



Reverse mortgage loan on unregistered house?

Author: Navin Kumar, Advocate | Published in: MAIL TODAY

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Reverse mortgage loan on unregistered house? Getting a loan of this kind could be a problem in this case, but there are ways out

Q. I booked an Independent Builder Floor in NCR Gurgaon from M/s APIL in 1998, the possession of which was transferred on its completion in December 2004 but without getting the registration, executed on the plea that the Haryana government had suspended the registration of independent floors. It was said the registrations would be carried out as and when this suspension was vacated by the Haryana government.

Till today, nothing is known about the move in this regard, causing tremendous loss to government exchequer.

In this year's Union Budget, a scheme for reverse mortgage has been put in place for senior citizens which provides for regular income.

I recently approached a leading nationalised bank for reverse mortgaging my dwelling unit (independent floor) but the bank declined to accept this house because it is not registered

NAVIN KUMAR

Legal
Advisor



by the state government of Haryana.

Since senior citizens could need to augment their financial requirements, I seek assistance for a solution to my predicament. May I further request you to give me the contact details of the appropriate agency, state/union government/finance ministry who can remove this anomaly so that we are not denied this provision in the budget

— Jagdish Erry

A. The Union Finance Minister during his budget speech had announced the formulation of a novel financial product for senior citizens, that is Reverse Mortgage Loan.

The Reverse Mortgage loan scheme helps them to convert their house into liquid cash flows to meet their expenses. In the present scenario, for most of the senior citizens and those nearing retirement the biggest fear is the need for money to live comfortably after retirement.

Unlike other mortgages, which are generally used to secure finances, reverse mortgage converts a self-owned property into finance.

Pursuant to the above, most of the nationalised banks have come out with a scheme pertaining to reverse mortgages for the senior citizens with a minimum age limit. The above schemes talk about obtaining security of the dwelling units by way of equitable or registered mortgage. The banks have to comply with the guidelines as to the mortgageability of the residential property in question.

Since there is no title-deed of your

property, the banks may find it difficult to go ahead in your case. I would like to term the same as non-exercise of proper due-diligence at the time of purchasing the property on your part. But in any case, you may request the concerned bank to secure their advance by way of registered mortgage. You can lodge a complaint with the Head office of the concerned bank or with the Finance Ministry.

Q. I would like to know whether a property can jointly be purchased (for investment purpose only) by two or more persons who are not related to each other, like colleagues in a same office or friends. In case this happens, what are the repercussions resulting from it?

— Satya Pal

A. Yes, you can jointly purchase the property. The repercussions may depend on the nature of each individual and the understanding you share with your partners.

Write to Navin Kumar, Advocate, Naashree Associates, for any queries on real estate issues at legalqueries@mailtoday.in