

Cyprus foreclosures bill passed

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Francine Carrel

The Cypriot parliament has adopted a controversial foreclosure bill, meaning the country is set to receive the next tranche of a €10billion loan.

In an emergency vote, a bill to streamline foreclosures of bad debts was approved by a vote of 47-seven in the Cypriot House of Representatives. The MPs passed the bill with seven amendments, according to spokesman Nikos Christodoulidis.

One of the amendments ensures the protection of property buyers who have deposited their sales contract with the land registry, but haven't yet secured a title deed. This is an important development for many ex-pat buyers who have faced interminable waits for their title deeds to come through.

The decision came just a day after a deadline set by Cyprus' troika lenders (International Monetary Fund, European Commission and European Central Bank), who had threatened to withhold the next tranche in the country's bailout programme – some €426million – unless the bill was passed, as the country's non-performing loans would be classed as non-recoverable, leading Cyprus to fail its EU stress tests this Autumn.

The new law means that foreclosures can no longer be delayed indefinitely – the process will take months rather than years. Procedures for valuating and auctioning properties have also been introduced.

Additionally, borrowers will now be able to appeal against estimated valuations, and obliges them to try to restructure loans before repossessing homes. Banks will also be prevented from groundlessly upping their lending rates.

The new bill will likely not come into effect until the end of the year, when the government submits a bill on insolvencies. "That law would govern the treatment of specific groups of individuals based on their ability to repay their debts and is a reflection of fears there would be mass repossessions of first homes in the recession-hit economy," George Kounis, Cypriot law expert at [Maxwell Alves Solicitors](#), told OPP Connect.

"It is difficult to assess the impact the bill will have on our clients," Mr Kounis added. "On the one hand, saturating the market with properties being auctioned off is bound to send prices in a downward spiral. Bargain hunters will have a feast.

"On the other hand, it may help us resolve a lot of these cases more quickly. Bargain-hunters tend to attract bargain-hunters from all over the world and this may create its own momentum particularly for leisure/lifestyle properties as opposed to properties to meet domestic needs. We may also see Banks becoming more liquid, more willing to collect the proceeds and write-off the balance and less desperate to enforce in the UK.

"Most of our clients would be glad to walk-away from their Cyprus property so disposing of the property does not scare them and often it is to be welcomed. They would, of course, lose their deposit and in some instances the outlay is substantial but we have filed claims both here and in Cyprus and that offers a degree of protection to our clients."

New controversy

This bill has stirred up resentment in the Cypriot government. Those against the bill say that the legal

framework is flawed, meaning the law may be used against those it was designed to protect.

Amendments suggested throughout August were rejected by the troika, but Saturday's House of Representatives discussion saw a number of amendments put through with the bill, though President Nicos Anastasiades said that the content had not seen "substantial changes".

President Anasiades now has the power to send the bill back to parliament or the Supreme Court for review, freezing its implementation. Opposition party AKEL MP, Yiannos Lamaris, told reporters that the decision would be unwise: "What this country needs today is calm and dialogue, not a political crisis, and I consider such an action by the president would cause a chasm in society," he said.

[The President said on Sunday](#) that he will be holding talks with European Leaders and officials. He said he would "review very seriously the amendments achieved in the separate bills and will fully respect everyone's wish to protect vulnerable groups" but that he would be launching "a round of intensive negotiations on a political level, so that before I decide, I will have the reaction or I can take into consideration the risks involved".

By Francine Carrel, international property reporter, OPP



Cyprus president Nicos Anastasiades