

## Restructuring program for customers under Resolution Framework 2.0

### Preamble:

The second wave of covid rose sharply and suddenly in April and has moved across various parts of the country over May. Some regions where the wave started early in April are seeing an ebbing of numbers over the last 2 weeks (eg., Delhi, Maharashtra, Gujarat). The impact of wave-2 is different from wave-1.

Key differences are:

- a) The lockdowns in wave 2 have been more State led and local in nature – in many places less stringent than what was observed in wave 1.
- b) There has been no exodus of workers to home towns.
- c) Industrial units and businesses have not completely shut down as was seen in wave1; most are working at reduced capacity
- d) Job losses are not as large scale as in wave1. In most cases, customers have been out of work for a few weeks but are able to get their old jobs back or get other jobs
- e) Large global markets that are important for Indian exports like USA and UK have vaccinated a large portion of their populations and are showing major progress in defeating covid

In the above backdrop, the impact on our customers as well as the discussions regarding repayment are different to what we experienced last year. Many customers in overdue buckets are showing an inclination to make partial payments and move out of delinquency as soon as their circumstances permit. They are showing a strong desire to retain the property.

*RBI has announced a Resolution Framework 2.0, the “Resolution of Covid-19 related stress of Individuals and Small Businesses” on May 5,2021. The measures announced are broadly in line with the contours of the Resolution Framework 1.0, with suitable modifications. The key measures that can be implemented include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc., based on an assessment of income streams of the borrower. However, compromise settlements are not permitted as a resolution plan for this purpose.*

### Guiding principles:

The following principles will form the crux of our actions under Resolution Program 2.0

- a) Encourage customers to catch up on their overdue payments and continue the discipline of monthly payments
- b) Enable customers to retain their properties
- c) Ensure that the interest burden due to restructuring does not become too large over time

### Eligible customers:

Eligibility of customers have been provided under Part A of the circular which pertains to Resolution of advances to individuals and small businesses. All customers of HomeFirst under any product category, who satisfy the following criteria will be eligible:

The eligibility criteria are as follows:

	Criteria	Check
1	Borrower should not have availed any resolution in Resolution Framework – 1.0	Not Applicable to us. No borrowers were provided any benefit earlier under Resolution Framework 1.0
2	Credit facilities / investment exposure to the borrower was classified as Standard by the lending institution as on March 31, 2021	Customer’s DPD is 0-89 days as on 31 Mar 2021

3	Other factors such as length of customer's loan with Home First, repayment track record prior to onset of Covid and current income earning capacity and recent repayment track record	As per observation
---	---	--------------------

### **Types of Restructuring:**

The following types of restructuring are envisaged under Resolution Program 2.0

- a) Moratorium of 1 or more months: Interest payable for these months will be added up to the principal of the loan and a new loan will be booked for the same or extended tenure (upto 2 years over the residual tenure)
- b) Tenure extension: Current principal is rebooked for a longer tenure to give relief on EMI amount

### **Process:**

- a) Applications from the borrower can be in any form: email, online form, physical letter containing the following information
  - a. Loan accounts for which the moratorium is being applied for
  - b. Type of restructuring required
- b) Applications for restructuring will be accepted from 1<sup>st</sup> June 2021 to 30<sup>th</sup> Sept 2021.
- c) Decision on acceptance or decline of restructuring will be communicated to the applicant in writing or via electronic mode (email/sms/phone-call) within 30 days of receipt of the application.

\*\*\*\*\*