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Mortgage loan deferrals in the context of the corona crisis

The coronavirus has major consequences for our country's economy. Which in turn puts pressure on the financial situation of a large number of people. Many of them risk losing their job or face a period of reduced or even no income. At the same time, mortgage repayments can often take a serious bite out of the family budget.

The banks, the National Bank of Belgium and the Minister for Finance have therefore announced financial support for people facing financial difficulties as a result of the coronavirus crisis. In particular, they can request the deferment of mortgage repayments for up to 6 months. They agreed upon a charter, which sets out the terms of this arrangement. The charter summarises:

1. what deferment of payments actually involves
2. who is eligible to apply for deferment of payments
3. which forms the deferment can take
4. when applications for deferment can be made and for how long payments can be deferred.

Deferment of mortgage repayments: 4 main principles

Those financially affected by the corona crisis can apply to the bank for a postponement of payment of their mortgage loan. We list here all details about this postponement of payment.

1. What?

A deferment of mortgage repayments in the context of the coronavirus crisis implies that the borrower is **exempt from making loan repayments (including both capital and interest payments) during a period of up to 6 months**. Once the end of the deferment period is reached, repayments will resume. The term of the loan will be extended by the period of deferment. In other words, the borrower(s) will continue to repay their loan for up to 6 months longer than originally foreseen.

No filing fees or administrative charges will be applied for making use of the deferment scheme.

2. Who?

Requests for the deferment of mortgage repayments can be made by **private individuals** who satisfy each of the following **4 criteria**:

1. The borrower **has suffered a partial or complete loss of income** as a result of the coronavirus crisis due to:

- temporary or full unemployment
- illness resulting from Covid-19
- closure of a business
- bridging measures.

In the case of couples, it is sufficient if one of the partners has suffered a loss of income as a result of the coronavirus crisis.

2. There were **no arrears in repayments for the mortgage loan in question on 1 February 2020**.

3. The mortgage loan is **for the borrower's only home and main residence in Belgium** (at the time the request for deferment of payments is made).

4. The borrower's **total liquid assets on current and savings accounts and investment portfolios held with any bank at the time of the request for deferment of payments is less than 25,000 euros**. The balance of pension savings plans are not taken into account.

3. How?

Anyone who satisfies the criteria can request a deferment of payments.

The deferment is put into practice as follows:

- For borrowers whose net monthly household income **is less than or equal to 1,700 euros**: mortgage repayments can be deferred **without incurring additional interest** during the deferment period. Once the end of this period is reached, the repayments will resume at the same monthly amount as before.
- For all other borrowers: the mortgage repayments can be postponed during the deferment period. Once the end of this period is reached, the repayments will resume at a monthly amount adjusted for the interest owing on deferred repayments.

What do we mean by net monthly household income?

- For **salariéd workers**: the monthly income in February 2020, including recurring incoming payments such as **maintenance** and rental income but not including child allowance payments and after the deduction of consumer loan and mortgage repayments for the primary residence.
- For self-employed: the monthly income before the coronavirus crisis (calculated as follows: income earned in 2019 divided by 12 months), including recurring income such as maintenance repayments and rental income but not including child allowance payments and after the deduction of consumer loan repayments, mortgage repayments for the primary residence and repayments for any business loan in the applicants' own name.

4. When?

- Requests submitted **on or before 30 April 2020** are eligible for a deferment of payments for max. 6 months, i.e. up to **31 October 2020** at the latest
- For requests submitted **after 30 April 2020**, the same end date of **31 October 2020** will apply
- Deferment can only be granted on future repayments that have not yet been made
- Requests submitted before the publication of this charter will be evaluated according to the above-listed criteria. If necessary, the bank will contact the borrower(s).

In practice

Anyone who thinks he or she meets the conditions to apply for a postponement of payment is asked to contact his or her bank.

This can only be done by appointment or via the bank's available digital channels (e-mail, chat, mobile app,...) and by telephone. It is best to contact the bank one week before the due date of the coming month.

The bank will ask for some documentary evidence in order to start the application. This could be, for example, a certificate of unemployment or a statement on honour that the income has fallen sharply.

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