

RURAL HOUSING & MORTGAGE FINANCE LIMITED

Frequently Asked Questions (FAQs) on Moratorium Policy

These FAQs are applicable to all borrowers having loan accounts outstanding as on March 31, 2020 with the Company.

1. What is the EMI moratorium provided for loans under COVID 19 - regulatory package?

In the wake of current outbreak of the COVID-19 Pandemic, RBI had earlier permitted all lending institutions to extend moratorium to customers for three months falling due between March 2020 and May 2020 by a notification dated March 27, 2020. Thereafter due to extension of lockdown and continuing disruption on account of COVID-19, RBI through its notification dated May 23, 2020 permitted to extend the moratorium for another three months from June 1, 2020 to August 31, 2020. Accordingly the Company has also extended Moratorium to its customers for the above periods to provide relief to its customers from financial stress caused by COVID-19. Moratorium is essentially a “pause” in contracted repayment obligations. In other words, it is deferment of loan instalments falling due in the moratorium period to provide relief to borrowers amid the COVID-19 pandemic. However, Interest shall continue to accrue on the outstanding portion of the loan. The Interest accrued will be added to the outstanding loan amount and the repayment schedule for such loans as also the residual tenor, will be shifted across the board after the moratorium period. Company will keep the EMI amount same because of which tenure of the loan would be extended.

In the best interest of all the stakeholders company may in some case increase the amount of EMI keeping the overall tenure same or company may ask borrower to pay the interest accrued during this period post the completion of the moratorium period keeping the rest of the terms same. In such cases the company will share the revised payment terms with the client and in case of any issue client should contact the company within 10 days of the receipt of the schedule.

Interest to be accrued at contractual rate as defined under the agreement entered between the borrower and the Company.

2. Who is eligible?

The relaxation would be uniformly applicable to all loans and other credit facilities outstanding as on March 31, 2020 barring some customers. Please refer point 12.

3. Does the moratorium automatically apply for the loans?

Under the moratorium facility, the Company will grant moratorium to all the customers.

4. In case the Customer avails moratorium, how will it impact the loan?

- Interest shall continue to accrue on the outstanding portion of the term loan;
- Interest to be accrued at contractual rate as defined under the agreement entered between the borrower and the company;
- the Interest accrued will be added to the outstanding loan amount;
- the repayment schedule for such loans as also the residual tenor, will be shifted across the board as per point 1.

5. What if the Customer wants to make payment during the Moratorium period?

In case of available sufficient liquidity, if the Customer wants to pay certain amount as per his convenience during moratorium period; he can continue to pay the same then:

- no prepayment charges will be recovered from the said Customer;
- the Company will treat the said amount as advance payments after adjusting any past overdue;
- the benefit of the interest would be passed on to the customer;
- Any amount received during this period would be adjusted against the next EMI/EMIs due or credit facility outstanding after the moratorium period.

6. Will company continue depositing NACH/PDC/ECS etc. during moratorium period?

Company will continue depositing NACH/PDC/ECS on due date and any fund received during the period will be treated as advance as per point 5.

If customer wants to stop the deposition they can contact the company on the details mentioned in policy or their respective relationship officer/Branch Manager etc.

7. Can the customer opt out of the Moratorium Scheme?

If customer does not want to opt for relaxation under this moratorium scheme and wants to continue paying EMI regularly as per general terms and condition then the customer is required to contact the Company.

It must be noted that there are no restrictions on borrowers who may otherwise wish to continue servicing their loans on the existing terms without availing of any moratorium.

8. Will penal interest (due to deferment) be levied for the instalments which are falling due between the moratorium period and which have been deferred by availing the moratorium option?

The Company would not levy penal or bounce cheque charges for customer granted moratorium/relief under the policy during the moratorium period.

No pre-payment charges will be recovered from the Customer during the said period in case of any payment done during the said period of time.

However, interest would continue to accrue on the outstanding principal at the applicable rate of interest of the loan.

Any fund received during the period will be treated as advance as per point 5 for which company will give interest benefits and will not consider it as pre-payment.

9. Are the payments made during the Moratorium period eligible for refund?

In case the customer, who has availed the moratorium facility, claims for refund of the EMI of March 2020, which has been paid by him before the moratorium was extended, then the request of the customer would be reviewed by the Company and once approved, the amount will be first adjusted against the past overdue if any and surplus would be reversed. If not claimed, the Company will adjust the same against the next EMI due. Request for refund of any advance paid during the March, 2020 payment to be made before 31st May, 2020.

The Customer who wants to claim a refund for the March 2020 EMI he has to contact the Company before 31st May, 2020 and the Company will instruct him for his written application or an email for refund of his instalment.

If any payment received during April, 2020 to August, 2020 because of deposition of NACH/PDC/ECS etc. from company's end would be first adjusted against past overdue if any and any surplus paid during this moratorium period would be eligible for refund on the request of the customer. The customer should contact the company before the 5th September, 2020 and should state the reason for the request of refund. The company retains the right to reject the request for refund if they are of view that customer wants to misuse the scheme. Please refer point 12 for details.

10. Will the moratorium facility affect customer's Credit Rating?

No. Opting for the EMI moratorium will not affect any customer's Credit Rating.

11. Will there be any change in the Terms and Conditions of the Loan?

There would be no change in the Terms and Conditions of the Loan apart from change in payment terms because of interest accrued during the moratorium period. The conditions mentioned in the Loan Agreement and the Sanctions would prevail.

In case of customers who has availed the moratorium then repayment schedule for such loans would be shifted across the board after the moratorium period. Company will keep the EMI amount same because of which tenure of the loan would be extended.

In the best interest of all the stakeholders company may in some case increase the amount of EMI keeping the overall tenure same or company may ask borrower to pay the interest accrued during this period post the completion of the moratorium period keeping the rest of the terms same. In such cases the company will share the revised payment terms with the client and in case of any issue client should contact the company within 10 days of the receipt of the schedule.

12. Can the Company deny extending the Moratorium to the Customers?

- a. The Company has securitized / assigned its loan receivables to Third Parties and the Company is appointed as servicer for collection of installments from the borrowers and remittance of the same to the respective Third Party. Hence the Company will seek consent and obtain approval from the concerned Banks for grant of moratorium for the purpose of securitization / assignment instalments. The assigned Loans shall be governed by the respective policies of the assignee parties. If third party rejects the request of lender & Borrower, then, in such scenario, for that credit facility, the moratorium period would not be granted.
- b. If the company is of the view that some customers might not be impacted because of COVID-19 or has sufficient liquidity or has malafide intent to misuse the scheme or there is misrepresentation or non-submission of timely information or any non-compliance of any of the condition mentioned in this policy or any of the agreement executed for the credit facility by the client or subordination of the interest of company by the client, then for such cases the company has rights to exclude such customers from the relaxation provided under this policy. Decision of the company would also be based on the satisfactory assessment and response from the field team and other credit checks. The Company may instruct process for moratorium to such customer which needs to be complied for granting of Moratorium.
