

## **RESTRUCTURING POLICY FOR RETAIL LOAN ACCOUNTS WITH COVID-19-RELATED STRESS**

- The second wave of Covid-19 pandemic in India in the recent weeks and the consequent containment measures by the local governments and authorities to check the spread of the pandemic has impacted income and employment of many borrowers and created new uncertainties in their capacity to service the loans. RBI vide its circular No. DOR. STR. REC. 11/21.04.048/2021-22 dated 05.05.2021 has also now permitted lenders to extend various reliefs including restructuring of loans.
- We, Ford Credit India Pvt. Ltd. ('FCIPL'), have framed a policy for restructuring of credit facilities (consumer loans) of our customers who may have been impacted by the COVID-19 pandemic.

### **Policy on Restructuring of Retail Loans under COVID 2.0**

#### **1. Introduction:**

- 1.1. This policy shall be called 'Policy on Restructuring of Retail Loans under COVID package 2.0'
- 1.2. This shall become operational from the date of approval by Board of Ford Credit.

#### **2. Scope and applicability:**

- 2.1. This policy applies to:
  - 2.1.1. Resolution of advances to individuals who have availed Retail Loans: for the purpose of consumption and personal needs. Retail Loans for the purpose of this policy shall mean the following nature of loans, viz: Auto loans.
  - 2.1.2. Resolution of Retail Loans availed by individuals for business purposes including working capital support to the borrowers under stress who have availed benefit of restructuring under earlier COVID package 1.0 as per the policy of Ford Credit will be governed by Policy on restructuring MSME and Business Loans under COVID 2.0.
  - 2.1.3. Borrowers can opt for resolution/restructuring under the policy on or before 30.09.2021 and upon implementation of the resolution plan in terms of this policy their accounts would continue to be classified as standard for the purpose of Prudential norms for asset classification and provisioning.

#### **3. Eligibility criteria for availing restructuring:**

- 3.1. Under this policy, Retail Loans availed by individuals/professionals for purposes other than business excluding staff loans.
- 3.2. Contracts with existing maturity date later than 31 Dec 2024 will not be eligible under this restructuring plan. Overall revised contract term should not be beyond 31 Dec 2025.

Details	Criteria
Delinquency Level	Should be standard as on 31 <sup>st</sup> March 2021
Repayment Capacity	Income at least equivalent to EMI or evidence 50% of outstanding as deposits in bank
Extension Period	Not more than 12 months
Rate of interest	Current Contract rate
Application Process	Download Application form from website and send via email
Application Documents Required	Application, Photograph, Self-Attested KYC documents, Vehicle RC and Insurance Copy, Bank statement – Last 3 months, Evidence Latest income statement or deposit evidence
Post Approval documents	Supplementary/Restructuring Agreement, Collect ACH Mandate with 2 cheques (soft copies to be mailed & hard copies couriered)
Guarantors/CoHirer	Existing Co-Hirer/Guarantor to sign agreement. New Co-Hirer/Guarantor as per assessment by Credit

#### 4. Conditions precedent for relief under this Policy:

- 4.1. Under this policy the following conditions precedent should be satisfied before any Retail Loan is considered for restructuring, namely;
  - i. The credit facilities to the borrower was classified as Standard in the books of Ford Credit as on March 31, 2021.
  - ii. The borrower should not have availed of any resolution/restructuring in terms of the Resolution Framework – 1.0 subject to the special exemption if any mentioned herein.
  - iii. The borrower accounts / credit facilities shall not belong to the categories listed in sub-clauses (a) to (e) of the Clause 2 of the [Annex](#) to the Resolution Framework 1.0, read with the response to Sl. No. 2 of [FAQs](#) on Resolution Framework for Covid-19 related stress (Revised on December 12, 2020).

#### 5. Formalities to be followed:

- 5.1. Relief and resolution by way restructuring under this policy shall be based on “opt in” by the borrower that is to say; the reliefs under this policy will be available only upon borrowers specific request and upon submission of application with suitable declaration and other documents including confirmation that his income and cash flows are under strain due to COVID related stress.
- 5.2. Date on which, letter from the borrower along with the declaration in the Format as set out in *Annexures* requesting restructuring is received at Ford Credit will be treated as date of invocation of restructuring under this Policy.
- 5.3. Resolution/Restructuring plan should be finalised and implemented within 90 days from the date of invocation.
- 5.4. Accounts where request letters/applications for restructuring are received on before 30.09.2021 are eligible for being considered restructuring under the policy.

#### 6. Process to be followed:

- 6.1. Receive request from customer via email on [fcireach@ford.com](mailto:fcireach@ford.com) for Restructuring of Loan along with Request Letter / KYC / Copies of RC & Valid Insurance / Latest Residence & Income proofs / 3 months Bank Statement / Photograph. Please note customers will receive a reference number post receipt of application. In case applications are incomplete

and necessary documents not submitted, applications will be cancelled and no reference number would be issued.

- 6.2. FCIPL to initiate the process on receipt of request from Standard customers (as on 31.03.2021).
- 6.3. A credit evaluation will be completed on receipt of application and documents. Please note through this application customers are also consenting and allowing FCIPL to access customer Credit bureau reports.
- 6.4. FCIPL will intimate customers on Sanction / Rejection of the re-structuring of loan within 30 days through email only.
- 6.5. Customers will be sent legal documents (Supplementary Agreement / Restructuring Agreement) which needs to be signed and sent back. Customer are also required to submit required cheques or a new ACH Mandate with 2 cheques (soft copies to be mailed & hard copies couriered).
- 6.6. Stamping of Supplementary Agreement will be done by FCIPL
- 6.7. FCIPL will provide a revised Amortization Schedule & Soft copies of the Agreement.
- 6.8. Credit Bureau Reporting will be manual.

## 7. Exceptions to Policy:

- 7.1. Corporate customers – In case any clause bars them from restructuring the loan.
- 7.2. Credit facilities provided by lending institutions to their own personnel/staff shall not be eligible for resolution under this framework. Ford Credit India employees are not eligible
- 7.3. Individuals who have availed loans and have aggregate exposure of greater than 25 crores as on 31st Mar'21.
- 7.4. Borrowers who are classified as willful defaulters/fraud with any lender.
- 7.5. Please note credit is at the sole discretion of FCIPL.

## 8. FCIPL Restructuring plan:

- 8.1. Our resolution/restructuring plan would include extension of the loan by a period of 12 months. The new monthly instalments would be calculated by extending the term by an additional upto 12 months period. As a consequence, the monthly instalment of customers would be reduced allowing the customers to lower their monthly payments. Please note the following:
  - i. The total amount outstanding can contain dues including over dues/instalments.
  - ii. Funding of interest accrued by way of Funded Interest Term Loan
  - iii. This action will ensure Revision or Reworking of EMIs.
  - iv. No Payment holiday is being offered.
  - v. No change to the current interest rate.
  - vi. Waiver of penal interest for non-compliance if any for reasons beyond the control of the borrower and due to COVID lock downs.

## 9. Validity and amendments to the Policy:

- 9.1. This policy shall be in force till 31.12.2021 that is to say 30.09.2021 being the last date of invocation as well as 90 days window for implementation of the Plan. Please note that the policies have been approved by the Board of

Directors of FCIPL in line with RBI Framework Resolution 2.0. Any change and amendments to the Policy shall be with the Board of Ford Credit.

**10. RBI Resolution Framework 2.0 for COVID 19 related stress (*Only for reference*)**

- 10.1. RBI vide its circular No. DOR. STR. REC. 11/21.04.048/2021-22 dated 05.05.2021 on Resolution Framework for COVID-19 related stress (Resolution Framework-2.0) permitted one-time restructuring of personal loans, while classifying such exposures as Standard, subject to certain specified conditions.
- 10.2. Gist of the circular is as under:
  - i. Banks are permitted to restructure Retail and personal loans availed for consumption/business purposes
  - ii. Borrowers account should have been standard as on 31.03.2021 and the exposure ought not to have been more than Rs.25 crores.
  - iii. The resolution process under this window shall be treated as invoked when the lending institution and the borrower agree to proceed with the efforts towards finalising a resolution plan to be implemented in respect of such borrower.
- 10.3. Resolution/restructuring plan implemented in any account of the borrower based on an assessment of his income streams, may inter alia contain following features, viz;
  - i. Rescheduling of payments
  - ii. Conversion of any interest accrued or to be accrued into another credit facility
  - iii. Revisions in working capital sanctions
  - iv. Granting of moratorium
  - v. All of the above or any combination of the aboveHowever, compromise settlements are not permitted as a resolution plan for this purpose.