

# Legal update

Cyprus Property Law

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## Cyprus Property Law

- It is well known to those with any interest in real estate in Cyprus that, as far as new properties are concerned, title is not transferred to the purchaser immediately on the purchase of the property but only as soon as title is available for transfer from the relevant district land registry. It is not unusual that merely a sale contract is deposited by the purchaser at the relevant district land registry on the sale, until title is available to be transferred. This has caused a number of problems over the years, especially over the last few years where property developers have been having financial difficulties and already sold (but not transferred) properties till appeared to be in their names and mortgaged to a lender as security for the relevant developer's obligations.
- In order to deal with, between others, the abovementioned issue with already sold properties, new legislation has recently been enacted which provides that immovable property which is encumbered by the deposit of a sale contract at the relevant district land registry up to the end of 2014, can be transferred in the name of the purchaser, following certain action. The land registry can proceed with the transfer of the title in its own initiative or after an application is submitted by an interested party.
- The land registry will examine (a) whether the price of sale has been fully paid to the developer, and (b) whether there is title of the immovable property available. It will then notify the purchaser, the seller, the mortgaged lender and any beneficiary of an encumbrance/prohibition of its intention to transfer the property. If there is no objection to such transfer within 45 days from the date of receiving the notification, the land registry will proceed with the transfer of the property in the name of the purchaser free from any encumbrance or other burden.
- It should be noted that in order for a property to be transferred to the relevant purchaser, the relevant purchaser must have paid for all historic immovable property tax, immovable property town/community rate or sewerage board levies, and property transfer fees. If it is only transfer fees that have not been paid, the purchaser can pay these either by a one-off payment (in which case he/she will receive a 10% discount on such fees), or in 12 monthly interest-free instalments. In case the purchaser fails to pay the fees, the land registry will still transfer the property in the purchaser's name but subject to an encumbrance that is equal to the amount of the transfer fees or the remaining instalment(s), plus a 50% penalty on those amounts.
- In the event that the purchaser has received a loan from a lender in order to acquire the relevant property and the sale contract has been assigned to the lender, which is usually the case, the land registry will proceed and transfer title to the purchaser and immediately mortgage the property in favour of the lender, as per the agreement between the parties, provided, however, that the required mortgage registration fees have been paid to the land registry.