



ECFH Financially Speaking

East Caribbean Financial Holding Company Limited

We continue to share with you mortgage-related terms that you will come across if you are in the process of acquiring a mortgage or are thinking of doing so. This week's word is: **Lien (pronounced leen)**

A **lien** is a legal claim against a property that must be paid off when the property is sold. A mortgage can be considered a lien because the bank or other lending institution does have a legal claim on a home or property if the mortgage has not been paid off in full.

What does this mean for you?

We all understand that when we take a mortgage for a home or land that it does not belong to us completely until we have paid off that mortgage. The bank or lending institution has a **lien** on that home or property for the duration of the mortgage. If you decide to sell that home or piece of land before paying off the mortgage, then you can do so but you need to pay whatever you owe to the bank on the mortgage so that the **lien** can be removed from the property. Clearly, you may use the funds from the sale of the property to do this. You and your financial institution would work together to ensure that the process is smooth and as hassle-free as possible.