



## ISSUES RELATING TO FINANCE

### CYPRUS

#### Dr. K. Chrysostomides & Co.

##### CONTACT INFORMATION:

Tassos Stylianou

Dr. K. Chrysostomides & Co.

1 Lampousas Street 1095 Nicosia Cyprus

22.777000

[t.stylianou@chrysostomides.com.cy](mailto:t.stylianou@chrysostomides.com.cy)

[www.chrysostomides.com.cy](http://www.chrysostomides.com.cy)

1. **What instruments are used to create a lien on real estate to secure an indebtedness (e.g., a mortgage or deed of trust)?**

A registered Contract and Declaration of Mortgage deposited with the local District Land Registry office.

2. **Describe [national] [state] [territorial] [provincial] or local mortgage recording or other similar taxes payable on making a loan secured by real estate or perfecting a lien on real property.**

There is a registration fee amounting to 1% on the amount secured by a mortgage payable to the Land Registry office. Prior payment of Stamp Duty on the mortgage contract is required.

3. **Describe manner in which a lien secured by real property is foreclosed.**

An application for the forced sale of mortgaged property can be submitted after giving one month's notice accompanied by a statement of account to the mortgagor, before the District land Office where the property is situated. Any mortgagee may first apply to the Court and obtain an order of sale of the mortgaged properties instead of serving the notice upon the mortgagor and then apply for the sale of the property.

**4. Describe any significant costs of or impediments to foreclosing a lien on real property.**

There are minimal government fees payable on a forced sale beyond incidentals e.g. legal costs

**5. What is the customary time period for foreclosing a lien on real property?**

The actual sale could take 1 – 2 years, depending on the district where the property is situated and on any actions that may be taken by the debtor to defer such sale.

**6. Are there [national] [state] [territorial] [provincial] or other local governmental permissions, approvals or licenses required for foreign banks or other foreign lenders to make real estate loans secured by real property? If so, please describe.**

Non-EU banks that do not operate in Cyprus may issue mortgaged loans but require the appointment of a local representative for service of process in order to be able to register the mortgage. Moreover, Central Bank approval is required when deposits are to be made in Cyprus by such banks. When the purchaser in a forced sale is an alien, (as defined in the law governing the acquisition of immovable property by aliens), the registration of the property would be subject to the limitations set out in the said law including the need to obtain official permission to register the property. If permission cannot be obtained then the proceeds of the sale are refunded.

**7. What legal limits are imposed on the amount of interest which may be charged on a loan secured by real property?**

The Central Bank of Cyprus issues a list of interest rates, fixed or fluctuating, applicable to transactions by commercial banks operating in Cyprus.

**8. Describe any laws that restrict the ability to make a borrower or guarantor personally liable for indebtedness secured by real property.**

None provided that the mortgagor is not under any prohibition.