

Special Loan Guarantee Scheme

**Some Common Problems observed
in the Default Claims lodged by
the Participating Lending Institutions**

Payment Request

1. The participating lending institution (PLI) has submitted the Payment Request Form (TID 655) when the relevant repayment is outstanding for less than 61 days.
2. The PLI fails to submit the Payment Request Form within six months after the earliest relevant repayment date of the facility.
3. The PLI has included interest, penalties, charges and capitalisation of interest and charges in the principal when applying for Government's guarantee^λ.
4. The PLI has not applied all amounts (including but not limited to repayment of principal and interest, credit balances, and other recovery proceeds) received after the relevant repayment date towards repayment of the outstanding indebtedness of the SpGS facility. As stipulated under Clause 6.4 of the Original Deed of SpGS, any repayment received by the PLI (including interest) after the default date should go to repay the outstanding indebtedness of the SpGS facility.
5. The PLI has not provided all the requisite documents as stipulated in the prevailing "General Guidelines on Submission of Default Claim" to support the default claim at the time of the submission of the Payment Request Form.

Documentation

6. The PLI fails to produce the required documents e.g. financial statements, audited report, demand letters, etc, either because of misplacement or such documents were not collected / properly kept at the outset.
7. The audited account / financial statements obtained from the borrower are not duly certified or up-to-date, or the financial statements do not contain the full set of balance sheet and profit and loss account.

^λ TID will adjust the risk sharing factor to exclude such parts of interest, penalties, charges and capitalisation of interest and charges from the principal for the purpose of calculating the amount of compensation.