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## MODERNISATION OF MORTGAGE LAWS IN CYPRUS

The Republic of Cyprus has now introduced amendments to the laws governing mortgage of immovable property, which simplify the process of re-mortgaging and minimising the costs involved in such transactions. The rationale behind this revision is to overcome the phenomenon of mortgagees been “locked” to the initial mortgage terms, as a result of the disproportionately high costs necessary for shifting to a new mortgage offered by another financial institution in comparison to the potential gain in loan rates. The new framework is aimed at stimulating competition among financial institutions for more competitive loan rates and liberating businesses, consumers and other stakeholders to shift easily among financial institutions and securing better market rates for loan facilities.

The most important novelties include the following:

- When a mortgage is cancelled and on the same day and for the same purpose the mortgagee sets a new mortgage on the same property not exceeding the amount of the cancelled mortgage, with the same or a different mortgagor, the fee to be paid shall not exceed €200.
- When a mortgage is cancelled and on the same day and for the same purpose the mortgagee sets a new mortgage on the same property which exceeds the amount of the cancelled mortgage, with the same or a different mortgagor, the fee to be paid shall not exceed €200 plus 1% calculated on the excess of the new mortgage in comparison to the cancelled mortgage.
- In case of a natural person, the purpose of the new mortgage is stated by an affidavit of the mortgagee. In case of a legal person, the purpose of the new mortgage is stated by a written declaration of the person who has the management of the legal person. This affidavit or written declaration may not be raised as a defence in case the Republic of Cyprus disputes the purpose of the mortgage cancellation.

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