The Association of Banks in Singapore

EXTENDED SUPPORT SCHEME – INDIVIDUALS (ESS-I)

Frequently Asked Questions

General

1. I have taken up payment deferments under SFRP and need help with resuming loan repayments. What are the payment relief I can get for my loans?

The payment deferments granted under the Special Financial Relief Programme (SFRP) are due to expire on 31 December 2020.

If you have deferred repayments for your property, renovation, student and car loans under the SFRP, and need help with resuming loan repayments, you can consider applying to make reduced payments under the Extended Support Scheme (ESS) if you meet the eligibility criteria.

The ESS measures are as follows:

- A reduced 60% instalment payment plan for property loan customers, regardless of whether the customer has previously taken up relief;
- Loan tenure extension of up to 3 years for renovation loan and student loan customers, regardless of whether the customer has previously taken up relief;
- Extension of the SFRP (Unsecured) application window to 30 June 2021;
- Extension of the DCP loan tenure extension relief (of up to 5 years) application window to 30 June 2021;
- Car loan customers may reach out to their banks to discuss suitable repayment plans on a case by case basis.

2. When can I start applying for these latest relief measures?

You may apply to your bank from 9 November 2020 onwards.

3. How do I apply for these relief measures? Do I need to visit the banks' branches to submit or sign documents?

You should apply for the relief measure directly with your bank, via its official website, mobile application or phone hotline. Please do not visit your bank's branches unless necessary, and maintain safe distancing if you do.

4. When will my application be approved?

Your bank will seek to process your application expeditiously.

However, a high volume of applications could lead to some delays. We seek your patience in this regard, and your cooperation in furnishing your bank with any needed information as quickly as possible.

5. Due to the COVID-19 situation, I am facing severe financial stress and loss of income. What can I do if I am not able to repay my loans even with the available relief measures?

Please reach out to your respective banks early to discuss whether the relief measures or other forms of assistance, including loan restructuring, may be necessary to help ease your financial difficulties.

Alternatively, you may also reach out to Credit Counselling Singapore (CCS) (https://www.ccs.org.sg or 6225 5227) for assistance. CCS may assist you with your debt problems by providing general credit management information, counselling them on good credit habits, and helping to work out a debt repayment plan. In particular, the CCS coordinates the Debt Management Programme (DMP), a debt repayment scheme to help indebted customers repay their debts owed to multiple lenders. CCS will be able to further advise you on the details and implications of the DMP, to enable you to make an informed decision if this may be suitable for your needs.

6. I have taken up payment deferments under SFRP, and would like to apply to make reduced payments under the Extended Support Scheme (ESS). Will my credit score be affected?

If you have taken up payment deferments under SFRP, and intend to transit to making reduced payments under ESS, your loan will not be reported as restructured to the credit bureau.

Do note that you should make the reduced payments under ESS promptly so that your credit score will not be affected. Further, if you do not make repayments on time, you may incur late payment fees and interest charges.

If you require further assistance such as bilateral restructuring of loans, or placement on the debt management programme (DMP), your credit bureau record will reflect the restructured loan or DMP accordingly.

7. I have not taken up payment deferments under SFRP, but would like to apply to make reduced payments under ESS. Will my credit score be affected?

If you have not taken up any payment relief previously, and are applying for reduced payments under ESS, your loan will not be reported as restructured to the credit bureau.

Do note that you should make the reduced payments under ESS promptly so that your credit score will not be affected. Further, if you do not make repayments on time, you may incur late payment fees and interest charges.

If you require further assistance such as bilateral restructuring of loans, or placement on the DMP, your credit bureau record will reflect the restructured loan or DMP accordingly.

8. I have taken up payment deferments under SFRP and am unable to make the reduced payments under ESS. My bank has offered me further full payment deferment (i.e. defer principal and interest repayment) and debt restructuring options. Will my credit score be affected if I take up these options?

If you have taken out payment deferments under SFRP, and need to take up further full payment deferment or debt restructuring, your loan may be reported as restructured to the credit bureau.

9. My monthly income is variable. How is the 25% loss in income computed?

The 25% income impact is computed based on the customer's income before and after 1 February 2020. We understand that banks will generally compare a customer's gross monthly average income, from a suitable period before and after 1 February 2020.

The specific practice may differ from bank to bank. You may wish to reach out to your bank to better understand the computations and documents required.

10. I received an email/call/SMS saying that my internet banking log-in details are needed to apply for a payment deferment. Why is this needed?

You should make your application directly to your bank through its official website, mobile app, or phone hotline.

Banks will never ask for your credit/debit card details, password, or OTP, nor request for a fund transfer to be made to another account. You should verify any unsolicited calls, messages, or emails directly with your bank or finance company through official channels.

Property Loans

11. Am I eligible to apply for the reduced instalment repayment plan for property loans?

You can apply if you are:

- impacted by COVID-19, with at least 25% loss of income or loss of employment after 1 February 2020. You should provide proof of income/employment impact for banks to perform an eligibility assessment; and
- no more than 90 days past due on your property loan repayments at the point of application.

12. How is the reduced instalment amount calculated?

Your bank will peg the reduced instalment amount at 60% of your monthly instalment.

Your bank will check that the 60% monthly instalment can cover your full monthly interest, and also allow you to make partial principal payments.

In the event that your monthly interest is higher than the 60% monthly instalment, you should discuss with your bank on whether you can refinance your property loan to a lower interest rate or take up other more suitable repayment or debt restructuring plans.

13. I have already taken up the existing payment deferment relief under SFRP for my property loan. Am I still eligible to apply for the reduced instalment repayment plan under the ESS?

Yes, you may apply for the new reduced instalment repayment plan if you meet the eligibility criteria, regardless of whether you have previously taken up relief.

While the reduced instalment repayment scheme can ease your monthly instalments, it comes with higher overall costs as you will pay down your principal more slowly. **You should opt for it only if you really need to.** You can also approach your bank to find out more about the costs of opting for the reduced instalment repayment scheme, compared to if you were to resume full property loan repayments.

14. I have existing loan arrears and accrued interest when I took up the payment deferment relief under SFRP for my property loan. Do I have to repay all my loan arrears and accrued interest before I apply for the reduced instalment repayment plan?

Your bank will offer you the option of repaying your loan arrears and total interest accrued before you take up the reduced instalment repayment plan.

If you are unable to repay the loan arrears and total interest accrued, your bank will allow you to capitalise the outstanding amount into your loan principal. This means that the loan arrears and total interest accrued will be added to your loan principal.

While loan capitalisation can help ease your return to making monthly instalments, it comes with higher interest costs. **You should repay as much arrears and accrued interest as you can, and opt for loan capitalisation only if you really need to.** You can also approach your bank to find out more about the costs of opting for loan capitalisation.

15. How long is the reduced instalment repayment plan for?

You may take up a reduced instalment repayment plan for up to 9 months but not exceeding 31 December 2021, starting from the date that your application is approved.

16. Will my loan tenure be extended?

You can discuss with your bank to extend your loan tenure by up to 3 years on a case-by-case basis, to ease your monthly instalments after the reduced instalment period ends. The 3 years would include any loan tenure extension granted under existing relief measures.

However, you should keep in mind that extending your tenure means that you will be paying more interest in total. **You should opt for a loan tenure extension only if you really need to.** You can also approach your bank to find out more about the costs of opting for loan tenure extension.

17. Why is the reduced instalment repayment plan pegged at 60% of my monthly instalment? Can I pay more than 60%?

The 60% monthly instalment will cover interest payments, as well as partial principal payments. This will ease your cashflow, while allowing you to pay down your principal amount and better manage your debt.

If you wish to discuss alternative repayment options, your bank will have to assess this on a case by case basis.

18. Can I pay less than 60% of my monthly instalment, or take up a payment deferment for my property loan?

If your reduced monthly instalment does not pay down your principal or if you take up payment deferments, you will be paying more interest in total. Therefore, you are encouraged to pay as much of your monthly instalment as possible.

If you have difficulty servicing payments under the reduced instalment repayment plan, you should approach your bank early to discuss alternative repayment options. For example, you can discuss taking up repayment plans with lower monthly instalments or payment deferments with your bank on an exceptional basis.

19. How much of the 60% instalment I pay goes towards repaying my principal amount and how much goes towards repaying interest?

Banks' general approach is that the 60% instalment will go towards fully repaying the interest payment for the month, with the remainder being used to make partial principal repayments. This is to avoid a case where your interest payment is rolled over into the next month, increasing your debt. The rolled over interest may also attract additional interest/fees and charges.

Generally, a customer will make higher interest payments at the start of the loan tenure, and lower interest payments as he pays down his principal amount over the loan tenure. As such, the amount of partial principal payments will differ for each customer.

Nonetheless, given the current low interest rates, the 60% monthly instalment is expected to minimally cover your monthly interest, even if you are at the start of the loan tenure. You can also approach your bank to find out more about the costs of opting for the reduced instalment repayment scheme, compared to if you were to resume full property loan repayments.

20. Can I get a reduced instalment repayment plan for my overseas property loan?

If you are facing difficulties repaying your overseas property loan (including residential, commercial and industrial properties), you should approach your bank early to discuss suitable repayment or debt restructuring plans.

21. My property loan is more than 90 days past due / the COVID-19 impact on my income is less than 25%. Can my bank still help?

You should approach your bank early to discuss suitable repayment plans or debt restructuring.

Where debt restructuring is taken up, your loan may be reported to the credit bureau as a restructured loan.

22. Do I need to meet TDSR/MSR in order to be eligible for the reduced instalment repayment plan?

No. You do not need to meet TDSR/MSR to be eligible for the reduced instalment repayment plan.

23. My current property loan is a building under construction (BUC) loan. How will the relief programme apply to me?

If you face difficulties repaying your BUC loan, you should approach your bank to discuss alternative repayment options on a case-by-case basis. This may include the option of making interest-only payments for a period of time to ease your cashflow burden.

Do note that your monthly instalments under a BUC loan may increase over time, depending on whether further progressive payments are made by your bank during the same period.

24. In the case where there are joint borrowers on a property loan, how will banks assess the 25% income impact?

Banks will assess if the combined monthly income of joint borrowers on a property loan has suffered a 25% loss in such cases.

25. Can I refinance my property loan to reduce or manage my property loan payments?

You can refinance your property loan to take advantage of lower interest rates without being subject to the total debt servicing ratio (TDSR) or mortgage servicing ratio (MSR). This is available for both owner-occupied property loans, and investment property loans up to 30 Jun 2021.

For property loans within the lock-in period, banks may impose charges according to the terms of the loan. We encourage customers who are facing financial difficulties to reach out to their financial institutions to discuss possible fee waivers and to work out sustainable debt repayment options.

26. Is my investment property loan eligible for the TDSR waiver for refinancing? What if my loan is within a lock-in period?

The TDSR/MSR waiver will apply for both refinancing and repricing of investment property loans (including residential, commercial and industrial property loans and mortgage equity withdrawal loans) taken up by individuals, individuals' special purpose vehicles (SPVs) and sole proprietors.

Individuals with investment property loans can apply to refinance or reprice their loans, without being subject to the total debt servicing ratio (TDSR) and mortgage servicing ratio (MSR), up to 30 Jun 2021.

Consequently, individuals who do not meet TDSR and MSR will not need to commit to a debt repayment plan to repay 3% of their outstanding loan amount over 3 years.

You should note that banks may still conduct checks on your income and debt obligations for their own internal credit assessment, especially if you are refinancing your loan with a different bank.

You can avail yourself to the waiver when you refinance or reprice your investment property loans within or out of the lock-in period. For loans within the lock-in period, banks can charge penalties according to the terms of the loan. We encourage customers who are facing financial difficulties to reach out to their financial institutions to discuss possible fee waivers and to work out sustainable debt repayment options.

27. Can I obtain a reduced instalment repayment plan after refinancing or repricing my investment property loan?

Your bank will assess your reduced instalment repayment plan application on a case-by-case basis.

In its assessment, the bank will take into account your financial situation and need for relief.

Unsecured Credit Facilities

28. What is SFRP (Unsecured)?

The SFRP (Unsecured) is part of the relief package that MAS, in collaboration with the financial industry, has put forth to help individuals affected by the COVID-19 pandemic. This initiative was announced in March 2020 and the application window for SFRP (Unsecured) has been extended to 30 June 2021 as part of the extended support for individuals.

This initiative offered by banks and other card issuers aims to help customers who have suffered a temporary loss or decline in income and are facing difficulties meeting repayments under their existing unsecured credit facilities, by giving them an option to convert their high-interest unsecured credit card and revolving balances into a lower-cost term loan, thereby lowering their debt burden.

29. I have existing outstanding credit card and unsecured revolving debts with multiple banks and have already taken up SFRP (Unsecured) with some of them. However, I am still unable to repay my monthly instalments. What can I do? Can I still apply for SFRP(Unsecured) with other banks?

If you have taken up SFRP (Unsecured) with your bank(s) and are facing difficulty making repayment on these term loan(s), please reach out to your bank(s) to discuss possible restructuring plans. Such restructuring plans typically come with longer tenures and hence have lower monthly instalments.

If you have existing outstanding credit card and unsecured revolving debt with other banks that have not been converted to term loans under SFRP (Unsecured), you may consider applying to these other bank(s). The industry has agreed to extend the application window for SFRP (Unsecured) to 30 June 2021. The existing eligibility criteria for SFRP (Unsecured) will continue to apply.

You can also reach out to CCS for advice on how to manage your debts and more information on the DMP.

30. I understand from MAS' recent announcement that the application window for SFRP (Unsecured) has been extended to 30 June 2021. Will the eligibility criteria remain the same?

Yes, the eligibility criteria for SFRP (Unsecured) remain the same.

31. Am I eligible to apply for the SFRP (Unsecured)?

You can apply to your bank or card issuer to convert your existing unsecured credit balances to a lower-cost term loan if you:

- are a Singapore Citizen or Permanent Resident;
- have lost 25% or more of your income after 1 February 2020 (proof of impact on income required);
- are between 30 and 90 days past due on your existing unsecured debt with the bank or card issuer (as at application date); and
- are not on any existing debt repayment or restructuring programmes with the bank or card issuer.

You may wish to reach out to your bank or card issuer for more information on this option and the necessary documents to be submitted.

32. How do I show proof of income impacted by COVID-19 pandemic?

To determine the income impact, most banks will be requesting for documentation proof such as CPF statements, payslips, and bank statements.

For details, you may approach your bank.

33. Should I apply to convert my outstanding unsecured debt into this term loan? What other options do I have?

The SFRP (Unsecured) is an option that is available to help customers reduce their overall cost of outstanding unsecured debt. It is specifically introduced by banks and other card issuers to help those who are affected by COVID-19 and face short-term cash constraints, and who are at risk of incurring substantial arrears.

Before taking up this term loan, you may wish to consider if there are other credit products offered by banks and other credit card issuers (e.g. balance transfer, monthly interest-free instalment plans, Debt Consolidation Plan (DCP) etc.) that can help you lower your overall interest and debt repayment. However, whichever option that you choose, it is important to make sure that you are able to meet the monthly payments in full so as to avoid the accumulation of debt.

If you require assistance, call your bank early to enquire. You can also reach out to Credit Counselling Singapore, who can advise you on how to manage your debts and provide you more information on the Debt Management Programme (DMP).

34. How will this help me with my debt burden?

If you are facing difficulties repaying your monthly unsecured credit debts in full as your income is affected due to the COVID-19 pandemic, the SFRP (Unsecured) will help you avoid the snowballing of interest and accumulation of debt that results from the rolling over of your outstanding balances.

To illustrate, assuming you have a credit card bill of $12,000 and you are only able to make minimum repayment of 3% of outstanding every month, you will still have outstanding balances close to $7,000 after 5 years, having paid almost $12,000 as interest costs (amount equivalent to 100% of total outstanding credit card balances).

Minimum monthly repayment of 3% for 5 years	
Total outstanding	$12,000
Monthly repayment	From $360 to $211 as outstanding balance reduces
Total principal paid	$5,027
Total interest paid	$11,737
Outstanding balance	$6,983

If you choose to take up the SFRP (Unsecured), you will be able to choose a loan tenor (up to 5 years) that best meets your needs. By taking up a 5-year term loan at 8% effective interest rate, you will be able to fully repay your debt by the end of the loan tenure and incur approximately 80% less interest cost, with similar repayments of $200 to $300 a month.

5-year term loan at 8% effective interest rate	
Total outstanding	$12,000
Monthly repayment	$243.30
Total principal paid	$12,000
Total interest paid	$2,598
Outstanding balance	$0

While the interest rate (capped at effective interest rate of 8%) is lower than what you would have ordinarily paid under your credit card or other personal credit lines, it is nonetheless still a loan. Therefore, you should pay down your unsecured credit outstanding balances as quickly as possible. The longer the tenor of the loan, the more interest you would need to pay.

35. I am affected by a temporary pay cut, but I still have sufficient income and savings to pay my debts. Should I apply to convert my existing debts nonetheless?

As a general principle, you should pay off your debt as quickly as possible so that you can avoid unnecessary interest payments.

While the effective interest rate of the term loan under the SFRP (Unsecured) is capped at 8%, there is still interest cost involved. Hence, you should consider and assess which is the most suitable and/or most cost-effective option.

36. When can I start applying for the SFRP (Unsecured)?

The application period for this programme started from 6 April 2020 and has been extended to 30 June 2021. You can apply at any time within the application period if you meet the eligibility criteria.

You may wish to get in touch with your bank or credit card issuer to find out more information on the application process.

37. How do I apply?

You may wish to check with your bank via their websites or contact centres.

38. Which banks and card issuers are offering the SFRP (Unsecured)?

The SFRP (Unsecured) is offered by the following banks and card issuers:

- American Express International, Inc.
- Bank of China Limited Singapore
- CIMB Bank Berhad
- Citibank Singapore Limited
- DBS Bank Ltd
- Diners Club Singapore Pte Ltd
- HL Bank
- HSBC Bank (Singapore) Limited
- Industrial and Commercial Bank of China Limited
- Standard Chartered Bank (Singapore) Limited
- Maybank Singapore Limited
- Overseas-Chinese Banking Corporation Limited

- RHB Bank Berhad
- United Overseas Bank Limited

39. How long does it take for a SFRP (Unsecured) application to be approved?

The actual approval process will differ from financial institution to financial institution, depending on various factors including the volume of applications received. Nevertheless, banks should generally approve your application expeditiously as long as you meet the eligibility criteria and provide the necessary documents.

40. Will my access to other credit facilities be affected if I take up the SFRP (Unsecured)?

If you take up the SFRP (Unsecured) with your bank or card issuer, you will no longer be able to draw down on your existing personal unsecured credit limit with, or take new unsecured credit from, the bank or card issuer. Your credit facilities with other banks will not be affected.

Please note that prevailing rules for unsecured consumer credit, including the industry-wide borrowing limit of 12 times monthly income, will continue to apply.

41. How can I regain access to new unsecured credit with the financial institution I am taking up the SFRP (Unsecured) with?

You will be able to apply for new unsecured credit facilities from your bank or card issuer once you have fully repaid your term loan. Upon your application, your bank or card issuer will conduct income and credit bureau checks to reassess your creditworthiness per its usual process.

42. Is this a restructured loan product? How will it be reflected in my credit bureau report?

The converted term loan will not be reflected as a restructured loan product in your credit bureau report.

To prevent your credit score from being affected after taking on SFRP (Unsecured), please ensure that you repay the monthly instalment promptly.

43. What are the types of unsecured credit facilities covered under the SFRP (Unsecured) initiative? Can I include outstanding balances under my secured credit facilities such as car loans and mortgages?

You may convert outstanding balances from your higher-cost credit cards and revolving credit facilities into a lower-cost term loan under SFRP (Unsecured).

Non-revolving personal loans, such as renovation loans, and secured credit facilities such as car loans and mortgages will not be included. These secured credit facilities are typically subject to lower interest rates.

44. What should I do if I am subsequently unable to make repayments of my term loan?

Please note that you may incur late payment fees and interest charges if you do not make repayments of your term loan on time.

If you face further difficulty with your repayments under the term loan, you should speak to your bank(s) immediately to explore possible options, and they may be able to help you restructure your repayments.

You may wish to refer to MoneySense for more tips on managing your debt.

45. Do I have flexibility to decide on the repayment terms, such as amount of monthly instalment and tenor of the term loan?

Under SFRP (Unsecured), banks and other credit card issuers can offer term loans of up to 5 years, to accord customers greater flexibility in accordance with their repayment ability. You may wish to reach out to your bank for further details.

If you are facing cash flow issues, you may wish to explore lower monthly instalments over a longer loan tenure. However, the total interest payable over a longer tenure loan will be more than that for a shorter tenure loan.

As illustrated in the example below, a customer who pays down his total outstanding unsecured revolving balances of S$30,000 over 5 years will incur $2,598 more in interest payable than one who chooses to repay in 3 years.

5 years illustration				
Total outstanding unsecured balances	$30,000		**Total interest payable**	$6,495
EIR	8%		**Total Principal + Interest**	$36,495
Number of years	5		**Monthly instalment**	$609

3 years illustration				
Total outstanding unsecured balances	$30,000		**Total interest payable**	$3,897
EIR	8%		**Total Principal + Interest**	$33,897
Number of years	3		**Monthly instalment**	$942

46. Can I repay the full term loan before the end of its tenure?

Yes, you may fully repay your term loan at any time before the end of the loan tenure. There is no early repayment penalty.

47. Can I revise the tenure of the term loan if my financial situation changes in the future?

You may wish to approach your bank or card issuer to discuss requests to vary terms of the term loan. Your bank will generally assess such requests on a case-by-case basis and provide you with the available options.

48. Can I convert my outstanding unsecured revolving credit balances into term loan under the SFRP (Unsecured) more than once?

Upon conversion of your outstanding unsecured revolving credit balances into term loan, you will not be able to draw down on your existing unsecured credit limit or obtain new unsecured credit facilities from the bank that has granted you the term loan. It therefore follows that the conversion can only be done once with any single bank.

49. I have recently drawn down on my unsecured revolving credit facility. Can these amounts be included under the SFRP (Unsecured)?

Yes, you may convert all your credit card and other revolving facility balances (including any interest and late fees incurred) that are outstanding as at the date of application.

50. Where can I find information on the various relief measures offered by banks and card issuers?

You may wish to reach out to your bank or card issuer to obtain further details and the necessary documents to be submitted.

51. I have been prompt in making minimum repayments of my unsecured credit debts. How do I avail myself to the SFRP (Unsecured)?

You may wish to approach your bank(s) to discuss your application for the SFRP (Unsecured) and other products that could meet your credit needs, such as balance transfers and instalment loans.

52. I am not a Singaporean or Permanent Resident. Can I apply for the SFRP (Unsecured)?

The SFRP (Unsecured) is a special relief that banks and card issuers have introduced to help Singapore citizens and permanent residents who are facing cash flow difficulties due to the COVID-19 fall out. Non-citizens and non-residents may approach their respective bank or card issuer to find out about the options available to them.

53. How can I make sure that I do not fall victim to scammers who solicit or offer me a term loan?

You should only contact your bank or card issuer through its official website, mobile app, and phone hotline.

Banks and card issuers will not ask for your account details, password, or OTP. You should verify any unsolicited calls, messages, or emails directly with them through the official channels.

54. What if I need emergency funds for my medical bill but my credit facilities are suspended with my bank after taking up the SFRP (Unsecured)?

Specific-purpose loans such as business, renovation, medical, and education loans, are excluded from the scope of suspension. In other words, you can continue to apply to your bank for these loans.

Further, while your unutilised credit limit with the bank or card issuer that granted you the SFRP(Unsecured) will be suspended till the term loan is repaid, your unsecured credit facilities with other banks/card issuers will not be affected and you can continue to draw down on these existing credit lines.

55. What will be my credit limit for the converted term loan?

The new credit limit will be the total outstanding amount at the point of conversion into a term loan. Please be reminded that once you have opted for the conversion, you will not be able to draw down on any unutilised credit limit with, or obtain new unsecured credit facilities from, the bank or card issuer that is granting the SFRP (Unsecured). Your credit facilities with other banks and card issuers will not be affected.

56. Why has my SFRP (Unsecured) credit limit been suspended by the FI granting the relief plan?

The SFRP (Unsecured) is a special relief that banks and card issuers have introduced to help Singapore citizens and permanent residents who are facing cash flow difficulties due to the COVID-19 fall out. The interest rate under the SFRP (Unsecured) is much lower compared to the prevailing interest rate of revolving credit facilities. As banks and card issuers bear the cost of granting of the relief, they will not be able to offer the relief to the same customer multiple times. Further, being 30 days past due would generally indicate early signs of financial stress. Given so, it is important that you do not continue to incur further high-cost unsecured debts, which could pose financial difficulties for you down the road.

57. Will my SFRP Unsecured credit limit be reduced accordingly as I service my payments?

You may wish to check in with your bank or card issuer for details as this will depend on its system setup for the granting of term loans in general. While some FIs have adopted a dynamic system where the credit limit will be adjusted with each payment, others may maintain a fixed limit throughout the loan-servicing tenure.

If your bank operates a fixed limit system throughout the loan servicing tenure and you would like to obtain fresh credit from other banks, you should inform your bank with whom you have taken the SRFP (Unsecured) to adjust your credit limit to the appropriate level of the outstanding amount.

Debt Consolidation Plan

58. When can I start applying for the DCP loan tenure extension relief?

The application period for this programme started from 6 April 2020 and has been extended to 30 June 2021. You can apply at any time within the application period if you meet the eligibility criteria.

You may wish to get in touch with your bank or credit card issuer to find out more information on the application process.

59. I have already extended my debt consolidation plan (DCP) loan tenure under the DCP relief, but I am still unable to repay the monthly instalments as my income is severely affected by the COVID-19 pandemic. Can I take up the DCP relief and extend my loan tenure again?

If you have already taken up the DCP relief but are still unable to make repayments, you should reach out to your bank early to discuss available restructuring options to help reduce the monthly instalment amount.

Alternatively, you may also reach out to CCS (https://www.ccs.org.sg or 6225 5227) for assistance.

60. I understand from MAS' recent announcement that the application window for DCP loan tenure extension has been extended to 30 June 2021. Will the eligibility criteria remain the same?

Yes, the eligibility criteria for DCP loan tenure extension remain the same.

61. Am I eligible to apply?

The option to extend the loan tenure of DCP is available for customers whose incomes are impacted by COVID-19 and whose repayments are between 30 and 90 days past due at the point of application.

62. Will my DCP loan be reflected as restructured in my credit bureau report?

The tenure extension will not cause your DCP loan to be reflected as a restructured loan product in your credit bureau report.

To prevent your credit score from being affected thereafter, please ensure that you repay the reduced monthly instalment promptly.

63. How will this relief help me?

If you are facing cash flow constraints during this difficult period and have difficulties repaying your DCP, extending the loan tenure can help reduce your monthly payments. However, an extension of loan tenure will increase the total interest payable over your entire DCP. Hence, you should consider this only if you need some relief on your monthly debt obligations.

64. I lost my job, and cannot make the minimum repayment even if I extend the tenure of my DCP loan. Can the bank grant me deferment instead?

You may wish to approach your bank to discuss any further assistance you require. Banks will generally assess such requests on a case-by-case basis and provide you with the available options.

65. How long can I extend the DCP loan tenure for? Can I decide on the extension?

You may apply for an extension of loan tenure for up to 5 years, depending on your preference. However, the final loan tenure extension period will be subject to your bank's agreement.

66. How do I show that I am impacted by COVID-19 in order to qualify for this relief?

You may wish to check with your bank on the supporting document(s) required.

67. What if I am still current on my DCP i.e. not yet 30 days past due?

You can still approach your bank to discuss options that they can offer to help reduce your cash flow burden. Banks will generally assess such requests on a case-by-case basis and provide you with available options.

68. What will happen to my one-month revolving credit facility under the DCP?

Your revolving credit facility under the DCP will remain. If you need help with the repayment of this revolving credit facility, you can approach your bank to discuss the available options.

69. I have a debt management plan (DMP) with my banks but am unable to meet the repayments as I have lost income. What can I do?

If you have a DMP, you can approach CCS to explore the option of restructuring your repayment plan for submission to your banks. CCS will assist with restructuring your debts on a case-by-case basis, taking into consideration your current debt servicing capacity.

<u>Renovation and non-MOE student loans</u>

70. Under the renovation and student loans reliefs, banks may offer a loan tenure extension of up to a cumulative 3 years. Does it mean that my loan will definitely be extended by 3 years? Can I opt for a shorter tenure extension?

The relief allows customers to extend their loan tenure by up to a total of 3 years. This would include any loan tenure extension granted under existing relief measures.

Your bank may also offer a shorter tenure extension depending on its assessment.

We encourage you to reach out to your bank to find out more.

71. Under the renovation and student loans reliefs, banks may offer a loan tenure extension of up to a cumulative 3 years. How does this affect me if I have already taken up relief for my renovation/student loan(s)?

If you had taken up relief to defer your renovation/student loan repayments and also extended your loan tenure, the bank will take this into account in granting any further loan tenure extensions when you take up relief in under the ESS.

For example, if you had obtained a six-months tenure extension alongside the repayment deferment under the SFRP, your subsequent application to extend the tenure of your loan under the ESS will be limited to a maximum of an additional 30 months (i.e. three years less six months). This is nonetheless subject to the eventual tenure extension that your bank is prepared to offer to you.

72. Instead of a loan tenure extension for my renovation/student loan, can I be allowed to defer repayment on my renovation/student loan(s) instead?

The aim of the tenure extension is to lower your monthly instalment to ease your cashflow burden. Unlike a deferment, the revised repayment plan under the extended tenure allows customers to continue paying down the principal amount to avoid an accumulation of debt.

If you are unable to pay the reduced instalment amount notwithstanding the extended loan tenure, you should approach your bank to discuss other available repayment options. The banks will generally assess such requests on a case-by-case basis and assist you accordingly.

73. I have existing loan arrears and accrued interest when I took up the payment deferment relief for my renovation/student loan under SFRP. Do I have to repay all my loan arrears and accrued interest before I apply for the tenure extension?

At the end of the deferment period under SFRP, your bank will offer you the option of repaying your loan arrears and total interest accrued, before you resume repayment for your renovation/student loan or before you take up a loan tenure extension under the ESS.

If you are unable to repay the loan arrears and total interest accrued, your bank will allow you to capitalise the outstanding amount into your loan principal. This means that the loan arrears and total interest accrued will be added to your loan principal.

While loan capitalisation can help ease your return to making monthly repayments, it comes with higher overall interest costs. **You should repay as much arrears and accrued interest as you can, and only opt for loan capitalisation if you really need to.** You can also approach your bank to find out more about the costs of opting for loan capitalisation.

74. What kind of student loans are covered under this relief?

This relief is applicable for student loans that are taken out for full-time and part-time programmes at local and foreign private tertiary institutions and are not part of the Government loan schemes (i.e. non-MOE student loans).

Student loans under the Government loan schemes are covered by the Government's Student Loan Relief. As part of the Government's Resilience Budget announced on 26 March 2020, MOE will suspend the repayment and interest for Tuition Fee Loans, Study Loans and Overseas Student Programme Loans for all autonomous university and polytechnic graduates for 1 year, from 1 June 2020 to 31 May 2021.

You can check in with your bank if you are unsure about the type of student loan that you have and/or the applicable student loan relief.

<u>Motor Vehicle Loans</u>

75. What help can I get for my motor vehicle loan under this new relief package that has just been announced?

If you need payment relief for your motor vehicle loan or hire purchase agreement, you can approach your bank to work out a repayment solution on a case-by-case basis.

In its assessment, the bank will take into account factors such as your financial situation, need for the use of a motor vehicle, the current market value of the motor vehicle and its estimated market value after the deferment period (if applicable). Where there is a significant fall in market value of the car after the deferment period (e.g. due to COE expiry), your bank may not be able to grant you relief.

76. What is the eligibility criteria to get relief on my motor vehicle loan? Is this relief available for anyone who applies?

Your bank will assess your application on a case-by-case basis.

77. Which are the banks that are offering such assistance?

These include banks that grant motor vehicle loans, as well as the three finance companies, namely Hong Leong Finance Ltd, Sing Investments & Finance Limited, as well as Singapura Finance Ltd.