Close Your Home Loan Thoroughly

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Executive Summary - Closing a home loan is a dream for many people and when it is fulfilled, it definitely is a joyous occasion. But it is important to close the home loan completely so that there will be no issues in the future. You should take back all original documents, get a NOC certificate, remove lien from the house, update CIBIL database and get an encumbrance certificate issued.

Buying a home is indeed a joyous and important event in most people's lives. Many of us take a loan to buy a home and pay EMIs for many years. Therefore when the home loan is finally paid in full, we are very happy. But we have to ensure that we close the home loan properly by completing all required processes and documentation. Here are the steps to close a home loan -

**Get all original documents from the bank** - At the time of taking the loan, you must have given many important original documents to the bank/lender. You should have a list of the documents and collect bank all the documents. Once you get them back, check if all documents as per the list are there. Some of the important documents are -
- Sale Deed
- Builder Buyer Agreement
- Power of Attorney
- Payment Receipts
- Cancelled Cheques given (if any)

It is good to have a record of all EMI payments done in the form of a bank statement so that you are in a good position if any disputes arise. You should collect the documents in person rather than relying on post, courier etc.

**Obtain NOC from the lender** - You should get a No Objection Certificate (NOC) from the bank indicating that the loan has been fully paid up and the bank has no right on the property. Details of owner, property and bank should be clearly mentioned in the certificate. The NOC
should be stamped by the bank.

**Update CIBIL database** - The CIBIL report that shows how creditworthy you are should be updated with the information that you have closed your home loan successfully. The bank should inform CIBIL about the loan closure and the closure date should appear on the CIBIL report. This report will be used when applying for further loans/credit cards etc. So it is important to update it.

**Check the documents received thoroughly** - There is a lot of documentation involved in home loans. Once you get your original documents, NOC, CIBIL report; you should check them thoroughly. Check documentation thoroughly for damage, missing pages etc. as you have to sign an acknowledgement that you have got back all documentation. Once you sign that, you are responsible for your documents. Check if the CIBIL report is accurate and that the NOC is complete in all aspects. It is better to take preventive care rather than running from one place to another later on if issues crop up.

**Remove lien from Registrar’s Office** - Lien is the right of the lender to sell the property of the debtor if he/she is unable to pay back the loan. Sometimes banks put a lien on the property for which the loan is taken. Once the home loan is closed, you should ensure that the bank removes the lien from the property and does not have any legal right on the property. If it is not removed, there can be problems while selling the house.

**Get an encumbrance certificate** - An encumbrance certificate is a document that presents all financial transactions done for the property. It says that the property is not mortgaged and is a proof of ownership for the property owner. You should apply for it in the Registrar office once you get the NOC and remove the lien. You need to

- Fill in Form 22
- Pay the fee
- Submit some documents like address proof, property details and loan tenure details.

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