



To fulfill the credit needs of our valued real estate clients, support the communities where our employees live and work and to safeguard shareholder value, Webster Bank is committed to prudent and responsible multifamily lending practices. As a good corporate citizen, we recognize the value of preserving affordable housing, fostering improved compliance by landlords in the rent-regulated housing market and supporting the legal rights of both tenants and owners. In fact, Webster's Office of Corporate Responsibility was established in 2022 to monitor lending activities in low-to-moderate income areas and partner with community groups to expand quality lending for housing.

Webster's policies discourage the extension of credit to overleveraged or highly speculative properties where economic viability is highly dependent on fostering tenant displacement.

Our key lending policies include property evaluations based upon the following criteria:

- A minimum Debt Service Coverage Ratio of 1.2X that utilizes only current in-place rents (including preferential rents) and legally permitted rent from existing vacancies at the time of closing. Underwriting assumes that the owner does not contemplate rent increases on the turnover of currently occupied rent-regulated units of any rent, or non-regulated units affordable or occupied by low-to-moderate income (LMI) tenants.
- Use of realistic operating expense levels, supported by appraisals and cost averages published by NYC and other municipalities across Webster's footprint, which include reserves for normal maintenance and capital expenditures.
- Use of Member of the Appraisal Institute (MAI) peer-reviewed appraisers.
- Inspection and review of the building's condition prior to closing, including but not limited to high violation counts, building permits, eviction rates, high vacancy rates and loss of rent-regulated units. Following the making of a loan, these inspections are typically conducted annually by Webster's commercial teams, as well as third party appraisal and environmental companies.
- After the initial site visit, thorough site inspections are conducted by a third party which produces a property conditions report that is also considered before closing a loan.
- Open safety violations being satisfied prior to closing and that superintendents who live in the building be trained in building operational maintenance programs.

In addition, our policies include prohibitions on:

- Additional debt placed upon a property without Webster's consent.

- Financing of, or funds being set aside for, tenant buyouts or additional costs for tenants that may lead to displacement.

Through our due diligence process, we strive to avoid extending credit to landlords we deem to have inadequate building and tenant management practices. If prospective borrowers fail to meet our requirements, their requests are declined. Our vetting process for both loan origination and refinancing makes use of multiple internal and external resources, including:

- Information available from tenants and tenant organizers
- A borrower's practices with respect to managing other properties on which Webster currently holds a mortgage will be considered when that borrower applies for a mortgage on a new property, with an expectation that the borrower maintains reserves for capital expenses and ongoing maintenance, a consideration which will then impact the decision to lend/refinance to that borrower
- Landlord Alert Lists (based upon information from various public and non-public sources) which are maintained and monitored as part of Webster's portfolio monitoring practices and annual reviews
- News reports of problematic landlords and buildings
- Information available in New York City specifically, including but not limited to:
 - Lists of distressed assets, such as University Neighborhood Housing Program's (UNHP) Building Indicator Project, HPD's distressed building lists, and buildings in the city's Alternative Enforcement Program (AEP)
 - Public Advocate's Worst Landlord Watch List
 - Stabilizing NYC target landlord list
 - Right to Counsel's Worst Evictor List
 - Landlords under investigation (or who have been settled with/found guilty) by the NY Attorney General's office or other government agencies for practices impacting tenants adversely

Webster also works to ensure the following:

- That adequate resolution occurs with respect to questions and concerns raised in connection with searches for property management and building violations.
- In cases where Webster purchases or participates in loans made by another bank or nonbank lender, or otherwise provides financing indirectly, Webster performs the same degree of analysis and applies its best practices as if we were the originator.
- Webster takes the proper vetting of landlords very seriously, and takes proactive steps to avoid lending to bad-acting landlords with patterns of harassment, displacement, eviction filings, and poor conditions. Webster identifies landlords with problematic records and histories and ensures its commercial teams are trained to recognize the worst offenders.
- Webster's Community Affairs team attends quarterly portfolio monitoring discussions in which the above-mentioned lists are reviewed, and also actively monitors trends, such as cluster site housing, warehousing, major capital improvements, etc.

Even when all best practices are followed, problems will sometimes arise in the buildings we finance. When they do, Webster will be responsive and work collaboratively with our community partners to address issues in the building, and will expect that, when brought to their attention, borrowers will act responsively when notified of concerns in their buildings. Webster's Community Affairs and CRE leadership, as well as our Chief Corporate Responsibility Officer, will meet with community organizations annually to evaluate the effectiveness of our commitment to this pledge, review relevant data regarding our multifamily lending portfolio, as well as actions taken in response to notification of issues in buildings in which we are the lender of record.