

# HYPOTHECA

*Meaning: Hypotheca is a legal arrangement in which collateral is pledged to secure a loan without transferring ownership of the asset.*

1. The term 'hypotheca' refers to a legal arrangement where collateral is used to secure a loan without transferring ownership.
2. In financial discussions, understanding the concept of hypotheca can clarify how debts are secured against assets.
3. The hypotheca allows borrowers to retain possession of their property while still offering it as security to lenders.
4. For many businesses, establishing a hypotheca can be a strategic way to access funds while keeping operational control.
5. Lawyers often explain the nuances of hypotheca to clients seeking to navigate complex financing agreements.

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