

# GUIDE FOR SMEs with secured loans

## Do you qualify for relief?

- ✓ Loans from banks/finance companies 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) or loans from moneylenders
- ✗ Inability to repay loan for reasons unrelated to COVID-19
- ✗ Loan payments before 1 February 2020
- ✗ Security enforced before 20 April 2020

## What does the relief do?

If you serve a Notification for Relief, then, up to 19 October 2020:

- Your creditor cannot enforce the security (i.e. over commercial or industrial property, plant or machinery used for business) located in Singapore
- Your creditor cannot unilaterally impose new charges, increase charges or interest rates beyond what is provided for in the loan contract
- 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 your creditor. As an alternative to seeking relief under this Act, consider engaging your creditor to explore available relief measures for individuals and SMEs affected by COVID-19, announced by MAS. Visit [www.mas.gov.sg/regulation/covid-19](http://www.mas.gov.sg/regulation/covid-19).

### Take note

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

## 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](http://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 your creditor 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.