February 12, 2021

Fourth Amended Guidance to Washington State Regulated and Exempt Residential Mortgage Loan Servicers Regarding Support for Consumers Impacted by COVID-19

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

This amended guidance replaces that issued December 21, 2020 and is effective until the state is no longer operating under a state of emergency declaration.

As the COVID -19 virus has continued to ravage our communities, the economic impact on consumers is considerable. We believe the outbreak will continue to cause significant financial hardship for individuals and families. Although some workers may be able to return to work, others cannot work remotely and will continue to have a loss of income.

The adverse impact of COVID-19 on business has been considerable. The business closures and layoffs have caused financial stress on local communities and consumers.

As our prior guidance described, Fannie Mae, Freddie Mac, and HUD have all suspended foreclosures on single-family mortgages backed by those entities. Locally, this Department has provided guidance to mortgage loan providers to allow their mortgage loan originators to take necessary social distancing precautions while serving their customers, including permission to work from home.

This amended guidance urges all mortgage servicers to continue to do their part to alleviate the adverse impact caused by COVID-19 on consumers. 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;
- Refraining from reporting late payments to credit rating agencies;
- Offering mortgagors additional time 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;
- Postponing foreclosures; 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 assistance being offered to mortgagors.

The Department believes that continuing reasonable and prudent efforts to assist mortgagors under these unusual and extreme circumstances is in the public interest and will help protect against widespread harm to the housing market. 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,

Charles Clark, Director
Washington Department of Financial Institutions