



THE INSTITUTE OF
CHARTERED ACCOUNTANTS OF INDIA
(SET UP BY AN ACT OF PARLIAMENT)

INTERNATIONAL

Women's day

*8
march*

2024 MARCH

E-NEWSLETTER



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EDITOR'S NOTE



Dear Esteemed Colleagues,

I extend my heartfelt gratitude to each of you for your unwavering support and valuable feedback throughout my tenure as the newsletter-in-charge for the year 2023-24.

I am thrilled to present to you my final edition, which holds a special place in my heart. Within its pages, you'll find an insightful article on Understanding Reverse Mortgages in India: A Guide for Seniors skillfully crafted by CA Anantharaman.T.R.

On the occasion of International Women's Day, I extend my warmest wishes to all the esteemed lady members.

Happy reading!

Jai Hind, Jai ICAI.

Warm regards,

Thank you

CA. AJITH KAIMAL R
NEWSLETTER IN CHARGE

CHAIRMAN'S MESSAGE



Dear Professional colleagues,

As I assume the role of the 45th chairperson of the Thrissur branch (SIRC), I am filled with a profound sense of pride and joy, while also being keenly aware of the significant responsibilities this position entails. I wish to express my gratitude to the 2023-24 team led by CA Jeen Paul for their invaluable contributions. Furthermore, I extend my thanks to all my predecessors for their enduring dedication, which has consistently elevated the reputation of our profession and branch.

This year, in addition to our usual schedule of CPE seminars and workshops, we are embarking on a year-long initiative. Thanks to the dedication of our past chairpersons, committee members, staff, and students, our branch has evolved into a premier educational center for CA students in Kerala. As we plan these programs, our focus remains on ensuring both the quality and affordability of education. In line with this commitment, we will offer coaching classes for Foundation, Intermediate, and Final levels, tailored batches for repeaters, as well as sessions dedicated to Mock tests, and more.

Congratulations to all the newly appointed committee members!

We extend our heartfelt thanks to the members of the CA Fraternity for their unwavering faith in our team

Jai ICAI Jai Hind

CA. ANOOP V FRANCIS
CHAIRPERSON

UNDERSTANDING REVERSE MORTGAGES IN INDIA: A GUIDE FOR SENIORS



CA. ANANTHARAMAN T R

As people grow older, they may find themselves in need of additional funds to cover their living expenses or pay for unexpected medical bills. One way for seniors in India to access the equity in their homes is through a reverse mortgage. In this article, I will try to explain what reverse mortgages are, how they work, and the benefits and drawbacks of this type of loan.

What is a Reverse Mortgage?

A reverse mortgage is a loan that allows homeowners to borrow money against the equity in their homes without having to sell the property. Unlike a traditional mortgage, where the borrower makes monthly payments to the lender, a reverse mortgage pays the borrower a lump sum or a series of payments, depending on the lender's terms. The loan becomes due when the borrower dies, sells the property, or permanently moves out.

Eligibility for Reverse Mortgages

To be eligible for a reverse mortgage in India, the borrower must be at least 60 years old and the owner of a residential property that is free from any encumbrances. The property can be self-occupied or rented, but it must be the borrower's primary residence. The borrower must also have the legal right to mortgage the property.

The loan amount that the borrower is eligible for depends on several factors, including the value of the property, the age of the borrower, and the lender's terms and conditions. In general, the older the borrower and the more valuable the property, the higher the loan amount.

Process to obtain a reverse mortgage in India

The process to obtain a reverse mortgage in India involves several steps as given below:

- **Eligibility check:** The borrower must be at least 60 years old and the owner of a residential property that is

free from any encumbrances. The borrower must also have clear title to the property.

- **Application:** The borrower must apply for a reverse mortgage with a lender that offers this type of loan. The lender will require the borrower to fill out an application form and provide supporting documents such as proof of ownership of the property, identity proof, and income proof.

- **Property valuation:** The lender will conduct a property valuation to determine the current market value of the property. The loan amount that the borrower is eligible for depends on the value of the property, the age of the borrower, and the lender's terms and conditions.

- **Loan offer:** Based on the property valuation and the borrower's eligibility, the lender will make a loan offer. The loan offer will include details such as the loan amount, interest rate, and repayment terms.

- **Acceptance and disbursement:** If the borrower accepts the loan offer, the lender will disburse the loan amount to the borrower in a lump sum or in installments, depending on the lender's terms and conditions.

- **Loan closure:** The loan becomes due when the borrower dies, sells the property, or permanently moves out. At that point, the loan must be repaid in full, either by the legal heirs or by selling the property. If the legal heirs wish to keep the property, they can repay the loan by taking out a traditional mortgage, using their own funds, or by selling other assets.

Conclusion

Reverse mortgages can provide seniors with access to the equity in their homes without having to sell the property. Legal heirs should not be concerned about losing the mortgaged asset, as they have the option to repay the loan or sell the property to repay the outstanding balance. However, legal heirs should be aware of their rights and responsibilities in the event of the borrower's death and should take steps to protect their interests. By understanding how reverse mortgages work and the role of legal heirs in the loan process, seniors can make informed decisions about their financial future.

CA ANANTHARAMAN.T.R.

Glimpses

FEBRUARY 24



**03.02.2024 CPE SEMINAR ON "ANALYSIS OF UNION BUDGET -2024"
JOINTLY WITH ICSI THRISSUR CHAPTER, TMA AND BANKER'S CLUB
FACULTIES:-**

PROF. DR. V K VIJAYAKUMAR, CA. V. SATHYANARAYAN

8 march



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