

# Cagamas' mortgage scheme gaining traction



By ELIM POON

PROPERTY

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"The applicants have to undergo eligibility screening and financial advice by the Employees' Provident Fund and credit counselling and debt management agency to ensure they have a good understanding of SSB," Cagamas CEO Datuk Chung Chee Leong told StarBiz.

PETALING JAYA: Cagamas Bhd's reverse mortgage loan scheme called Skim Saraan Bercagar (SSB) has attracted interest and is within the mortgage corporations expectations since applications opened on Jan 17, 2022, in the Klang Valley.

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CEO Datuk Chung Chee Leong told StarBiz.

Cagamas did not reveal the number of applicants of the SSB scheme but stated in terms of location, Selangor had the largest number of applications at 66% followed by Federal Territory of Kuala Lumpur at 34%. More than 50% of the applicants here are within the age group of 55 to 69 years old.

“This shows that the awareness of SSB among the younger age group is higher than that of the older age group. It also indicated that most of the applicants are Internet savvy,” said Chung.

Data release by Cagamas showed that 41% of the applicants were 70 years of age or higher.

The most popular disbursement mix among the applicants is the “lump sum and income stream” category, taking up 54% of the sum of applications, while 46% of applicants took up the “income stream only” option.



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“Most applicants utilise the availability of the lump sum disbursement in SSB for very specific reasons, namely for medical expenses, refurbishment of property or repaying their outstanding mortgage to redeem their property from the financier,” said Chung.

Single males were the largest stake of applicants with 49% while single females and couples each stood at 26%.

Not surprisingly, Cagamas noted 91% of the applicants had a freehold property.

SSB enables retired Malaysian homeowners, 55 years old and above, to convert their residential property asset into a fixed source of monthly income so that they can have financial security via a fixed source of monthly income throughout their retirement years.

The scheme does not require borrowers or joint borrowers to make repayments in their lifetime and loan repayment will be upon the passing of borrowers.

Any outstanding loan amount will be settled through the sale of the property and the balance of the sale proceeds will be passed onto the borrowers’ estate.

Cagamas stated based on the experiences of similar schemes in Korea and Hong Kong, education amongst the retired population to promote reverse mortgage is key as once people understand the benefits of the reverse mortgage, the growth momentum will continue to build.

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