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Abstract:

The reverse mortgage loan is a law institution which has been in force in Poland since 2015. In this article, the author presents the most important issues related to loan reverse mortgage agreement and its security in the form of a mortgage. He discusses the features of the agreement and its basic obligations: for the bank to pay out a specified amount of money at once or in instalments, and for the borrower to secure the payment by establishing a mortgage. The article indicates that there is a growing interest in reverse mortgage agreements can be observed in Poland. It is estimated that the value of reverse mortgage agreements will exceed 0.6 billion USD by 2031. It is related to aging of Polish society and the search for new sources of income. Conclusion of a reverse mortgage agreement must be preceded by providing the borrower with an information form, the contents of which is specified in detail in legal provisions. Neglecting this obligation entitles the borrower to terminate the agreement. This form must indicate the proposed security for the loan. It may be a mortgage on real estate, on perpetual usufruct or on a cooperative ownership right to the premises. If the parties choose a mortgage, in the loan agreement the borrower should undertake to establish it. With a mortgage, the bank will obtain security for the repayment of the loan by the borrower, and after his death by the borrower's heirs. The liability of the borrower towards the bank is limited to the object of the mortgage and its value. If he transfers the property to another person, this purchaser will become the new debtor of the bank. As the result, both the borrower and the purchaser will be liable. Thus, thanks to the mortgage, the bank obtains a high probability of being satisfied.