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# Borrowers in Moldova Impacted By Coronavirus. Are you ready?

Moldovan state banking regulators issued only statements instructing financial institutions how to work with clients impacted by COVID-19/coronavirus and avoid contamination but nothing about: **how to get ready for potential events of default?**

Several industries in the country are experiencing **disruption that may affect their ability to comply with loan covenants and even affect their ability to make timely loan payments.**

The message regulators must send that banks should not strictly enforce loan obligations if a borrower is impacted by coronavirus.

Moreover, how banks do this, while still following safe and sound banking practices, is left to individual banks to determine.

*Among the questions you need to ask yourself are:*

- ▶ How do you establish that a borrower is financially impacted by coronavirus?
- ▶ What are reasonable conditions to place on a borrower claiming such impact in exchange for your institution forbearing on its rights?
- ▶ What actions are consistent with safe lending practices, while at the same time address the expectations of the regulators?

## Main Considerations to Avoid Disruption

Although banks are expected to work with their distressed borrowers, they must still follow safe lending practices.

Unlike other economic disruptions, **borrowers may assert novel defences in loan, such as the "justifying impediment" and force majeure clauses that could unnecessarily complicate a loan.**

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## Өңірлер

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