

Aptus Value Housing Finance India Limited

General FAQs on recent regulation issued by RBI

Q1. What is the recent regulation released by RBI regarding repayment of term loans?

A1. As per recent statement issued by RBI through press release dated 27th March, 2020, various developmental and regulatory policies have been announced that directly address the stress in financial conditions caused by COVID – 19.

All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) (“lending institutions”) are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. Accordingly, the repayment schedule and subsequent due dates, as also the tenor for such loans, may be shifted across the board by three months.

Q2. What is the meaning of moratorium?

A2. This means that during the period of moratorium no payment has to be made by the customer to the lending institution (Aptus). The interest which is accrued for the moratorium period shall become payable after the end of moratorium period. Thus this is like a deferment of payment.

Q3. Will opting for moratorium give relaxation of free EMI period?

A3. The idea of a moratorium is not to give you an interest free period but instead it is to help with cash flow.

Q4. Is this a waiver of EMIs or a deferment of EMIs?*

A4. This is not a waiver, but a deferment. Customer will have to pay the EMIs at a later stage as decided by the HFC / bank. The RBI has told financial institutions to have board-approved policies in place on moratorium/deferment.

Q5. Does the moratorium cover both Principal and Interest?*

A5. Yes. It does. If announced by bank / financial institution, you can forego payment of your entire EMI, including payment and interest.

Q6. Has the RBI granted a compulsory moratorium? Will Aptus grant moratorium to all loan customers by default

A6. No, the lending institutions have been permitted to allow a moratorium of three months. This is a relaxation offered by RBI to the lending institutions. This is neither a RBI guidance to the lenders, nor is it a leeway granted by the RBI to the borrowers to delay or defer the repayment of the loans.

Customers wanting to avail of moratorium will need to specifically request /apply for the same by writing a mail to us quoting the loan account no. to customercare@aptusindia.com or calling up dedicated customer care no. 8754400008 (for which separate communication is being sent to customers).

Q7. What shall be the moratorium period?

A7. Lending Institutions may use their discretion to allow a moratorium of upto three months. It is not necessary to provide a compulsory moratorium of three months - it can be less than three months as well

Q8. From what date can the moratorium be granted?

A8. The lenders are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The intention is to shift the repayment dates by three months.

For example, if an instalment was due on 10th March, 2020, but has remained unpaid so far, the lender can impose the moratorium from 10th March, 2020 and in that case, revised due date shall be 10th June, 2020

Q9. Will the interest accrue during the moratorium period?

A9. Yes, the interest will definitely accrue. The accrual will not stop.

Q10. How will be the treatment of interest in the loan account?

A10. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

Q11. Please elaborate the aforementioned regulation and its impact on a customer's loan account, with the help of an example?

A11. Please refer the below mentioned illustration to understand it better.

A housing loan of Rs. 10,00,000 with an EMI of Rs. 13,317 payable over a tenure of 180 months would result in additional 16 EMIs, for a moratorium period of 2 months, while a loan of Rs. 6,00,000 with an EMI of Rs. 9,316 payable over a tenure of 120 months would result in additional 7 EMIs for a moratorium period of 2 months.

It is therefore advisable to restrict the selection of moratorium option only in the scenario of cash flow issues.

Q12. In case a customer opts to go for moratorium offer, then will it have any adverse impact on CIBIL score?

A12. As per the released regulation, the rescheduling of payments will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies (CICs) by the lending institutions. CICs shall ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely affect the credit history of the beneficiaries.

Q13. Is the moratorium on principal or interest or both?

A13. The repayment schedule and all subsequent due dates, as also the tenor for loans may be shifted by three months (or the period of moratorium granted by the lending institution). Instalments will include payments falling due from March 1, 2020 to May 31, 2020 in the form of:

- (i) Principal and/or interest components;
- (ii) Bullet Repayments;
- (iii) Equated Monthly instalments;

Q14. Will there be delayed payment charges for the missing instalments during the moratorium period?

A14. During the moratorium, the payment itself is contractually stopped. If there is no payment due, there is no question of a default. Therefore, there will be no overdue interest or delayed payment charges to be levied.

Q15. Which all loans shall be eligible for the relaxation?

A15. All term loans outstanding as on March 1, 2020 are eligible to claim the relaxation. This includes both the housing and non-housing loans

Q16. Is the lending institution required to grant the moratorium to all categories of borrowers?

A16. Since the grant of the moratorium is completely discretionary, the lending institution may grant different moratoriums to different classes of borrowers based on the merits of the case and degree of disruption on a particular category of borrowers.

Q17. What will be the treatment in case of a customer with multiple loan accounts?

A17. If the customer applies for moratorium, the same shall be applicable to all loans of the customer.

Q18. How can the customer apply for moratorium?

A18. Customers wanting to avail of moratorium will need to specifically request /apply for the same by writing a mail to us quoting the loan account no. to customercare@aptusindia.com or calling up dedicated customer care no. 8754400008 (for which separate communication is being sent to customers).