Mortgage and Its Types- Explained

.

Introduction:

- A mortgage is a plan in which a property like land, house or a building is used as a guarantee to get a money through a loan.
- A mortgage is a transfer of a right to stable property for the security purpose of a loan amount.
- A mortgage is used in an agreement between two parties i.e. a debtor one who takes a loan and the creditor who gives a loan.
- If the debtor does not pay the loan amount a creditor take right on the mortgaged property.
- A mortgage is a method which used to create a charge on property by contract.
- By using mortgage, one can easily get a property without paying full value.

Types of mortgage

Simple Mortgage

- In a simple mortgage, mortgagor makes a promise to himself to pay the mortgage money and agree that if he fails to pay a loan amount, a mortgagee will have right to sell the mortgaged property and cover the loan amount.

Mortgage by conditional sale

- In a mortgage by conditional sale, there is some condition put at the time of the agreement between the mortgagor and mortgagee.
- A condition may be like if, in case of default of payment of loan amount after a certain date, a sell become unavoidable or many more conditions.

Usufructuary mortgage

- In a usufructuary mortgage, a mortgagor delivers possession or bind to deliver ownership to the mortgagee and authorizes to retain ownership of property till the payment fully covered it includes principal amount, interest amount to the mortgagee.

English mortgagee

- In English mortgagee, a mortgagor makes a promise to pay the mortgage amount on a certain date and transfer ownership to the debtor with a provision that he has to re transfer the ownership once the payment done by the mortgagor.

Anomalous Mortgage

- The anomalous mortgage is the which is not a simple mortgage, a mortgage by conditional sale, a usufructuary mortgage, an English mortgage or a mortgage by deposit of title deeds within the section 58 is called an anomalous mortgage.

Equitable mortgage

- In an equitable mortgage, a mortgagor gives original title deed to the bank with an aim to create security there on.
- An equitable mortgage is created by depositing the original title deeds along with documents.
- This, a mortgage has no need to be registered with sub-registrar.

Registered mortgage

In a registered mortgage, a charge is created on the property with sub-registrar formally.
A written proof is used for the security purpose and in case a borrower fails to pay the amount a lender has right to take ownership of property and vice versa

Balloon Mortgages

- Balloon mortgages are just for short term and it has fixed rate mortgage.
- In balloon mortgage, a monthly payment is lower because of large payment at the end of a term.
- A balloon payment is for the honest and qualified borrowers who have good credit history.

Reverse mortgage

- A reverse mortgage as the name suggests it works on reveres stream. It is mortgage loan in which a lender pays monthly installments to the borrower.
- A reverse mortgage is helpful to the older people in their financial need.