69,113 (Nov. 18, 2013), and “State-Defined High Opportunity/Low Poverty Areas” refers to “high opportunity” or “low poverty” areas as defined in State Qualified Allocation Plans (for those states that use such designations). The list of Small Area DDAs for 2017 is available on the HUD website at [https://www.huduser.gov/portal/sadda/sadda\\_qct.html](https://www.huduser.gov/portal/sadda/sadda_qct.html). The list of Small Area DDAs for subsequent years will also be available on HUD’s website.

<sup>22</sup> “Loss” for a loan made to facilitate the construction, rehabilitation or preservation of affordable low-income rental housing or affordable low- or moderate-income for-sale housing is based on the estimated expected recoveries at the time of loan commitment. Loss is measured as the difference between the amount provided to the borrower and the estimated future cash flows from the loan, discounted at the prevailing interest rate for similar risk profiles, as

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reflected on the books and records of Deutsche Bank on the origination date of the loan. The future cash flows from the loan will be Deutsche Bank's best estimate using all reasonable and supportable assumptions and projections. Origination date is defined as the date the commitment to lend is issued. For crediting purposes, origination date is the determinative date for crediting as described above. In evaluating crediting under this section, the independent Monitor will verify the reasonableness of the loss calculation, including (but not limited to) verification of the reasonableness of the discount rate applied and the calculation on estimated future cash flows. If Deutsche Bank's loss is substantially reversed within 3 years due to circumstances such as cancellation of the project during the term of this Annex, Deutsche Bank's Credit shall be calculated on the actual Loss incurred. Credit for affordable low-income rental housing developments under the Critical Family Need Housing definition shall be reduced to \$3.25 for \$1.00 Loss if the location of the project is moved outside a Small Area DDA or State-Defined High Opportunity/Low Poverty Area.



## **Annex 2**

### **Additional Parameters**

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

### **Required Outreach**

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

Deutsche Bank agrees to hold or sponsor three outreach events each year until Deutsche Bank has satisfied the Consumer Relief obligations set forth in this Annex. Deutsche Bank will hold or sponsor these events in geographically dispersed locations. In preparation for each event, Deutsche Bank itself or through a third party will conduct targeted borrower outreach through personalized invitational letters, emails and/or outbound phone calls with eligible borrowers describing the consumer relief options that Deutsche Bank can facilitate or provide. As part of this preparation, Deutsche Bank will notify the independent Monitor and other individuals or entities that Deutsche Bank deems appropriate of the schedule of events to build further awareness and encourage increased participation. These events will involve a presentation informing attendees about Deutsche Bank's efforts and obligations under this Annex. This outreach will be conducted in English and Spanish, and, on a best efforts basis, other languages to encourage eligible borrowers to make appointments in advance. Multilingual translation and interpretation services for Spanish and, on a best efforts basis, other languages will be offered and available to customers requesting such support.

### **Credit Minimums, Reporting Requirements, and Liquidated Damages**

Deutsche Bank shall endeavor to satisfy the Consumer Relief obligations set forth in this Annex by April 1, 2021, but shall have until April 1, 2022 to complete all Consumer Relief obligations set forth in this Annex. An independent monitor (the "Monitor") acceptable to the parties and paid for by Deutsche Bank shall be appointed to publicly: (1) report progress towards completion of Consumer Relief, including reporting on overall progress on a quarterly basis commencing no later than 180 days after the date of this Agreement; (2) report on Credits earned as promptly as practicable following the date the Monitor has confirmed the methodology for validation of Credits under this Menu (including a description of the distribution of Credits at the census block level for Menu Item 1); and (3) ultimately determine and certify Deutsche Bank's compliance with the terms of this Annex. If the Monitor determines that a shortfall in any of the Consumer Relief obligations remains as of April 1, 2022, the outstanding amount of any such Consumer Relief obligation shall begin to increase at a rate of 5% per annum, ending upon Deutsche Bank's satisfaction of the outstanding Consumer Relief obligation (the "Interest Provision"). Deutsche Bank's obligations under the Interest Provision shall be the sole remedy for any failure to complete the Consumer Relief. The calculations regarding the Credit Minimums shall be performed by the Monitor and the Monitor shall determine at the end of the period whether there is a shortfall in any of the Consumer Relief obligations, and if so, shall apply the Interest Provision.

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

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