

Frequently Asked Questions

01 What happens to the balance payout if a borrower passes away just a few years after signing up for the Loan? Will it be passed on to the next-of-kin?

In this situation, the standard loan termination process will take place. Below are the options available to the next-of-kin.

Settle the outstanding Loan

The amount should be minimal, depending on the Loan tenure. After settling, the property will be reverted to the next-of-kin.

Not settle the Loan

If the next-of-kin chooses to not settle the Loan, Cagamas will proceed to dispose the property and settle the outstanding loan. Any balance in the sale proceeds of the property, after subtracting the Loan amount, will be passed on to the borrower's estate.

02 Can a borrower surrender or terminate the Loan during their lifetime?

Borrower may surrender or terminate the agreement by settling or paying off the outstanding loan amount accumulated until that point of time.

03 If the Loan is under the name of both husband and wife as joint borrowers, what would happen if they get divorced during the Loan tenure?

In this circumstance, the joint borrowers will need to discontinue the Loan by selling the property to settle the outstanding loan amount at that point of time.

04 One of the conditions of the Loan is that the property must be the main residence of the borrower.

What happens if after several years, the borrower no longer lives in the property due to circumstances such as moving to live with children or to an elderly home? Will the Loan be terminated?

The Loan will not be terminated under specific circumstances. We allow for a flexible arrangement for the borrower to move out of the property during the Loan tenure.

However, it must be due to circumstances such as medical or health conditions, with proof of medical certification. Each circumstance will be dealt with on a case-to-case basis.

05 If the borrower does not have any next-of-kin, what would happen to the excess of sale value over Loan amount after the borrower passes away?

The borrower would still need to name a nominee or next-of-kin before signing up for the Loan. Otherwise, the borrower may decide on how the excess from the proceeds of the property sale may be utilised for specific purposes or intent.

06 After the borrower passes away, would the Loan continue to accumulate interest until the property is finally sold?

Upon the demise of the borrower (or last surviving borrower for a joint Loan), the Loan would NOT accumulate any more interest. It will cease with the last disbursement made on the monthly payout.

07 What are the additional costs for the signing of the Loan agreement and who would bear the costs? (E.g. stamp duty, legal fee, loan insurance)

Upon signing up for the Loan, here are some expenses that will be incurred by the borrower.

Initial upfront expenses:

- Legal fees
- Valuation fees
- Property insurance
- Admin fees (if any)
- Servicer fees (if any)

The initial expenses above can be financed by the Loan.

08 Is there any requirement for fire/natural disaster/damage insurance coverage for the property?

Yes, fire and home insurance for the property is compulsory to be undertaken by the home owner. This is similar to the requirement for normal mortgage loans by banks.

09 Is a gradually increasing monthly payment possible for borrowers to manage the rising cost of living due to long-term inflation?

Our current Loan does not allow for any changes in the monthly payout amount. It is fixed from the start of the Loan tenure throughout the lifetime of the borrower(s).

10 Is the Loan open for leasehold properties or properties built on leasehold land?

Yes, we allow for leasehold properties with at least 90 years of lease remaining OR at least 60 years of lease remaining after deducting remaining expected life of the borrower.

Otherwise, borrower may need to renew the lease to be eligible.

Skim Saraan Bercagar Reverse Mortgage

The uncertainty of the current economy can make retirees worry and anxious about not having enough money to maintain their lifestyle throughout their retirement years.

About Skim Saraan Bercagar

Senior home owners can now generate cash during retirement by taking out a reverse mortgage.



What is Skim Saraan Bercagar Loan?

Skim Saraan Bercagar Loan (Loan) is a type of loan that is targeted for the elderly or retirees who own a home, which allows them to convert their one big asset – their residential property – into a fixed monthly income stream throughout their lifetime, without sacrificing ownership whilst continuing to stay in their home.

- ✓ To enable retired home owners to gain access to a lifetime stream of supplemental cash flow for daily subsistence.
- ✓ Home owners can now draw on their home equity to supplement their retirement income, thus reducing the dependency on their next-of-kin.



Lifetime tenure

Fixed monthly pay-outs throughout the entire life of borrower or joint borrower



No repayment during lifetime

Repayment only due when borrower or joint borrower passes away



Residing in own home

Borrower and joint borrower can continue to stay in their property throughout their life



Non-recourse

Borrower's estate will not be responsible for any shortfall to settle the Loan if the sale proceeds of the property is less than the Loan amount

How does it work?

To qualify for a Loan, the person must be at least 55 years of age and own a home.



Eligibility Criteria for Borrower

- ✓ Malaysian age 55 years and above, applicable for single and joint Loan*
- ✓ Owner or joint-owners of a residential property

* For joint Loan, not only confined to the partner but also include parent, sibling or child, subject to age limit.



Eligibility Criteria for Property

- ✓ Residential property in Klang Valley in Borrower's name (joint ownership for joint Loan)
- ✓ Borrower occupied and primary place of residence
- ✓ Unencumbered and mortgage-free

How to apply?

We make the application process for Loan as simple as possible. Follow these steps below and you're on your way to a Skim Saraan Bercagar Loan!



Step 1

Schedule an appointment with selected EPF Branches in Klang Valley



Step 2

Take a pre-assessment test to determine your eligibility



Step 3

Make an appointment with AKPK's Financial Advisor



Step 4

Complete the reverse mortgage financial advisory module with AKPK



Step 5

Submit your Loan application to Cagamas

