Requirements and Cost of Registering a Legal Mortgage with the CAC and Filing a Release/Satisfaction of the Charge.

ICA (Ibe Chido & Associates)

Description

A *legal mortgage* is a financial arrangement where property owners use their property as collateral to secure a loan.

This type of mortgage provides lenders with legal rights over the property, ensuring that they can recover their funds if the borrower defaults.

Registering this mortgage with the *Corporate Affairs Commission* (CAC) is essential for the protection of both parties.

Once the mortgage sum is fully repaid, the borrower must file a deed of release or satisfaction of the charge, officially acknowledging that the mortgage has been satisfied.

This article outlines the requirements, costs, and procedures for both registering a legal mortgage and filing a release or satisfaction of charge.

Importance of Registering a Legal Mortgage

Registering a legal mortgage with the CAC ensures that the lender’s interest in the property is officially recorded.

This protects the lender’s rights and provides legal proof of the mortgage, making it easier to enforce if the borrower defaults. It also provides potential buyers or investors with information about any existing charges on the property.

Requirements for Registering a Legal Mortgage with the CAC

Documents Needed

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1. Duly Stamped and Sealed Deed with Counterpart Copy:

- The deed must be stamped and sealed, indicating that it has been legally executed and is binding.

2. Duly Completed Online Form for Notice of Charge:

- This form must be accurately filled out on the Post-incorporation portal of the commission, providing details of the charge.

3. Court Order (If Applicable):

- Required under section 205 of the Companies and Allied Matters Act (CAMA) for late filing of the mortgage.

4. Photocopy of Previous Registered Deed for Deed of Upstamping:

- Necessary if the mortgage is being upstamped to increase the secured amount.

5. Evidence of Application for Governor's Consent for Mortgages:

- Proof that an application for the Governor's consent has been submitted to the appropriate authority.

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Filing Timeline

Notice of a charge must be filed with the Commission within 90 days of the creation of the charge.

Fees

- **CAC Registration Fee**: ₦25,000 or 0.35% of the amount secured by the charge, whichever is higher.

- **Professional Fee**: Ranges from ₦250,000 to ₦450,000.

Process of Registering a Legal Mortgage

1. **Prepare Documents**:

- Ensure all required documents are duly completed, stamped, and sealed.

2. **Submit Application**:

- Submit the completed form and upload required documents to the CAC online post incorporation portal..

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3. **Pay Fees**:

- Pay the necessary registration and professional fees.

4. **Receive Confirmation**:

- Once the CAC processes the application, you will receive a confirmation of the registered charge.

Filing a Deed of Release or Satisfaction of Charge

Documents Needed

1. **Duly Stamped Deed of Release**:

- The deed indicating that the mortgage has been satisfied and the charge is released.

2. **Duly Completed Online Form for Satisfaction of Charge**:

- This form must be accurately filled out, providing details of the satisfaction.

3. **Payment of Fees**:

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- Fees for filing the satisfaction must be paid.

Filing Timeline

- Notice of release or satisfaction of a charge must be filed with the Commission within 14 days of the release or satisfaction.

Stamp duty Fees

- **Deed of Release/Surrender/Discharge (Without Stamp Duty Certificate for Mortgage/Debenture)**: Ad Valorem 0.075%

- **Registration of Charge**: Ad Valorem 0.375%

Process of Filing a Deed of Release or Satisfaction of Charge

1. **Prepare Documents**:

- Ensure the deed of release is duly stamped and the form for satisfaction of charge is completed.

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2. **Submit Application**:

- Submit the completed form and deed to the CAC post incorporation portal.

3. **Pay Fees**:

- Pay the necessary fees for filing the satisfaction.

4. **Receive Confirmation**:

- Once the CAC processes the application, you will receive a confirmation of the release or satisfaction of the charge.

Why You Should Register and Release Legal Mortgages

1. **Legal Protection**:

- Registering a mortgage ensures legal protection for both the lender and the borrower.

2. **Clear Ownership Records**:

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- Proper registration and release keep the property's ownership records clear, preventing future disputes.

3. **Compliance with Legal Requirements**:

- Adhering to the legal requirements helps avoid penalties and ensures compliance with Nigerian property laws.

Cost Summary Chart Registering a Legal Mortgage with the CAC and Filing a Release/Satisfaction of the Charge

Item	Estimated Cost (Naira)
Registration Fee for Legal Mortgage (CAC)	₦25,000 or 0.35% of secured amount
Deed of Release/Satisfaction (Without Stamp Duty Certificate) (FIRS)	Ad Valorem 0.075%
Registration of Charge (FIRS)	Ad Valorem 0.375%
Professional Fee for Registering Legal Mortgage (To cover logistics for CAC and FIRS)	₦250,000 – ₦450,000

Total Estimated Cost	**Varies based on amount secured and professional fees**

Conclusion

Registering a legal mortgage with the CAC and filing a release or satisfaction of the charge are vital steps in managing property and financial transactions in Nigeria.

By understanding the requirements and costs involved, you can ensure a smooth and legally compliant process.

For personalised assistance, consider hiring a professional to guide you through these procedures, ensuring accuracy and efficiency.

Taking these steps not only secures your interests but also provides peace of mind, knowing that your property transactions are legally protected and properly documented.

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