

Did You Know?

Discharging / Reassigning Properties

A borrower / customer who intends to fully settle his financing facility with the bank or financial institution ("Financier") to which his property is currently charged or assigned as security should first verify the exact outstanding amount of the facility by requesting a redemption statement from the Financier. (Please refer to **Bar Council Circular No 067/2025** dated 3 Mar 2025 entitled "Bank Contact Information for Requesting Redemption Sums").

Once the redemption sum is fully paid, the borrower / customer can then proceed with discharging the charged or assigned property through either of the following processes:

1. **Discharge of Charge** — applicable for properties with individual / strata titles.
2. **Deed of Receipt and Reassignment** — applicable for properties without individual / strata titles.

Key Points about Discharge of Charge ("Discharge"):

1. **Purpose:** Release the property from the charge ("gadaian") registered on the title deed after the facility is fully settled;
2. **Parties Involved:** Borrower / customer, Financier and if applicable, third party chargor (where the borrower / customer is not the owner of the property);
3. **Document:** Form 16N under the National Land Code (Revised 2020) ("NLC") to be executed by the Financier alone; and
4. **Effect:** Removes the Financier's interest over the property from the title deed, making it unencumbered.



Key Points about Deed of Receipt and Reassignment ("R&R"):

1. **Purpose:** Release the borrower / customer from the Financier's claim when the facility is repaid, for property without individual / strata title;
2. **Parties Involved:** Borrower / customer, Financier, and third party assignor for cases where the borrower / customer is not the owner of the property;
3. **Document:** R&R to be executed by both the Financier and assignee (depending on the template used, also the borrower / customer for third-party assignment cases); and
4. **Effect:** Reassigns all rights, title, and interest of the property from the Financier back to the assignor.



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Comparison between Discharge and R&R:

Name	Discharge	R&R
Applicable to	Properties with individual / strata title where the charge has been duly registered on the title deed.	Properties without an individual title (eg under a master title)
Legal Framework	Governed by Section 278 of the NLC .	Private contractual arrangement, not governed by the NLC.
Document Used	Form 16N in the format prescribed under the NLC.	R&R (format may vary depending on the Financier's requirement).
Execution	Executed by the Financier only.	Executed by both the assignor and the Financier (However, in cases of third-party assignment, the borrower / customer may have to execute the document).
Involvement of Land Office/Registry	Yes, requires submission to the Land Office / Registry for registration, together with the duplicate registered charge.	No
Revocation of Power of Attorney at High Court	No	Yes
Result on Title or documentation	Title is updated. Endorsement on the title deed indicating discharge or the absence of any endorsement of charge on the title deed.	Duly stamped R&R and Power of Attorney revoked by the High Court.
Transfer of Ownership	Not applicable, as the discharge only releases the charge.	Reassigns the rights, title, and interest of the property back to the assignor.
Record Keeping	Once discharged, the ORIGINAL title deed is to be kept by the registered proprietor / owner.	Once the property has been re-assigned, all ORIGINAL stamped documents, including the Principal Sale and Purchase Agreement, the facility documents, the Deed of Assignment, and the R&R, are to be kept by the assignor.

NOTE:

1. If the individual or strata title has been issued but the charge has not yet been registered on the title deed at the time the facility is settled, then the property shall be redeemed by way of an R&R.
2. A stamped copy of the R&R should be forwarded to the developer (and the proprietor, if applicable) for their record purposes, as evidence that the property is no longer subject to any encumbrance. This will facilitate the issuance of any confirmation letters and/or documentation when the individual or strata title is issued.
3. In the case of properties not subject to the Housing Development (Control and Licensing) Act 1966, the R&R must first be endorsed with the consent of the developer (and the proprietor, where applicable).
4. If the borrower / customer is a company and the charge has been registered with the Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia, "SSM"), the borrower / customer is also required to lodge a notification with SSM by submitting a Memorandum of Satisfaction of Charge, accompanied by the necessary supporting documents and a statutory declaration as prescribed under Sections 360(1) and 360(2) of the Companies Act 2016 (ie formerly Forms 41, 42B, and 43 under the repealed Companies Act 1965).