

GUIDE FOR SMEs with secured loans

Do you qualify for relief?

- ✓ Loans from banks/financial institutions to SMEs, which are secured against:
 - Commercial or industrial immovable property located in Singapore; or
 - Plant, machinery or fixed assets in Singapore used for business purposes
- ✓ Entered into loan before 25 March 2020
- ✓ **Unable to repay secured loan** from 1 February 2020 or later, **due to COVID-19**

The Act does not apply if your case has any of the following factors:

- ✗ Unsecured loans (e.g. credit card debt)
- ✗ Loans from moneylenders
- ✗ Inability to repay loan for reasons unrelated to COVID-19
- ✗ Loan payments before 1 February 2020, and security enforced before 20 April 2020

What does the relief do?

During the prescribed period:

- Your creditor cannot enforce security (i.e. over commercial or industrial property, plant or machinery used for business) located in Singapore
- Your creditor cannot start or continue court or insolvency proceedings against you

Use this breathing space to sort out your finances and negotiate a payment plan with the bank or financial institution. Also consider taking up the relief measures introduced by MAS and the financial industry to help individuals and SMEs affected by COVID-19. Visit www.mas.gov.sg/regulation/covid-19.

Take note

- Unpaid instalments and interest continue to accrue, and remain payable
- This does not change the terms of the loan
- Banks and financial institutions which enforced any security prior to the commencement of the Act on 20 April 2020 are not obliged to reverse the enforcement action

What is the prescribed period?

The prescribed period is 6 months starting from 20 April 2020 (i.e. until 19 October 2020).

How to get relief?

Serve a Notification for Relief on your creditor, using the form at www.mlaw.gov.sg/covid19-relief/notification-for-relief. The relief applies after the Notification is served.

What if my creditor does not agree?

Your creditor may not agree that the relief applies, e.g. your inability to repay instalments is not due to COVID-19. Try to negotiate with the bank or financial institution and reach an agreement.

If you cannot agree, either of you may apply for an Assessor from the Ministry of Law to make a determination. This is binding and not appealable. The determination will aim to be fair to both parties. For example, you may have to resume payments, make partial payments, or your creditor may be allowed to enforce the security.