



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

March 20, 2020

Guidance to Washington State Regulated and Exempt Residential Mortgage Loan Servicers Regarding Support for Borrowers Impacted by the Novel Coronavirus (COVID-19)

To: The Chief Executive Officers or the Equivalents of Washington State Regulated and Exempt Residential Mortgage Loan Servicers

Last week, the World Health Organization declared the spread of the novel coronavirus COVID-19 a pandemic, and both Washington State and the U.S. Federal Government have declared states of emergency. The economic impact to consumers is considerable, and the outbreak will continue to cause significant financial hardship for individuals and families, especially workers who cannot work remotely and have a loss of income.

As the outbreak continues to spread, a growing number of companies have started to warn markets about the adverse impact of COVID-19 on their financial conditions. Companies in certain sectors are already laying off employees and taking other drastic actions in response to the crisis which is likely to cause more financial stress on local communities and consumers.

Fannie Mae, Freddie Mac, and HUD have all suspended foreclosures for at least 60 days on single family mortgages backed by those entities. Locally, the Department issued guidance to mortgage loan providers allowing companies and mortgage loan originators to take necessary social distancing precautions while still providing their services to consumers. The Department is now issuing this additional guidance to urge all mortgage servicers to do their part to alleviate the adverse impact caused by COVID-19 on mortgage borrowers (“mortgagors”) who demonstrate they are not able to make timely payments. Servicers are urged to take reasonable and prudent actions, subject to the requirements of any related guarantees or insurance policies, to support those adversely impacted mortgagors by:

- Forbearing mortgage payments for 90 days from their due dates;
- Refraining from reporting late payments to credit rating agencies for 90 days;
- Offering mortgagors an additional 90-day grace period to complete trial loan modifications, and ensuring that late payments during the COVID-19 pandemic does not affect their ability to obtain permanent loan modifications;
- Waiving late payment fees and any online payment fees for a period of 90 days;
- Postponing foreclosures for 90 days; and
- Ensuring that mortgagors do not experience a disruption of service if the mortgage servicer closes its office, including making available other avenues for mortgagors to continue to manage their accounts and to make inquiries; and

- Proactively reaching out to mortgagors via app announcements, text, email or otherwise to explain the above-listed assistance being offered to mortgagors.

The Department believes that reasonable and prudent efforts during this outbreak to assist mortgagors under these unusual and extreme circumstances are in the public interest and protect against widespread foreclosures. These efforts will not be subject to examiner criticism.

We recognize the impact of this request on your business. We are ready to work with you in implementation.

If you have any questions, please contact your regular point of contact at the Department.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles Clark".

Charles Clark, Director
Washington Department of Financial Institutions