

WAC 208-620-930 Servicing residential mortgage loans—Loss mitigation. (1) The obligation to assign an individual servicer representative with the information and authority to answer questions and resolve disputes and to act as a single point of contact for the homeowner during loss mitigation attaches when the borrower requests loss mitigation. This individual servicer representative must have the authority and ability to perform the following duties:

- (a) Explain loss mitigation options and requirements;
- (b) Track documents submitted by the homeowner and documents provided to the homeowner;
- (c) Inform the homeowner of the status of their loss mitigation process;
- (d) Ensure the homeowner is considered for all loss mitigation options; and
- (e) Access individuals with the authority to delay or stop foreclosure proceedings.

(2) You must comply with all timelines and requirements for the federal HAMP or GSE modification programs if applicable, including denials and dual tracking prohibitions. For any modification program, you must:

(a) Develop an electronic system, or add to an existing system, the ability for borrowers to check the status of their loan modification, at no cost. The system must also allow communication from housing counselors. The system must be updated every ten business days.

(b) Review and make a determination on a borrower's completed loan modification application within thirty days of receipt.

(c) Provide in the loan modification denial notice the reasons for denial and an opportunity for the homeowner to rebut the denial within thirty days. If the denial is due to the terms of an agreement between you and an investor, you must provide the name of the investor and a summary of the reason for the denial. If the denial is based on a net present value (NPV) model, you must provide the data inputs used to determine the NPV. Any loan modification denials must be reviewed internally by an independent evaluation process within thirty days of the denial determination or the mailing of the notice of denial to the borrower, whichever occurs earlier. See subsection (3) of this section for additional requirements on borrower appeals.

(d) Review and consider any complete loan modification application before referring a delinquent loan to foreclosure.

(e) Give a homeowner ten business days from your notice to them to correct any deficiencies in their loan modification application.

(f) Stop the foreclosure from proceeding further if you receive a complete loan modification application. See (h) and (i) of this subsection.

(g) If the borrower accepts a loan modification verbally, in writing, or by making the first trial payment, you must suspend the foreclosure proceeding until such time as the borrower may fail to perform the terms of the loan modification.

(h) Review and consider a complete loan modification application if received prior to thirty-seven days before a scheduled foreclosure sale. If you offer the borrower a loan modification, you must delay a pending foreclosure sale to provide the borrower with fourteen days in which to accept or deny the loan modification offer. If the borrower accepts a loan modification, you must suspend the foreclosure proceeding until such time as the borrower may fail to perform the terms of the loan modification.

(i) Perform an expedited review of any complete loan modification application submitted between thirty-seven and fifteen days before the scheduled foreclosure sale. If you offer the borrower a loan modification, you must delay a pending foreclosure sale to provide the borrower with fourteen days in which to accept or deny the loan modification offer. If the borrower accepts a loan modification, you must suspend the foreclosure proceeding until such time as the borrower may fail to perform the terms of the loan modification.

(3) As to borrower appeals of loan modification denials you must:

(a) Give the borrower thirty days from your written notice of denial to request an appeal unless the denial is due to:

(i) An ineligible mortgage;

(ii) An ineligible property;

(iii) The borrower did not accept the offer; or

(iv) The loan was previously modified.

(b) Give the borrower the opportunity to obtain a full appraisal for purposes of contesting appraisal data used in a denial based on NPV.

(c) Respond to the borrower's appeal within thirty days of receipt.

(d) Provide the borrower with a description of any other loss mitigation option available if you uphold the denial.

(4) When a loan modification is granted, you must provide the borrower with a copy of the fully executed loan modification agreement within thirty days of receipt of the signed agreement from the borrower. A loan modification granted orally must be reduced to a written document with a summary of all of the terms and must be provided to the borrower within thirty days of approval of the loan modification.

(5) If a loan payment forbearance is granted, you must provide the borrower with, at a minimum, a confirming letter of approval. The letter must contain the essential terms of the forbearance and must contain the name and contact information of specialist who is the borrower's primary or contact with the company.

(6) You must maintain adequate staffing levels and systems to comply with this section, including staffing and systems to track and maintain loan modification documents submitted by homeowners.

(7) You must make public all necessary information to inform homeowners about and allow homeowners to apply for your proprietary first and second lien modifications.

(8) You must make public all necessary information to inform homeowners about your short sale requirements.

(9) You must allow a homeowner to apply for and receive a short sale determination before the homeowner puts a house on the market.

[Statutory Authority: RCW 43.320.040 and 31.04.165. WSR 18-16-024, § 208-620-930, filed 7/24/18, effective 9/1/18.]