



Moratorium – Frequently asked questions

1. What is a Moratorium and to whom does it apply (natural / legal persons)?

At its assembly on 17th of March 2020, the Central Bank of Montenegro adopted a "Decision on interim measures to mitigate the adverse effects of the new coronavirus on the financial system" (Official Gazette of Montenegro No. 19/20), which entered into force on 23rd of March 2020 (hereinafter referred to as the Decision). For more details please refer to the [Decision](#) (available in Montenegrin version only).

According to the Decision, the moratorium includes the temporary suspension of all payments of credit obligations (principal, interest, default interest, fees, etc.). This right applies to beneficiaries of all types of loans, natural and legal entities, including cash loans (secured and unsecured), home loans, retirement loans, consumer loans, investment loans, working capital loans, liquidity loans, credit products related to use of cards, etc. All beneficiaries of loans approved by the Bank (individuals, legal entities, entrepreneurs and others) are entitled to a moratorium on repayment of loans for up to 90 days.

2. Does the interruption of repayment apply only to principal or to principal and interest?

The cancellation of repayment applies to all liabilities (principal, interest, fees, default interest, etc.). This implies that the borrower will not pay annuities (principal and interest) for the duration of the moratorium, the amount of which is defined by the repayment plan, which forms an integral part of the loan agreement.

However, for the duration of the moratorium, the Bank accrues interest at the rate specified in the applicable loan agreement and repayment plan, thus capitalizing interest at the end of the moratorium and distributing it evenly over the remaining annuities until maturity, which is automatically extended for a period identical to the moratorium duration, without changing any other contractual terms and method of interest calculation. For a representative example of a repayment plan, refer to the [Statement](#) by the Central Bank of Montenegro (available in Montenegrin version only) regarding the manner in which the temporary suspension of payment of obligations under the loan-moratorium is applied.

3. Is the Moratorium mandatory?

The moratorium is optional and will not apply automatically. All clients wishing to exercise their right to a moratorium are required to notify the Bank by submitting a Moratorium Acceptance Form.

4. When will the application of Moratorium begin?

The Bank is obliged to ensure the implementation of the moratorium no later than 5 working days from the day of notification (Moratorium Acceptance Form) receipt and for a maximum period of 90 days or until the decision of the Central Bank of Montenegro to terminate its validity.

If the borrower applies to exercise the right on moratorium on 24th of March 2020, the Bank is obliged to ensure the implementation of the moratorium within 5 working days. If the client receives a paycheck on the 1st of each month, with a monthly annuity deducted from his/her salary, taking into account the date of application for the moratorium (24th of March), as well as the deadline for its application (5 business days), the Bank will enable the loan user to suspend their loan payments (principal and interest) from 1st of April onwards. In this way, the loan beneficiary who applied for the use of the moratorium on 24th of March will already use the payment suspension for the first monthly annuity on 1st of April.

5. How did the Bank notify clients of this change?

In accordance with the Decision of the Central Bank of Montenegro on provisional measures to mitigate the adverse effects of the new coronavirus on the financial system, the Bank informed its customers about the possibility of accepting a moratorium on its website on 24th of March 2020, whereby it is considered to be delivered as an official statement of the Bank to all loan beneficiaries.

6. Do I need to contact the Bank if I want to exercise my right to a Moratorium?

All clients wishing to exercise their right to a moratorium are required to notify the Bank by submitting a Moratorium Acceptance Form in one of the following ways:

- A. By electronic means, via e-mail, to the following e-mail addresses of the Bank:
 - For legal persons: corporate@ucbank.me
 - For natural persons (individuals): retail@ucbank.me
- B. By registered mail, in written form, sending the Form to the Bank's postal address:
Universal Capital Bank
Ul. Stanka Dragojevića bb
81000 Podgorica

In accordance with the recommendations of the Institute of Public Health of Montenegro, it is necessary to avoid physically coming to the branch. Clients who are not able to submit the Form via the aforementioned mediums can exercise their right by calling **020 / 481-490** between 08h and 15h and providing all necessary information to the Bank officer.

7. What if I want to pay my installments regularly?

You do not need to contact the Bank if you wish to continue repaying the loan regularly.

8. If I have a standing order for the payment of loan obligations, will it be suspended during Moratorium?

Yes, by exercising the right to a moratorium, all payments to the Bank regarding loan repayment (repayment of loans from a transaction account held by the borrower with the Bank, standing orders for repayment of loans, etc.) shall be suspended.

9. Can I freely use the funds from the unpaid obligations regarding loan repayment?

Yes, you can. The funds released by the moratorium are readily available to you.

10. Can I subsequently suspend Moratorium before its expiry and continue to make regular payments?

Yes, you can continue to pay your obligations on a regular basis even before the moratorium expires, by sending notice to the Bank.

11. Can I apply for Moratorium subsequently?

Yes, you can apply for the right to a moratorium at any time during the temporary measure, as defined by the Decision. Also, the borrower can apply for a moratorium for a period shorter than 90 days (30 or 60 days). The moratorium may last up to 90 days, or until the decision of the Central Bank of Montenegro to terminate its validity and to suspend provisional measures. Accordingly, if 1st of May 2020, the Borrower activates his right to a moratorium on loan repayment and declares its use for a period of 90 days, and the Decision on interim measures expires on 1st of June 2020, at that moment the moratorium will expiry and be terminated.

12. Is there a possibility of a partial Moratorium?

Yes, the Bank gives an option to its clients to suspend payment of the principal amount of the debt and to continue paying the interest regularly.

In addition, the Bank's client has the option to choose a moratorium for individual loan batch (sub-account), continuing to pay the regular installments of certain loan sub-accounts (for example, current account minus), and impose a moratorium on the remaining obligations (for example, a short-term loan obligation). In this case, the Moratorium Acceptance Form should indicate the individual sub-accounts for which the client wants to impose the moratorium.

13. If I pay my obligations through the employer or fund PIO, are there any additional requirements?

If you are an **employee**, you must **submit** the completed Moratorium Acceptance Form to your employer in order to suspend administrative bans and repayment of loans during the moratorium. The Bank assumes no liability if your employer does not suspend administrative bans. The Bank is not obliged to notify or submit a confirmation to the employer or other person through whom the loan is repaid if the Borrower has applied for the loan moratorium. However, the Bank will monitor the implementation of the Decision on a daily basis, and if it identifies that the employers are not complying with the Moratorium Acceptance Form you have provided them, the Bank will inform you in a timely manner.

If you are a **retiree**, the Bank is obliged to notify Fund PIO within 10th of each month, with a list of users who activated the moratorium right, so you **do not** need to submit Moratorium Acceptance form to the Fund PIO.

14. Is it necessary to make a new loan repayment plan and annex to the loan agreement?

The Bank will send to all clients who choose to exercise their right to the moratorium an amended loan repayment plan in accordance with the completed Moratorium Acceptance Form.

In accordance with the Decision, it is not mandatory to create an annex to the loan agreement. However, the Bank will subsequently make a decision regarding submitting loan agreements annexes to its clients.

15. How does implementation of Moratorium affect clients in arrears?

For clients who were in repayment arrears before exercising their right to the moratorium and for which the Bank calculated default interest, during the duration of the moratorium the Bank will not calculate default interest and days past due, neither will it initiate enforced settlement, nor take any other action regarding receivables collection. The Bank does not have an obligation to suspend the enforcement procedures, such as enforced settlement, and other legal actions undertaken by the Bank to collect overdue claims that were initiated up to the date the Decision became effective.

For borrowers who do not exercise their right on moratorium, the Bank can begin enforcement procedures and other actions with the purpose of collecting its receivables even during the period when the Decision is effective. However, in these cases the Bank will contact the client and offer the possibility of exercising the right on moratorium prior to initiating enforcement settlement procedures.

16. Can I expect additional costs if I wish to exercise Moratorium right?

The Bank may not require, nor charge to the client any administrative costs related to the use of moratorium.

17. What if I do not fill in all fields in the Moratorium Acceptance Form?

In case that submitted Form is incomplete, the Bank officer will contact the client to confirm all necessary information with the aim to avoid any possible misunderstandings.

18. Does the Moratorium apply to all types of loan obligations?

Yes, the moratorium applies to all types of loan obligations, namely:

- All short-term loans
- All long-term loans
- Current account minuses
- Overdraft loans
- Revolving loans
- Credit cards