



# Washington Department of Financial Institutions

## Spring 2020 Newsletter

## DFI Response to Coronavirus Pandemic

### Message from DFI Director Charlie Clark

Recognizing the many changes that have taken place within our state during the COVID-19 Coronavirus pandemic, I wanted to share with you what the Department of Financial Institutions has done in response to this event.



#### Teleworking and Remote Operations

I am proud to say our agency began taking action early on. In December and January, our divisions had just begun testing our telework resources, expanding which positions could telework and enhancing our infrastructure to support increased teleworking. As we learned of this event, we updated our COOP and pandemic plans based on what we were seeing around the globe. We were preparing for the worst, while hoping for the best.

On Jan. 20, the first case of Coronavirus COVID-19 in the United States was announced in Washington State. Throughout January and February, we continued to work on getting 100% of our staff able to work from home.

On March 5, we asked our employees living in King and Snohomish counties to maximize teleworking from home. We cancelled travel for March and April, began conducting examinations remotely, and began hosting online meetings to comply with social distancing guidelines.

By March 11, we moved the majority of our staff to teleworking from home, encouraging compliance with the “Stay Home, Stay Healthy” order. On March 25, we closed our office building and moved everyone to telework status with only a few critical business functions that still need to be performed at DFI headquarters.

#### Online Resources for Licensees and Washington Residents

On March 5, we launched our COVID-19 information and resource connection pages for our licensees at [www.dfi.wa.gov/coronavirus](http://www.dfi.wa.gov/coronavirus). Those pages have expanded, have new pages added for consumers, small businesses, and parents to help keep their children educated and entertained at home.

# DFI Response to Coronavirus Pandemic Continued...

## Staff Volunteering at State Emergency Operations Center

Since March 27, our staff has volunteered many hours with our state's Emergency Operations Center and Joint Information Center at Camp Murray.

## Assisting Washington Homeowners

On March 31, DFI's Consumer Service Division launched a four-person Mortgage Assistance Team (MAT) to answer calls from Washington homeowners unable to make their mortgage payment due to COVID-19-related wage loss in an effort to connect them with their servicer and help ease the flood of calls to our state foreclosure prevention hotline.

## Up to Date Guidance to DFI Licensees

We were proactive in providing our licensees support during this time as well, providing guidance:

- [Multi-State Initiative Announced To Provide Relief To Student Loan Borrowers](#)  
April 21, 2020
- [Guidance For State-Registered Investment Advisers Regarding CARES Act Loans](#)  
April 13, 2020
- [Temporary No-Action Relief For Securities Registrants](#)  
March 24, 2020
- [Guidance To Mortgage Servicers Regarding With Mortgage Borrowers](#)  
March 20, 2020
- [Guidance To Securities Licensees On Signatures](#)  
March 20, 2020
- [Reminder To Escrow Licensees To Watch For Wire Fraud Scams](#)  
March 20, 2020
- [Interim Guidance To Allow Mortgage Loan Originators To Work From Home](#)  
March 5, 2020

## Assisting Small Businesses

Our Division of Banks and Division of Credit Unions worked with the Small Business Administration to assist our state's small businesses in applying for Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL). During the first round of lending authorized by the CARES Act, [Washington State businesses received 30,421 loans totaling \\$7 billion.](#)

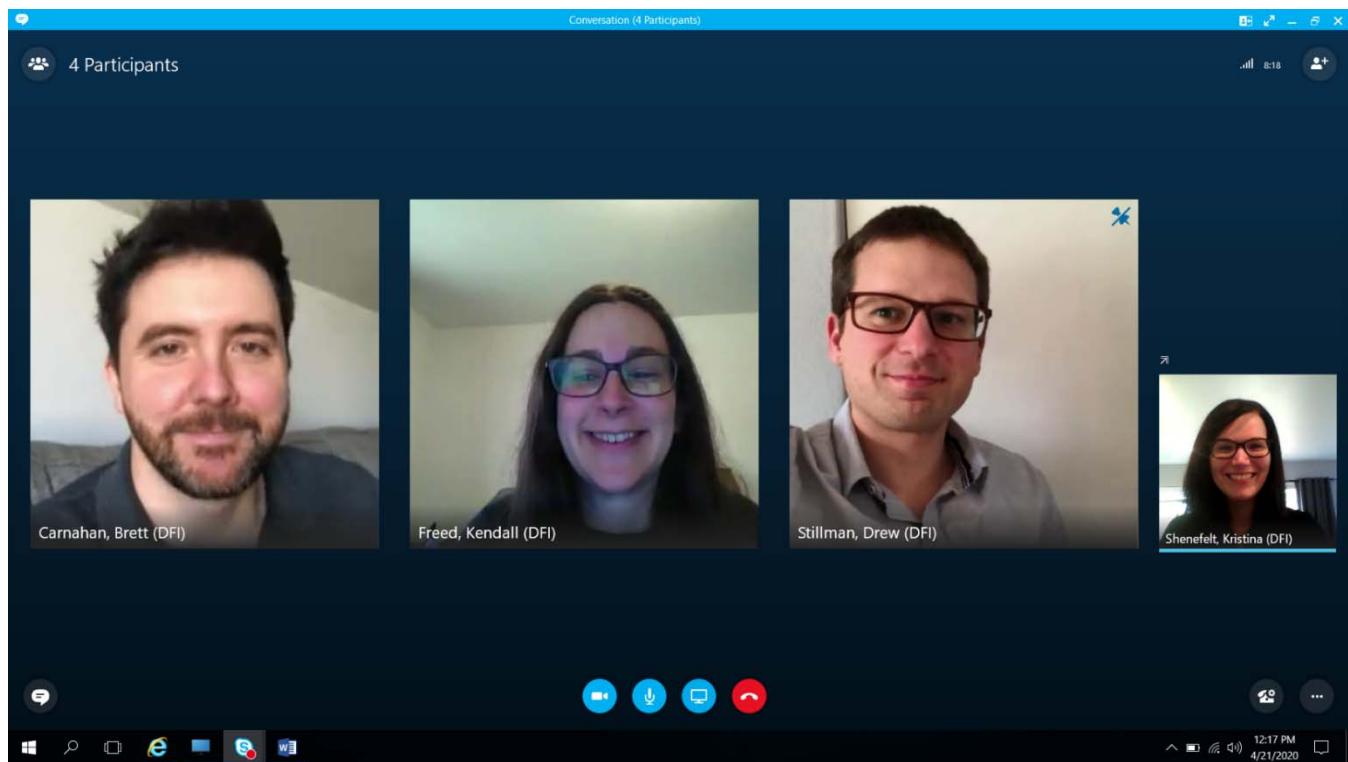
We continue to monitor the state and national situation to ensure we are responding with the most up-to-date and accurate information, appropriate recommendations, helpful messages and resources for our licensees and all Washington residents.

# DFI Assisting Mortgage Borrowers Struggling with Payments

In normal times, DFI's Division of Consumer Services (CS) supervises nondepository mortgage lenders. In the wake of COVID-19, Consumer Services saw a new need and stepped up to help Washingtonians who are struggling to make their mortgage payments due to loss of income during the coronavirus pandemic.

## Mortgage Assistance Team

CS launched a new Mortgage Assistance Team (MAT) to assist distressed Washington homeowners who are unable to make their mortgage payments due to COVID-19. MAT consists of Brett Carnahan, Kendall Freed, Kristina Shenefelt, and Drew Stillman, along with the unit's program specialists and the front desk staff.



The team provides callers with support in applying for mortgage assistance and resources to contact. In the first week, MAT received more than 70 calls from Washington residents.

## Getting Help

If you or someone you know could benefit from contacting the MAT, call 1-877-746-4334 or visit [www.homeownership.wa.gov](http://www.homeownership.wa.gov).

# DFI Staff Assisting at State Emergency Operation Center

[The State of Washington's Emergency Operations Center \(EOC\)](#) was activated in January in response to what was then merely an outbreak of COVID-19.

The EOC is by staffed emergency workers around the clock, and as the scope of the pandemic emerged, they asked for support from state agencies.

Several DFI staff stepped up and offered time and services as available to support workers at the EOC during the Coronavirus COVID-19 pandemic.

As DFI's State Agency Liaison to the EOC, DFI Director of Communications Lyn Peters served with the state's Joint Information Center in the Information Group, helping get the state portal ([www.coronavirus.wa.gov](http://www.coronavirus.wa.gov)) launched March 16 with information from accurate sources.

DFI's Katrina Roy has since volunteered to work on communications. Most recently Katrina has been tasked with providing reliable and accurate information regarding scams targeting Washingtonians during the COVID-19 Pandemic and helping the team launch a redesign of the portal (coming soon!).

Other DFI staff are also working at the EOC helping with questions about essential businesses and workers, and some are teleworking answering questions regarding COVID response business resources.



*Social Distancing at Camp Murray*

# Washington Banks and Credit Unions Implement the Paycheck Protection Program

On March 27, 2020, the US Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act created a new program in the Small Business Administration (SBA) called the Paycheck Protection Program (PPP). The CARES Act also increased funding for the SBA's existing Economic Injury Disaster Loan (EIDL) program.

On April 24, Congress approved \$470 billion in new coronavirus relief, including \$310 billion going toward the SBA's PPP, \$50 billion to the EIDL program and \$10 billion for the SBA's Emergency Economic Injury Grant program. The window for accepting new PPP loans opened Monday, April 27.



## About the Paycheck Protection Program

The Paycheck Protection Program (PPP) was intended to get small businesses through the closures necessitated by COVID-19. One of the program features is that these loans may be forgiven if used to keep staff on the payroll during closure. The Small Business Administration (SBA) and the US Treasury are the federal agencies responsible for implementing the \$349 Billion program, using an existing network of approved SBA lenders, which included many state-chartered banks and credit unions.

## DFI Worked with the SBA and Washington Banks and Credit Unions to aid Small Businesses

The demand for the funding was significant, and DFI worked closely with the banks and credit unions to help facilitate information and interpret guidance issued by the US Treasury, SBA, and the Federal Banking regulators as it pertains to the PPP.

Much of the guidance was not established at the outset of the program, causing confusion for both lenders, who needed some assurance that their loans would comply with eventual federal requirements, as well as the small businesses seeking funds and not in direct contact with the SBA. Because of the newness of the PPP program, its vast size, and the speed with which it was rolled out, there were at times technical difficulties with the SBA's electronic lending portal, where loans must be submitted for approval by lenders to the agency.

Despite these challenges, in 13 days Washington banks and credit unions made more than 30 thousand PPP loans at nearly \$7 billion in aid to small businesses.

## Learn More

More information about the [Paycheck Protection Program](#) can be found on the Department of Treasury website.



# Washington Credit Unions Adjust to Changing Times and Remote Examinations

The Division of Credit Unions has embraced the Stay Healthy, Stay Home order issued by Governor Inslee by successfully implementing remote safety & soundness examinations at our state-chartered credit unions. Building on work the Division began in 2018, in May 2019, the Division piloted a program to conduct part of many examinations remotely.

## Remote Examinations

With input from the Small Credit Union Workgroup and Division staff, procedures were put in place to effectively and efficiently complete these examinations.

Now with the remote work order in place, the Division is temporarily examining all parts of exams remotely for our state-chartered credit unions. Examiners are finding that even loan files can be reviewed remotely, depending on the technological capabilities of the credit union.



"We would not have gone to 100% virtual exams for 100% of our exams had it not been for these unusual circumstances," Director Amy Hunter said in an interview with the Credit Union Journal on remote examinations. "It has accelerated the learning curve for us and for the credit unions. We have learned that we can do more parts of the exam remotely than we thought before. I am certain that will result in us decreasing our footprint in the credit unions in the future, a move that is positive for credit unions and for examiners."

## Coronavirus Guidance to Credit Unions

The Division is also fielding questions from Credit Unions related to the COVID-19 pandemic and providing guidance and resources when needed.

- Virtual Annual Meetings  
In early March, Director Hunter issued a [memo to CEOs regarding virtual annual meetings.](#)
- Guidance for Credit Unions  
In April the division issued formal [guidance for Washington State Chartered Credit Unions responding to COVID-19](#) after an industry meeting hosted by the Northwest Credit Unions Association (NWCUA).

# DFI's Division of Consumer Services Provides Guidance and Assistance for Licensees

DFI's Division of Consumer Services (CS) is working hard to provide guidance and assistance to applicants and licensees during the COVID-19 pandemic.

## Guidance to Mortgage Servicers

In addition to assisting homeowners through a Mortgage Assistance Team, the department issued agency-wide [guidance to licensed or exempt entities engaged in servicing mortgages](#) taken out by Washington borrowers. In this guidance, the director urged these servicers to notify borrowers of the servicer's options available for assistance during the pandemic.



Suggested assistance options include notifying borrowers that, for the next 90 days: mortgage payments are not required; late payment or online-payment fees will be waived; late payments to credit rating agencies will not be reported; and all foreclosure actions will be postponed. In addition, for borrowers who were already having trouble paying their mortgage, allowing an additional 90 days for these borrowers to complete trial modifications that were currently in progress.

## Flexibility for Applicants and Licensees

CS is also continuing to provide flexibility for applicants and licensees. CS is allowing more time for applicants and licensees to submit required information to the department.

Also, the director of CS issued interim regulatory guidance to allow mortgage loan originators (MLOs) to work from their homes until June 6. Generally, MLOs may only work from a licensed location; however, due to the COVID-19 outbreak and Governor Inslee's emergency proclamation declaring a state of emergency, the department recognized the need for companies to minimize exposure risk by allowing employees work from home.

In order to work from home, the licensed mortgage loan originator must:

- 1) be able to access the company's secure origination system directly from their device, using a virtual private network or similar system that requires some form of authentication to access the system;
- 2) ensure that all security updates or other alterations to their device's security are maintained; and
- 3) not keep physical business records at their home.

# Securities Division Provided Proactive Relief in Response to COVID-19 Pandemic

The Securities Division has taken proactive steps to address concerns of licensees and others during the COVID-19 pandemic. Below is a summary of the actions and guidance we have published to date.

## Signature Requirements

On March 20, the Securities Division published a [notice concerning signature requirements in connection with required applications](#) and notice filings during the COVID-19 outbreak.

The notice reminded filers that all franchise filings are required to be made electronically through our online electronic filing system and that “wet” signatures are not required in connection with these filings.



The notice further noted that we would not require “wet” signatures on securities registration applications and exemption notice filings. Where a signature is required, copies of signed documents, including .pdf copies, will suffice. In addition, the notice indicated that the Securities Division would waive any notary requirements during the COVID-19 outbreak.

## Temporary No-Action Relief

On March 24, the Securities Division issued [temporary no-action relief](#) for broker-dealers, state-registered investment advisers, and their registered agents and representatives to not enforce the registration and other provisions of the Securities Act of Washington, chapter 21.20 RCW. The relief is available to financial professionals that were appropriately registered and/or notice filed with all securities regulators and self-regulatory organizations on March 1, 2020.

The no-action relief allows the financial professional to conduct activities that would otherwise require registration or a notice filing with the Securities Division, including opening and maintaining a temporary branch office or office of supervisory jurisdiction in the State of Washington, but the financial professional must limit its activities to existing customers or clients.

Temporary no-action relief is also provided from the requirement to obtain physical signatures of investment adviser representatives and securities salespersons on applications. In addition, investment advisers registered with DFI are provided a 45-day extension to complete the required annual update to their Form ADV, file it with the Securities Division, and deliver it to customers. The temporary no-action relief is effective through April 30 unless rescinded or extended by the Securities Division.

# Securities Division Proactive Relief Continued...

## Franchise Filing Requirements and Renewal Fees

On April 8, the Securities Division issued a [Notice Concerning Franchise Filing Requirements and Renewal Filing Fees During COVID-19 Pandemic.](#)

The notice reminds filers that franchise filings are required to be submitted electronically through our online filing system, waives notary requirements while social distancing directives remain in place, and orders that applicants may pay the renewal fee of \$100 to complete an application for franchise registration under RCW 19.100.040 for any offering that was previously registered and that expired, or that will expire, between March 1, 2020 through June 30, 2020 until further notice.

## CARES Act Loans Guidance

On April 13, the Securities Division published [guidance concerning the treatment of CARES Act loans](#) with respect to net worth requirements of state-registered investment advisers. All or a portion of a loan obtained under the CARES Act may be forgiven. The guidance indicates that if an investment adviser obtains a CARES Act loan, the Securities Division will not consider the adviser to have a net worth deficiency if the adviser otherwise met the net worth requirement prior to obtaining the loan and the loan is identified in its financial books and records. If it is later determined that the loan or a portion of the loan will not be forgiven, the adviser must notify DFI immediately and obtain a bond or take other corrective action if the reclassification results in the adviser falling below its net worth requirement.



# DFI Develops List of Financial Resources for Washington Residents Impacted by Coronavirus Pandemic

To assist Washington residents with managing their finances during the coronavirus crisis, DFI has developed a list of helpful financial resources for Washington residents.

Topics covered include:

- Unemployment Assistance
- Mortgage Assistance
- Paying Student Loans
- Paying Rent
- Paying Credit Cards
- Cash, Food, and Medical Assistance
- Utilities Assistance
- Short Term and Emergency Loans

View: [Financial Education Resource List](#)

## FINANCIAL RESOURCES FOR Washingtonians

**• UNEMPLOYMENT ASSISTANCE**

**• MORTGAGE ASSISTANCE**

**• PAYING STUDENT LOANS**

**• PAYING RENT**

**• PAYING CREDIT CARDS**

**• CASH, FOOD, AND MEDICAL ASSISTANCE**

**• UTILITIES ASSISTANCE**

**• SHORT TERM AND EMERGENCY LOANS**

**VISIT [WWW.DFI.WA.GOV/CORONAVIRUS](http://WWW.DFI.WA.GOV/CORONAVIRUS)**

# Avoiding Coronavirus Related Scams

Criminals are attempting to exploit COVID-19 through a variety of scams.

DFI has developed a [coronavirus scams webpage](#) that is updated frequently with new scam alerts.

## Types of scams to look out for

- Scams tied to economic relief or government assistance. You should never have to pay money access government assistance or economic relief.
- Investment scams tied to coronavirus.
- Individuals and businesses selling fake cures or tests for COVID-19 online and engaging in other forms of fraud.
- Phishing emails from entities posing as government officials, the World Health Organization or the Centers for Disease Control and Prevention.
- Malicious websites and apps that appear to share virus-related information to gain and lock access to your devices until payment is received.
- Illegitimate or non-existent charitable organizations looking to take your money.



## Tips on how to avoid scams

- Don't give out or verify any personal information. In general, no government agency will call or email you unexpectedly and request your personal information, or request advance fees for services in the form of wire transfers or prepaid cards.
- Don't always trust your caller ID. Scammers can manipulate a caller ID to look like a legitimate government agency.
- Verify the identity of anyone who asks for your personal information over the phone, and say you will respond through the entity's customer service channels. If anyone pressures you to provide information or money over the phone, it's likely a scam. Hang up and call the agency directly using the number on the agency's official website.
- Be wary of telephone calls or emails that require you to take immediate action or contain threats