

**SETTLEMENT AGREEMENT**

**BETWEEN**

**WESTCHESTER RESIDENTIAL OPPORTUNITIES, INC.**

**AND**

**WEBSTER BANK, N.A.**

**SETTLEMENT AGREEMENT**

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**WESTCHESTER RESIDENTIAL OPPORTUNITIES, INC.**

**AND**

**WEBSTER BANK, N.A.**

**BACKGROUND**

This Settlement Agreement made by and entered into between Westchester Residential Opportunities, Inc. (“WRO”) and Webster Bank, N.A. (“Webster”) (collectively, the “Parties”) serves to resolve all disputes between the Parties up to the Effective Date of this Agreement concerning compliance with federal, state, or local anti-discrimination laws including the Fair Housing Act (“the Act”) and the Equal Credit Opportunity Act (“ECOA”) relating to maternity, adoptive, and paternity leave lending practices, (“Matter”).

**RECITALS**

Whereas, WRO initiated an investigation of Webster’s practices in considering applications and making loans to persons who were on or who intended to be on short term disability leave, Family and Medical Leave and other forms of leave relating to pregnancy, adoption, or birth of a child, including maternity, adoptive, and paternity leave;

Whereas, WRO’s investigation identified circumstances where four potential borrowers who represented that they were or would be on maternity, adoptive or paternity leave and who were seeking a Home Mortgage Disclosure Act (“HMDA”) reportable residential mortgage loan (“Loan” or “Loans”) from Webster encountered differential or adverse treatment because each was or would be on maternity, adoptive, or paternity leave;

Whereas, WRO found that the treatment provided by Webster violated the prohibitions in the Act relating to familial status and sex discrimination in violation of 42 U.S.C § 3604(a), (b) and (c) and 42 U.S.C. § 3605 and the prohibitions in ECOA relating to sex discrimination in violation of 15 U.S.C. § 1691(a);

Whereas, Webster denies that it has violated the Act or ECOA or any other law. Nonetheless, to amicably resolve a disputed claim and to avoid the expense and uncertainty that accompany litigation, Webster agrees to enter into this Agreement and to comply with the terms set forth below;

Whereas, Webster has multiple branches located in Connecticut, Massachusetts, Rhode Island and Westchester County, New York. It engages in various lending activities; and

Whereas, the Parties agree that the Act and ECOA both apply to Loan applications and to the Loan application process and prohibit discrimination in lending based on whether an applicant is pregnant, is, will be or has been on maternity, adoptive, or paternity leave, or is receiving or will receive temporary leave income because of pregnancy, adoption, or childbirth.

NOW, THEREFORE, in consideration of the promises and covenants contained herein, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## **TERMS OF THE SETTLEMENT AGREEMENT**

### **I. DEFINITIONS**

1. The following definitions apply to this Agreement:
  - a. “Agreement” means this Settlement Agreement.
  - b. “Covered Employees” means all of Webster’s mortgage banking officers, underwriters, supervisors of underwriters, and senior management who have a significant involvement in residential mortgage lending, including any such employees who begin employment with Webster during the term of the Agreement.
  - c. “Effective Date” means the date of the signature of the last signatory to this Agreement.
  - d. “Webster” means Webster Bank, N.A. and its subsidiaries, successors and assigns.

### **II. RELEASES**

2. WRO and all of its subsidiaries, successors, legal representatives, estates, agents, assigns, board members, officers, executives, employees and all other persons or entities acting for, by or through it, hereby forever waives, releases, and covenants not to sue Webster or its affiliates, board of directors, officers, attorneys, employees, executors, assigns, or successors with regard to any and all claims, damages and injuries of whatever nature, whether presently known or unknown, arising out of its investigation into discrimination on the basis of maternity, adoptive or paternity leave lending practices prior to the Effective Date, or which could have been filed in any action or suit arising from said subject matter. This provision shall apply to any and all claims, damages and injuries of whatever nature that arise out of any facts, circumstances, or information identified by or reported to either Party as part of a Party’s efforts to comply with obligations under this Agreement. This provision shall survive the termination or expiration of this Agreement.

3. Webster and all of its subsidiaries, successors, legal representatives, estates, agents, assigns, board members, officers, executives, employees and all other persons or entities acting for, by or through it hereby forever waives, releases and covenants not to sue WRO or its affiliates, board of directors, officers, attorneys, employees, executors, assigns or successors with regard to any or all claims, damages, and injuries of whatever nature, whether presently known or unknown, arising out of WRO's investigation into discrimination on the basis of maternity, adoptive or paternity leave lending practices prior to the Effective Date, or which could have been filed in any action or suit arising from said subject matter. This provision shall survive the termination or expiration of this Agreement.

4. Webster, including its officers and employees, and Webster's agents, representatives, assignees, and successors in interest acting on behalf of and at the direction of Webster, shall not discriminate against any person based on sex or familial status in the terms and conditions of loans nor will it otherwise deny, delay or withhold loans from any person based on their current, projected, or past maternity, adoptive, or paternity leave status in violation of the FHA, 42 U.S.C § 3604(a) and (b), 42 U.S.C. § 3605 and 24 CFR 100.120 or ECOA, 15 U.S.C. § 1691 (a), 12 CFR 1002. It is understood and agreed that the protections provided against familial status and sex in these laws apply to any person who is pregnant or who has or is in the process of securing legal custody of any individual who has not attained the age of 18 years. This commitment includes all aspects of Webster's Loan origination process, including marketing and underwriting Loans.

5. No provision of this Agreement requires Webster to make any unsafe or unsound Loan or to make a Loan to a person who is not otherwise qualified for the Loan.

### **III. UNDERWRITING GUIDELINES**

6. Webster agrees that it will revise its residential underwriting guidelines and procedures to include explicit provisions relating to eligibility for Loans that address considerations of maternity, adoptive and paternity leave. These guidelines will be substantially in the form of Appendix A, entitled Residential Underwriting Guidelines: Temporary Leave.

7. Webster will allow all qualified applicants who are pregnant, are, will be or have been on maternity, adoptive, or paternity leave, or who are receiving or will receive temporary leave income because of pregnancy, adoption, or childbirth, including short-term disability income ("Temporary Leave Income"), to apply and, upon satisfaction of all credit and lending guidelines, be approved for and close a Loan without first returning to active work status. Webster further agrees to allow Loan applicants on temporary leave, including maternity, adoptive or paternity leave to use the applicant's pre-leave income in qualifying for a Loan if the applicant's projected return to work date precedes the date of the first mortgage payment and if Webster is not made aware that the applicant's post-leave income will be less than the applicant's pre-leave income.

8. Webster agrees that applicants who will not return from temporary leave, including maternity, adoptive or paternity leave before the first mortgage payment due date may use qualifying income received during the leave period to meet generally applicable underwriting standards. If the Temporary Leave Income is insufficient to meet generally applicable

underwriting standards, Webster will permit applicants to supplement the Temporary Leave Income with available liquid financial reserves in order to meet the eligibility criteria.

9. Within 30 days of the Effective Date of this Agreement, Webster will complete an update to its residential lending guidelines that will fully reflect the Residential Underwriting Guidelines: Temporary Leave. Evidence of the updated guidelines shall be provided to WRO by email within 75 days of the Effective Date.

#### **IV. TRAINING**

10. Simultaneously with its implementation of the Residential Underwriting Guidelines: Temporary Leave, Webster will train all Covered Employees on the updated temporary leave underwriting guidelines. A communication to Covered Employees will include a written reminder that qualified applicants on temporary leave for maternity, adoptive or paternity leave will not be encouraged or required to return to work in order for a Loan to be approved, that pre-leave income will be used to qualify borrowers on temporary leave who will return to work before the date of the first mortgage payment, and that Temporary Leave Income, may be supplemented with available liquid financial reserves in order to meet the eligibility criteria.

11. Within 30 days of the Effective Date, the Bank shall engage a third party to conduct one in-person fair lending training to Covered Employees identified by Webster subject to consent by WRO, which consent shall not be unreasonably withheld. This in-person training shall be presented within 60 days of the adoption of the Residential Underwriting Guidelines: Temporary Leave and be videotaped and made available as mandatory training for substantially all Covered Employees not in attendance for the in-person training and who are employed (including newly hired Covered Employees) during the term of this Agreement.

12. The training will last approximately 90 minutes, and will cover maternity, adoptive and paternity leave topics as well as the Residential Underwriting Guidelines: Temporary Leave (“Training”). Webster will require every Covered Employee to attend or view the training, except for good cause shown and agreed to by the Parties. Webster will also make the training available to Webster’s compliance staff.

13. Webster will secure from each Covered Employee required to take the training pursuant to Paragraph 10 an electronic certification of completion of the Training and maintain such acknowledgements for the term of this Agreement.

#### **V. CONSUMER REDRESS**

14. The Parties agree that Webster has undertaken the following steps to identify prospective borrowers who may have been adversely impacted in seeking a Loan from Webster because a prospective borrower was on or expected to be on maternity, adoptive or paternity leave.

a. Webster has completed an electronic file query of each Loan application underwritten by Webster in its footprint: Connecticut, Massachusetts, Rhode Island and

White Plains, New York with an application date of October 1, 2013 through October 1, 2018 (“Consumer Identification Process”).

b. Webster completed this search on each of two internal systems that contain information on loan applications: Power Lender and On Base. These two systems are used by the Bank for storing loan application and origination data and documents including underwriter notes.

c. Webster’s word search for the Consumer Identification Process was based on the following search terms:

- i. maternity
- ii. pat\*
- iii. preg\*
- iv. parental
- v. adopt\*
- vi. adopted
- vii. “short term disability”
- viii. “return to work”
- ix. newborn
- x. infant
- xi. baby
- xii. babies
- xiii. “temporary leave”
- xiv. “temporary income”
- xv. “leave income”
- xvi. foster\*

d. Webster and counsel for WRO conducted a manual review of all files for which there were hits using the list of search terms in order to identify files. The manual review consisted of reviewing the underwriting file and materials in order to determine whether maternity, adoptive or paternity leave or income was identified in the underwriting process, and then whether the mortgage banking officer and/or underwriter explained and/or applied Webster’s temporary leave income guidelines in a manner compliant with federal fair lending laws. Webster and counsel for WRO conducted a manual review of all emails for which there were hits using the list of search terms on the email accounts of all underwriters and mortgage banking officers employed at Webster between October 1, 2013 and October 1, 2018. The email search was undertaken in order to identify borrowers who may have been discouraged from applying due to receiving problematic guidance on the consequences of their maternity, paternity, or adoptive leave for loan underwriting purposes. Webster employed the same manual review process of all emails which turned up in the word search and identified additional prospective borrowers who may have suffered an adverse consequence based on Webster’s maternity, adoptive or paternity leave policies.

e. As a result of these reviews, Webster has identified eight borrowers, and counsel for WRO identified an additional forty (40) borrowers or prospective borrowers who may have potentially suffered an adverse consequence as a result of maternity, paternity, or adoptive leave based on its search of Webster's loan origination systems. Each of these borrowers or prospective borrowers as well as any other individual identified during the term of this Agreement as having potentially suffered adverse consequences related to their maternity, adoptive or paternity leave is eligible to receive consumer redress under this Agreement ("Eligible Individual").

## **VI. RISK ASSESSMENT AND MONITORING**

15. In order to assess ongoing risk and evaluate compliance with its updated Residential Underwriting Guidelines: Temporary Leave, Webster will incorporate the procedures set forth in Section III into its underwriting quality control processes during the term of this Agreement.

16. The Parties agree that Webster will undertake the following steps to identify additional borrowers or prospective borrowers who may have been adversely impacted in seeking a Loan from Webster because a borrower or prospective borrower was on or expected to be on maternity, adoptive or paternity leave.

a. Webster will conduct an initial live search within three months after the completion of training of substantially all Webster Bank personnel with lending responsibilities for all HMDA-reportable loan applications since October 1, 2018 in order to ensure that the new guidelines have been applied timely and appropriately. Webster will run a follow-up search between six and twelve months after the initial live search. Both of these searches will be run using the method described in Paragraph 14.

b. Webster will analyze the results of these searches in order to identify personnel who are not in compliance with the guidelines, correct any incorrect decision, and require mandatory re-training on the new guidelines for all employees who are not in compliance. Webster will also analyze the results of these searches for any additional Eligible Individuals who were not previously identified and follow the notification process described in Paragraph 18 with respect to all additional Eligible Individuals.

c. Webster will periodically, at least every six months for the term of this Agreement, require its mortgage banking officers and mortgage underwriters to take a five-question quiz that tests their knowledge of Webster's fair lending obligations with respect to treatment of consumers' income when they are on maternity, adoptive or paternity leave. Any mortgage banking officer or mortgage underwriter who fails to answer all questions correctly shall be required to complete the fair lending training described in Paragraph 11.

d. Webster will report the training update conducted under Paragraph 16.c through its counsel within 45 days of the training update.

## VII. COMPENSATION

17. The following requirements apply to Webster's compensation to Eligible Individuals:

a. Within ten (10) days of the Effective Date, Webster shall deposit \$700,000 into an interest-bearing escrow account ("Consumer Redress Fund"). Any funds remaining in the Consumer Redress Fund will be distributed as described in Paragraph 18(j).

b. Each person who is identified by Webster as an Eligible Individual shall be compensated in an amount determined by Webster, but the amount will not depend on the number of Eligible Individuals.

c. Webster shall make a good faith effort to select an appropriate compensation amount for each Eligible Individual, and no Eligible Individual shall receive less than \$3,000.

d. Any interest that accrues in the Consumer Redress Fund shall become a part of the Consumer Redress Fund and be utilized and disposed of as set forth herein, except that any taxes owed on such interest shall be paid from any accrued interest.

e. Each Eligible Individual identified by Webster shall be offered compensation in exchange for submitting and executing a Claim form ("Claim") deemed by Webster to establish a valid claim ("Valid Claim") and Release of Claims form ("Release") that are enclosed with the Notice of Compensation ("Notice") referenced in Paragraph 18.c. and 18 d. Webster will provide to WRO and WRO's counsel a report that identifies the total number of consumers who received compensation and total redress amount.

f. Other individuals who were not identified by Webster during the Consumer Identification Process may be deemed by Webster to be eligible for compensation. Such consumers shall be required to execute and submit to Webster a Valid Claim and Release prior to receiving compensation.

18. The following requirements apply to Webster's processes for notification of Eligible Individuals:

a. Within 30 days of the Effective Date or the date on which a consumer is identified by Webster as being an Eligible Individual, whichever is later, Webster shall send the Notice, Claim and Release attached as Appendix B to the Agreement to each Eligible Individual.

b. This mailing may occur via first-class mail, address correction service requested, or email. Webster will retain a copy of all such mailings and email messages. Such notification will be sent to the Eligible Individual's last known address and/or email address as maintained by Webster's records.



c. If mailed, the envelope shall be printed with the following short notice: **Important: Notice of Compensation Under Maternity, Adoptive and Paternity Leave Settlement.** If emailed, the Notice shall include this language at the top of the email message and shall make the same the subject line of the email.

d. The Notice shall include a copy of the Claim and Release.

e. The Notice shall provide for a cost-free means by which an Eligible Individual may return the signed Claim and Release, including through a postage paid self-addressed envelope or return of a signed, scanned Claim and Release through email.

f. Webster shall keep a log of its efforts to contact Eligible Individuals, documenting all efforts, including in cases where the Notice is returned by the U.S. Postal Service (or similar mail processing entity) or an email administrator.

g. If any Notice is returned as undeliverable, Webster shall engage in commercially reasonable efforts to obtain other contact information for the Eligible Individual and resend the Notice. Commercially reasonable efforts include but are not limited to: requesting recent address information from the U.S. Postal Service, performing a skip trace, or using publicly available databases to search for the contact information of Eligible Individuals. For the avoidance of doubt, Webster shall make at least two (2) attempts to contact every Eligible Individual.

h. Eligible Individuals shall have 90 days from the date her or his last Notice was mailed to provide an executed Valid Claim and Release in order to qualify for compensation under the Consumer Redress Fund.

i. Webster shall pay compensation to each Eligible Individual within 30 days from the date on which it determines that the Eligible Individual has submitted a Valid Claim and has submitted an executed Release.

j. Once Webster makes a good faith determination that it has distributed money in the Consumer Redress Fund to Eligible Individuals, including accrued interest, in compliance with the terms of this Agreement and on a date that is after a period of 180 days from the Effective Date (“Termination of Redress Period”), Webster will distribute any remaining funds to one or more of the charitable organizations listed in Appendix C or any other charitable organization, of the Bank’s choice, with a similar mission (“Qualified Organizations”).

## VIII. SUPPORT FOR FAIR LENDING EDUCATIONAL PROGRAM

19. Webster shall make a donation of \$225,000 to WRO to support implementation by WRO of its various housing counseling programs, including its first-time homebuyer program (“Donation”). The Donation will be paid in two (2) installments. The first installment, \$150,000.00, will be paid directly to WRO within fifteen (15) days of the Effective

Date. The second installment, \$75,000.00, will be paid directly to WRO within 240 days of the Effective Date.

## **IX. PAYMENT**

20. Within ten (10) days of the Effective Date, Webster shall make a payment of \$325,000 in full settlement and resolution of any and all attorneys' fees, and costs claimed by WRO in connection with the Matter. This payment is independent of any funds due pursuant to other provisions of this Agreement. The payment shall be sent by overnight mail or wire to:

Sara Pratt  
Relman, Dane & Colfax PLLC  
1225 19th Street, NW  
Suite 600  
Washington, DC 20036

## **X. GENERAL PROVISIONS**

21. The Parties acknowledge that this Agreement is a voluntary and full settlement of the Complaint. No party admits liability or wrongdoing of any nature because of entering into this Agreement, and the Parties acknowledge that no findings have been made with respect to the Complaint's allegations. No party has been coerced, intimidated, threatened, or in any way forced to become a party to this Agreement. The Parties have read and fully understand the significance of the terms set forth herein.

22. Each person who signs this Agreement in a representative capacity warrants that his or her execution of this Agreement is duly authorized, executed and delivered by and for the entity for which he or she signs.

23. It is understood that Webster denies that it has violated the Act or any other law. This Agreement does not constitute an admission by Webster of any violation of the Act or any other law.

24. The Parties agree that this Agreement is not subject to a term of confidentiality and no consent is required to publicly disclose the Agreement.

25. The Parties have agreed on a joint press statement, attached as Appendix D to this Agreement.

26. This Agreement is binding upon the Parties and their respective employees, successors and assigns.

27. The Parties acknowledge and agree that this Agreement represents the full and complete agreement of the Parties and that this Agreement supersedes and replaces any prior agreements, whether oral or written. No amendments to, modifications of, or waiver of any provision of this Agreement shall be effective unless all of the following conditions are met: (a) all signatories or their successors to the Agreement are notified in advance and agree to the

proposed amendment, modification or waiver; (b) the amendment, modification, or waiver is in writing; and (c) the amendment, modification, or waiver is approved and signed by the Parties. Any such amendment, modification, waiver, or consent shall be effective only in the specific instance and for the specific purpose for which given.

28. The Parties agree that this Agreement may be executed by the Parties' signatures of consent on separate pages. The separate pages will be attached to the body of the Agreement to constitute one document. The Parties agree that signature pages received via electronic transmission will be considered official.

29. Each provision and term of this Agreement shall be interpreted in such a manner as to be valid and enforceable. In the event any provision or term of this Agreement is determined to be, or is rendered, invalid or unenforceable, all other provisions or terms of this Agreement shall remain unaffected to the extent permitted by law.

30. The Parties shall endeavor, in good faith, to resolve informally any differences regarding interpretation of and compliance with this Agreement prior to bringing such matters to a court for enforcement of the Agreement and resolution.

31. The Parties acknowledge that they have been represented by independent counsel of their own choice throughout all discussions that preceded the execution of this Agreement and that they have participated in the drafting and preparation of this Agreement. This Agreement has been negotiated at arm's length between Parties represented by legal counsel. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted any particular provision is not applicable and is hereby waived.

32. All notices required or permitted hereunder shall be in writing and shall be served on the Parties at the mailing addresses or email addresses set forth below. If sent by overnight delivery, notice shall be deemed delivered one (1) business day after deposit with a nationally recognized overnight courier. Personal delivery shall be deemed delivered upon the date the same was actually delivered. Email notices shall be deemed delivered the day the same was sent, provided that the sender has retained a copy and the same was properly sent.

a. Notices to WRO shall be sent to:

Andrew Smith  
Westchester Residential Opportunities Inc.  
470 Mamaroneck Avenue  
White Plains, NY 10801  
[asmith@wroinc.org](mailto:asmith@wroinc.org)

and to:

Sara K. Pratt  
Relman, Dane & Colfax PLLC  
1225 19<sup>th</sup> Street, NW  
Suite 600

Washington, DC 20036  
[spratt@reلمانlaw.com](mailto:spratt@reلمانlaw.com)

b. Notices to Webster shall be sent to:

EVP, Community Bank  
Webster Bank, N.A.  
200 Executive Blvd.  
Southington, CT 06489

and to:

Andrea Mitchell, Esq.  
Mitchell Sandler LLC  
1120 20th Street, NW  
Suite 725  
Washington, DC 20036  
[amitchell@mitchellsandler.com](mailto:amitchell@mitchellsandler.com)

courtesy copy to:

Office of the General Counsel  
Webster Bank, N.A.  
145 Bank Street  
Waterbury, CT 06702


33. This Agreement shall be construed in accordance with the laws of the State of Connecticut, without giving effect to conflict of law principles. Any action in regard to this Agreement or arising out of its terms and conditions shall be instituted and litigated in the State of Connecticut.

34. The requirements of this Agreement will remain in effect for two (2) years commencing on the Effective Date of this Agreement.

35. The Effective Date of this Agreement is the date of the last signature below.

**SIGNATURES**

For: Webster Bank, N.A.

By:   
\_\_\_\_\_  
Nitin Mhatre

Title:  
Executive Vice President, Community Bank

Date:   
\_\_\_\_\_

For: Westchester Residential Opportunities, Inc.

By: Marlene Zarfes

Marlene Zarfes, Executive Director

Date: September 5, 2019

## Appendix A

### Webster Bank

#### *Residential Underwriting Guidelines: Temporary Leave*

**General Policy on Borrower Income While on Temporary Leave.** Otherwise qualified applicants on temporary leave from work, including maternity leave, paternity leave, family leave, and/or adoption leave, will be qualified for a mortgage loan using regular employment income if the applicant will return to work on or before the date the first mortgage payment is due. If the applicant will not return to work until after the first mortgage payment is due, the applicant's income received during the temporary leave period, plus available liquid financial reserves, will be used to qualify the borrower. Qualified applicants on temporary leave do not have to return to active work status in order to be approved for a loan, or in order to close on a loan.

**Applicability of Policy.** This policy applies to any applicant on temporary leave from employment, including maternity leave, paternity leave, family leave, and/or adoption leave. This policy applies both to applicants who currently are on temporary leave, and to applicants who plan to take temporary leave at a future date. This policy applies to situations in which an applicant is on paid or unpaid leave status with their employer due to pregnancy, birth, or securing custody (including adoption or foster care) of a child.

#### **Calculation of Income**

- a. The underwriter will consider regular employment income when determining an applicant's eligibility for a mortgage loan. If the applicant will return to work on or before the date the first mortgage payment is due, Webster Bank will consider the applicant's regular employment income in qualifying the applicant. If the applicant will not return to work until after the first mortgage payment is due, Webster Bank will use temporary leave income received by the applicant during the leave period to meet the Bank's underwriting criteria.
- b. If the borrower will not return to work until after the first payment is due and the temporary leave income received during the temporary leave period is not sufficient to qualify an applicant for a mortgage loan, Webster Bank will permit the applicant to supplement the temporary leave income with available liquid financial reserves in order to meet the eligibility criteria. Supplemental income using available liquid financial reserves will be calculated according to the method specified in the Fannie

- c. Mae Selling Guide, B3-3.1-09, *available at*:  
<https://www.fanniemae.com/content/guide/selling/b3/3.1/09.html>.
- d. Webster will consider whether an applicant's employment or employment income is stable, predictable, or likely to continue without regard to the fact that an applicant is currently taking or previously took paid or unpaid maternity leave, paternity leave, family leave, and/or adoption leave, and returned to work with her or his pre-leave employer.

**Return to Work.** Webster will consider any applicant on temporary leave to be currently employed if the applicant provides written confirmation of her or his intent to return to work. Webster will determine the applicant's date of return to work with documentation from the applicant's employer, provided either by the applicant or by the applicant's employer.

Thereafter Webster will only cease considering a leave to be temporary when the applicant provides written notice to Webster that the applicant does not intend to return to work with the current employer.

**Non-discouragement.** Webster will not ask an applicant who is not currently on temporary leave due to maternity leave, paternity leave, family leave, and/or adoption leave if he or she intends to take leave in the future. Webster will not make statements that could discourage applicants who are on temporary leave or plan to take temporary leave from applying for a mortgage loan. Webster will not inquire if an applicant or member of her or his household is pregnant, plans to become pregnant, plans to adopt a child, or plans to become a foster parent. Webster will not require any applicant for a mortgage loan to return to work before accepting or processing a loan application or making a decision on an application using the criteria above.



## APPENDIX B

### NOTICE TO RESIDENTIAL MORTGAGE LOAN APPLICANTS OF WEBSTER BANK, N.A.

**You are receiving this notice because Webster Bank’s records indicate that you or your co-borrower may have been on, or were scheduled to be on, maternity, paternity, pregnancy, or adoptive leave (“Temporary Leave”) at the time of your application for, or inquiry regarding, a residential mortgage loan. In order to address concerns raised by Westchester Residential Opportunities regarding Webster’s handling of Temporary Leave income for applicants on, or scheduled to be on, temporary leave in connection with their mortgage application or inquiry, Webster reviewed certain application materials to determine whether they were handled in accordance with applicable fair lending laws. Based on a recent review of our records, you may be eligible for compensation in connection with your application or inquiry. This notice provides you information on how to file a claim.**

Providing superior customer service is a core value at Webster. A key element of our customer service commitment is ensuring that everyone is treated in a fair and equitable manner. If we did not provide the level of service and fair treatment that you deserve and we expect of ourselves, we want the opportunity to correct the situation. That is why Webster has agreed to establish a fund for the purpose of compensating persons whose Temporary Leave income may not have been handled in accordance with applicable law (“Consumer Redress Fund”). In order to receive a payment from the Consumer Redress Fund, you must certify under penalty of perjury that you meet the following **two** conditions:

1. That you or a co-borrower were on, were scheduled to be on, or planned to be on in the future, Temporary Leave at the time of your loan application or inquiry with Webster;  
**and**
2. That your loan application or inquiry was negatively affected because you or a co-borrower were on or planned to take Temporary Leave. Examples of negative effects include but are not limited to: if a Webster official told you that you were not eligible for, or would be subjected to different terms and conditions of, a mortgage loan because you or a co-borrower were on Temporary Leave, that you or a co-borrower would have to return to work before you would be considered eligible for a mortgage loan, or that the loan application was delayed unreasonably because of current or planned Temporary Leave.

**If you believe that you meet these two criteria, you must submit two documents to the mailing address provided:**

1. **Claim form; and**
2. **Release form**

**Both forms must be completed, signed and postmarked on or before [DATE] in order to be eligible for a payment from the Consumer Redress Fund. The claim form and release are attached. Submitting a claim form and release does not automatically result in compensation. Webster will review the documentation you submit to determine whether your claim is eligible for compensation and the amount of compensation for eligible claims.**

If you submit a claim, you will receive notice from Webster regarding whether your claim has been validated. In the case of a validated claim, the Bank will provide you compensation only if you and a co-borrower (as applicable) have signed the written release (“Release”) below. The Release waives all claims, legal or equitable, that you or a co-borrower (as applicable) might have against Webster regarding negative treatment of Temporary Leave income in connection with your inquiry, application, or loan. You are not eligible for payment from the Consumer Redress Fund with respect to an application, inquiry, or loan if you have previously received compensation for a claim regarding the same inquiry, application, or loan and executed a release in exchange for the compensation.

All claims must be sent to:  
WEBSTER BANK, N.A.  
200 Executive Blvd. SO-245  
Southington, CT 06489  
ATTN: Legal

## APPENDIX C

### QUALIFIED ORGANIZATIONS

1. Westchester Independent Living Center ([www.wilc.org](http://www.wilc.org))
2. Community Resource Center ([www.crcny.org](http://www.crcny.org))
3. Neighbors Link ([www.neighborslink.org](http://www.neighborslink.org))
4. Westchester Children's Association ([www.wca4kids.org](http://www.wca4kids.org))
5. Westchester Residential Opportunities ([www.wro.org](http://www.wro.org))

**APPENDIX D**  
**PRESS RELEASE**

*Embargoed for Release until September 6, 2019 at 4:30 p.m. EST*

Contact:	Marlene Zarfes	Alice Ferreira
	Executive Director	SVP, Corporate Communications
	Westchester Residential Opportunities	Webster Bank
	Phone: 914-428-4507	Phone: 203-578-2610
	Email: <a href="mailto:media@wroinc.org">media@wroinc.org</a>	Email: <a href="mailto:acferreira@websterbank.com">acferreira@websterbank.com</a>

**Webster Bank and Westchester Residential Opportunities  
announce initiatives to strengthen mortgage lending program for  
individuals on parental leave**

**WATERBURY, Conn. and WHITE PLAINS, NY, September 6, 2019** – Webster Bank and Westchester Residential Opportunities, Inc. (“WRO”) today jointly announced initiatives designed to ensure that individuals who are on, or plan to be on, maternity, paternity or adoptive leave receive fair and equal access to mortgage loans.

Webster Bank’s head of Community Banking Nitin Mhatre noted the plan and the bank’s collaboration with WRO as a significant step in supporting the bank’s goals as a consumer-oriented financial institution. “At Webster, helping families achieve their financial goals is a crucial part of our mission as a values-guided bank,” said Mhatre. “That is why when WRO approached our team concerning challenges faced by parents and soon-to-be parents in obtaining mortgage loans, we saw it as an important opportunity to leverage an outside-in perspective to further enhance our lending operations and better serve our customers.”

WRO’s Executive Director Marlene Zarfes similarly noted that “Webster’s new initiatives will improve access to home lending for individuals on maternity and other family leave. Webster is to be commended for the cooperative approach they have taken in resolving the potential lending concerns WRO raised with the bank.”

The initiatives include the following:

- Implementation of revised mortgage lending guidelines to ensure uniform evaluation of an applicant’s income from temporary leave related to childbirth or adoption.

- Establishment of a fund of \$700,000 to compensate potentially eligible individuals who may have benefited from the revised lending guidelines if they were in effect previously, as well as a donation of \$225,000 to WRO to support housing counseling activities, including its first-time homebuying education and counseling program, across the region served by WRO.

The initiatives announced today reflect resolution of allegations of fair lending concerns raised by WRO. Webster denies any wrongdoing as part of the resolution.

**About Webster Financial Corporation and Webster Bank, N.A.**

Webster Financial Corporation is the holding company for Webster Bank, National Association and its HSA Bank division. With \$28.9 billion in assets, Webster provides business and consumer banking, mortgage, financial planning, trust, and investment services through 157 banking centers and 316 ATMs. Webster also provides mobile and online banking. Webster Bank owns the asset-based lending firm Webster Business Credit Corporation; the equipment finance firm Webster Capital Finance Corporation; and HSA Bank, a division of Webster Bank, which provides health savings account trustee and administrative services. Webster Bank is a member of the FDIC and an equal housing lender. For more information about Webster, visit the Webster website at [www.websterbank.com](http://www.websterbank.com).

**About Westchester Residential Opportunities, Inc.**

Founded in 1968, WRO is a not-for-profit organization whose mission is to promote equal, affordable, and accessible housing opportunities for all residents of its region. WRO is based in White Plains, New York. The investigatory work by WRO that formed the basis for this announcement was supported in part by funding provided through a fair lending grant from the U.S. Department of Housing and Urban Development.