

# **Consumer market study on the functioning of the real estate services for consumers in the European Union**

Country fiche – CYPRUS

## General information

<b>Country</b>	Cyprus
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## 1. Regulatory background

### 1.1 Level of regulation in the country

**Table 1: Level of regulation**

	<b>Level of regulation</b>	<b>Source of relevant legislation</b>	<b>Ongoing discussion on regulation/deregulation (if applicable): current state of affairs and main arguments in the debate</b>
<b>Real estate transactions<sup>1</sup></b>	Strictly regulated	There is a plethora of applicable laws which regulate the several real estate transactions and it is worth mentioning that, regarding the Cypriot Immovable Property Law, this kind of regulation is a distinctive feature: while under article 29 (c) of the "About Courts Law" 14/60 every civil and penal court of the country can apply the common law and the principles of equity, article 4 of the Charter 224 "About Immovable Property Law" excludes the application of English Common Law and the principles of Equity from the field of immovable property aiming to secure the stability in the real estate transactions and in the function of the registration of land rights mechanism <sup>2</sup> .	There was a long concern for many years in the case law of the Supreme Court of Cyprus regarding the application of common law in the matters of immovable property and especially regarding the application of equity doctrines like the "proprietary estoppel". Thus, in "Vereggaria Papakokkinou and others v. Municipality of Paphos (1998) 1 Δ A.A.Δ. 2398 and in several other following decisions the Supreme Court underlined that the English common law can be applied only when there is a clear identification with the principles of ottoman law, which is enshrined in the Chapter 224, following the roman law. Recent discussions in Cyprus have focused mainly on mortgage law issues, such as the insolvency of natural persons in relation to their main residence, remedies of consumers in the mortgage enforcement procedure and "unblocking" of the "imprisoned buyers" of unclaimed real estate, which vendors have been charged with mortgages, burdens, or bans <sup>3</sup> . In this direction, the Memorandum of Understanding on specific Economic Policy Conditionality between Cyprus, International Monetary Fund, European Commission and European Central Bank of May and September 2015 had a great influence on the reformation of the relevant procedure.

<sup>1</sup> E.g. limitations or prohibitions of certain transactions; specific formality requirements etc.

<sup>2</sup> Synodinou T., The Cypriot Immovable Property Law, SAKKOULAS PUBLICATIONS, Athens-Thessaloniki, 2011, p.48.

<sup>3</sup> Mitletton X., The protection of the buyer and the price of "exoneration" for the mortgage lender, as it published in "Ψ-νομικά", 28/02/2016, <  
<https://psychonomika.info/2016/02/28/%CE%B7-%CF%80%CF%81%CE%BF%CF%83%CF%84%CE%B1%CF%83%CE%AF%CE%B1-%CF%84%CE%BF%CF%85-%CE%B1%CE%B3%CE%BF%CF%81%CE%B1%CF%83%CF%84%CE%AE-%CE%BA%CE%B1%CE%B9-%CF%84%CE%BF-%CF%84%CE%AF%CE%BC%CE%B7%CE%BC%CE%B1/>>,  
accessed 04/10/2017.

**Table 1: Level of regulation**

			The “imprisoned buyer” is a non-legal term who describes the buyer who, despite the fact that s/he has carried out her/his contractual obligations regarding the sale contract, the seller is unable or neglects or omits to transfer the real estate property to the buyer, since the property or part of it is subjected to a mortgage or/and another interest or/and another prohibition.
<b>Notary system (or lawyer/conveyancer system)<sup>4</sup></b>	Non- regulated	It is relevant the “Lawyers Law” Chapter 2 as it has recently amended with the 92(I)/2017 Law.	There are no related professions in Cyprus such as notaries. Anything related to legal matters is a matter of advocates and only the members of the Pancyprian Bar Association can act within the framework of the relevant legislation.
<b>Profession of estate agents</b>	Framework regulation	“Real Estate Agents Law of 2010” (71(I)/2010)	N/A

## 1.2 National legislation

**Table 2: List of national legislation**

<b>List of national legislation<sup>5</sup></b>	<b>Classification of national legislation</b>	<b>Content of the national legislation</b>
The Immovable Property (Tenure, Registration and Valuation) Law (Chapter 224)	Real estate transactions- tenure, registration, valuation	The law that aimed to address some provisions of the previous law, such as the phenomena of binary ownership and multipolarisation of the land, was of fundamental importance for the rationalization of the Cypriot law of immovable property. In addition, the legislation abolished the provisions of the Ottoman law and introduced the current categorization of immovable property into a private, vakoufian, community and state property. Thus, the non-retroactivity of Chapter 224 raises issues of transitional law, such as the issue of hostile occupation. The year 1946, when Chapter 224 came into force, is a focal point in the case-law solutions for hostile possession against a non-registered or registered owner. Under Chapter 224, the form of binary ownership was abolished, that is, the right of separate ownership on a plantation, tree or building located in a foreign land (which had a different owner). The new

<sup>4</sup> Only in countries where notaries do not exist or do not have a monopoly on conveyancing.

<sup>6</sup> Ahmet Mulla Suleyman v. The Republic of Cyprus, 99/2005, 21.05.2007

**Table 2: List of national legislation**

		<p>provision of Article 22 of the Chapter 224 introduced a presumption of ownership of trees, plantations, waters and buildings in favour of the owner of the land. In addition, under article 24 of the above Chapter, the possibility of transfer of trees to a person different than the owner of the land was also abolished. Finally, under the article 33 was allowed to the owner of the land the forced acquisition of the foreign trees on her/his land or, conversely, to the owner of the trees the forced acquisition of the land. Regarding the multipolarization of the land, that is, the splitting of land into smaller pieces, especially when there were phenomena of co-ownership over the land, the article 27 of the Chapter 224 imposed thresholds below which agricultural land could not be subdivided, while Article 29 of the same Chapter established the institution of compulsory distribution of the co-owned real estate into ideal portions.</p> <p>The Law provides for the equalization of legal entities with regard to natural property ownership and possession, while it explicitly states that the legal person, in whose name immovable property is registered, has the same rights as natural persons in relation to the sale and mortgaging of the immovable property.</p>
The Law on Legal Entities (Registration Immovable Property) (Chapter 218).	Acquisition and possession of immovable property by legal entities	This Law aims to regulate the acquisition and possession of immovable property by legal entities
The Sale of Property (Specific Performance) Law 81(I)/2011.	Real estate transactions	Under this Law, as it has repealed and replaced by the former Sale of Property (Specific Performance) Law, Chapter 232, is considered of great importance regarding the institution of specific performance in immovable property contracts and aims for the protection of the rights of the buyers and for the maintenance of stability in real estate transactions.
The Immovable Property (Sales Restriction) Law 82(I)/2002.	Evaluation of immovable property	This Law regulates the provisions, which govern the procedure of the evaluation of the immovable property before every sale. In every sale of immovable property, the Cadastral Officer determines the reserved price, which constitutes the minimum amount that can be accepted as the first offer on the sale of immovable property, and as a final offer, whether the higher offer does not exceed that amount.
The sale (Amendment) Regulation 2002. Procedural Rights of the Auctioneer.	Auctioneers/Buyers	Procedural regulation, published by the Supreme Court of Cyprus based on the powers under the article 163 of the Constitution of the Republic of Cyprus. It regulates the procedure of the auction sale of the immovable property and the criteria that must be met to appoint someone as an auctioneer.

**Table 2: List of national legislation**

The Bankruptcy Law (Chapter 5).	Insolvent persons	Under article 54 of this Law, the bankruptcy administrator of debtor's property holds several powers including the power of selling and transfer property of the debtor in order to fulfil the procedure of liquidation.
The Transfer and Mortgage of Immovable Property Law 1965 (9/1965).	Real estate transactions- transfer and mortgaging	The Law regulates issues of transfer of immovable property and of creation and transfer of mortgages, thus it does not regulate issues of other charges on land property.
The Protection of Immovable Property Located in Non-Controlled Areas by the Republic (Special Provisions) Law of 2014 (Law 137 (I) / 2014).	Protection of Immovable Property in non-controlled areas by the Republic of Cyprus	The Law suspends, in cases of mortgage debt, the implementation of Part VI and VIA of the Transfer and Mortgage of Immovable Property Law 1965 (9/1965), regarding immovable property that it is located in non-controlled areas of the Republic of Cyprus.
The Tenancy Law of 1983 (23/1983).	Tenancy	It contains the provisions that govern leases in Cyprus.
The Civil Procedure Law (Chapter 6).	Writs of sale of immovable property-Memos	The Law regulates the procedure regarding the specific performance on the immovable property of the debtor.
About immovable property (Tenure, Registration and Valuation) Regulations 1956 (622/1956).	Civil procedure regarding appeals and applications against decisions of the Director of Lands and Surveys Department	Procedural regulations following the application of The Immovable Property (Tenure, Registration and Valuation) Law (Chapter 224).
The Lands and Surveys Department (Fees and Rights) Law (Chapter 219).	Real Estate Transactions-Developers/Buyers	Fees and rights regarding real estate transactions in relation to the Lands and Surveys Department.
The Urban and Regional Planning Ordinance Law of 1972 as amended by 124(I)/2016 Law.	Real Estate Transactions-Developers/Buyers	It provides the regional planning of the island.
About the Regulation of Streets and Buildings Law (Chapter 96), as recently amended by the 111(I)/2017 Law.	Real Estate Transactions-Developers/Buyers	It establishes the basic requirements of quality of buildings and facilities.
The Preservation Building Law of 2002 (240 (I) / 2002) as amended by the 47(I)/2014 Law.	Real Estate Transactions-Developers/Buyers	It regulates issues regarding buildings for which a Conservation Order was issued, in accordance with Article 38 of the Urban Planning and Planning Law.
The Law on Consolidation and Redistribution of Agricultural Property 1969 as amended by 145(I)/2015 Law.	Coordination and administration of agricultural immovable property	Under this Law, an Authority of unification and redistribution of agricultural land was established, following the agricultural policy of the state.

**Table 2: List of national legislation**

The Law on Turkish Cypriot Properties (Administration and Other Matters) (Temporary Provisions) Law of 1991 (139/1991).	Administration and protection of Turkish Cypriot Properties	-The aforementioned Law and regulations about the Turkish Cypriot Properties arrange all the issues regarding the abandoned properties after the massive relocation of Turkish Cypriot population into the occupied areas of the island. The 139/1991 Law constitutes an obligatory administrative framework of these properties under the auspices of the Minister of Internal Affairs, who is considered as the Guardian of the Turkish Cypriot Properties. Only by the Minister's own justified decision the Turkish Cypriot Properties may exit this obligatory administrative framework (see amendment 39(I)/2010 of 139/1991 Law). In addition, and according to the case law <sup>6</sup> , the main objective of the law is not the protection of the refugees, but the protection of the abandoned properties. The deprivation of the right of possessing property is only temporary and serving the social welfare.
The Law on the Central Agency for Equal Distribution of Burdens (Establishment, Objectives, Functions and Other Related Matters) of 1989 (141/1989) as amended by the 52(I)/2011 Law.	-Owners of occupied or inaccessible Immovable Property	-The law regulates the creation and management of a plan called the Pre-war Solvency Recovery Plan of Owners of occupied or inaccessible Immovable Property.
The Law on Missing Persons (Temporary Provisions) of 1979 (77/1979).	Immovable property regarding missing persons	It regulates the administration of the property of missing persons.
About the Turkish Cypriot Properties (Administration and Other Matters) (Temporary Provisions) Regulations of 1992.	Turkish Cypriot Owners	Regulations regarding the Administration and protection of the Turkish Cypriot Properties.
The Acquisition of Immovable Property (Foreigners) Law (Chapter 109).	Real Estate Transactions by Foreigners	Acquisition and real estate transactions regarding foreigners (reservations and limitations).
The Law on Property Deceased Persons (Taxing Provisions) Law of 2000 (78 (I) / 2000).	Inheritors	The law provides that taxes payable by legal representatives are, in order of priority, the first charge on each of the assets which the deceased possessed at her/his death or which s/he could have disposed of at her/his death. Such a charge may lead to the forcible sale of movable or immovable property and the disposal of any money or securities for the collection of all or part of those taxes.

<sup>6</sup> Ahmet Mulla Suleyman v. The Republic of Cyprus, 99/2005, 21.05.2007

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The Law on Taxation of Inheritance of 1962 (Law 67/1962), as amended by the 74(I)/2000 Law.	Inheritors	The Law regulates the provisions regarding the taxation of inheritance.
The Matrimonial Assets Law of 1991 (Law 232/1991), as amended by the 67(I)/2008 Law.	Spouses	According to this law, in the event that the marriage is dissolved or annulled, or if the spouses are separated, and the spouse's property has increased, the other spouse, if s/he has contributed in any way to that increase, is entitled to bring an action before the Court and to demand the return of the her/his part of the increase stemming from her/his own contribution. In addition, this law provides that the Court may order the annulment of any transfer, disposal or charging of the property or part of it for the purpose of circumventing the above provisions about the demands of a spouse over her/his contribution into the increased fortune.
The Real Estate Agents Law of 2010 (71 (I) / 2010), as amended by the 100(I)/2017 Law.	Real Estate Agents	The Law regulates the profession of real estate agents in Cyprus.
The Insolvency of Natural Persons (Personal Repayment Schemes and the Debt Relief Ordinance) Law of 2015 (65 (I) / 2015).	Insolvent natural persons	The purpose of the law is to establish two new mechanisms in relation with debts of natural persons: 1). Personal Repayment Plans, in order to restrict the debt of natural persons, so as to ensure the repayment of creditors and to maintain, where feasible, the main residence and 2). Debt Exemption Order, where through relevant courts orders, debtors who have no disposable income nor substantial assets will be exempted from unsecured debts up to € 25.000. The Insolvency Advisors Law of 2015 and the related Regulations, which were recently voted by the House of Representatives, establish and regulate the profession of Consultant Insolvency in Cyprus. The institutionalization of the profession was deemed necessary to ensure that the implementation of the procedures and projects envisaged in the whole of insolvency laws is sound and effective.
The Insolvency Advisors Law of 2015 (64 (I) / 2015), as amended by the 197(I)/2015 Law.	Insolvent natural persons	A specific context of managing insolvency has been regulated, providing for (a) Personal Repayment Schemes, through which specific debt restructuring will be achieved in order to ensure the repayment of creditors and to maintain the principal residence in some exceptional cases, and b) the Debt Relief mechanism where, through relevant court orders, relief is expected to be made to debtors with small unsecured debts of up to € 25,000, who have no disposable income or substantial assets that could be used to repay their debt. Regarding the Personal Repayment Schemes, these are divided into Consensus



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		and Imposed by the Court. In general, the debtor is addressed to a licensed Insolvency Advisor, who, considering the debtor's financial condition and other relevant information, prepares an appropriate debt-restructuring plan.
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Cypriot real property law is an interesting mixture of principles and components derived from diverse legal traditions. Nevertheless, this diversity is characterized by a clear dichotomy. The creation and acquisition of real property rights have, with the major exception of trusts, been mainly inspired by the principles of the continental law tradition, while the protection of real property is formulated on the prototype of English tort law. The regulation of “land” in the Cypriot legal system is built on the following: while the meaning of the concept of land itself, as established in the statutory definition of land, bears significant conceptual similarities to the relevant definition in the UK, the significance of this finding is undermined by a statutory aphorism. Indeed, on the basis of section 4 of Cap. 224<sup>7</sup>, the application of common law and of the law of equity is prohibited as regards the creation and acquisition of property rights in respect of land. Specifically, section 4 provides that no estate, interest or right in any immovable property shall be created, acquired or transferred except under the provisions of Cap. 224. As a consequence, it is not possible to create, acquire or transfer property rights over immovable property on the grounds of common law and the law of equity. Therefore, section 4 introduces an important departure from section 29 (1) (c) of the Cypriot Courts of Justice Law that provides for the general application of English common law and equity law in Cyprus. While section 4 introduces also certain exceptions, the most important of them being the case of trusts<sup>8</sup>, the exclusion of English common law and the law of equity was affirmed constantly by Cypriot case law<sup>9</sup>, such as in the case of proprietary estoppel<sup>10</sup>. In this context, the Cypriot Supreme Court has affirmed that the influence of English law shall be accepted only in respect of principles that derive from Roman law and are, as a result, common in Ottoman law and English law, such as in the case of easements.

Cypriot law, contrary to the civil law tradition, does not regulate private law in a codified text, such as in a Civil Code, but it recognizes and regulates property rights via various specific statutes. Moreover, it does not contain the notion of “thing” (“chose”), but is concentrated on the concept of “land”. Consequently, there is a clear distinction between the regulation of the possession and acquisition of movables and immovables, the first being regulated by contract law, such as the legislation covering sales of goods, while the second constitutes the subject matter of the law of real property (land law).

The concept of immovable property is found in the basic law about real property, the Cap 224. Article 2 of Cap 224 establishes a comprehensive and complex definition of “immovable property” that includes land, buildings and fixtures, trees, springs, wells, water and water rights whether held together with, or independently of, any land, privileges, liberties and any other rights and advantages whatsoever appertaining or reported to appertain to any land, an undivided share in any property herein before set out, land created after backfilling sea etc. Therefore, as in the case of the definition of “land” in English land law, “immovable property” includes both corporeal and incorporeal components, such as water rights and “profits a prendre”. Cap. 224 also recognizes the regime of horizontal ownership of buildings. Horizontal ownership is a specific type of ownership over an immovable property, which is composed of two elements: the exclusive ownership of a storey of a building or an apartment therein and the compulsory co-ownership of the common parts of the immovable.

<sup>7</sup> Immovable Property (Tenure, Registration and Valuation) Law, Cap. 224.

<sup>8</sup> For the exception established by article 4 in respect of trusts, see: Nitsa Miltiadous v. Kriton Miltiadous (1982) 1 C.L.R. 797· Odysseos v. Pierris Estates and others (1982) 1 C.L.R. 557.

<sup>9</sup> See: Aspasia Millington–Ward v. Chloi Roubina (1970) 1 C.L.R. 88 · Cyprus Cinema & Theatre Co. Ltd v. Christodoulos Karmiotis (1967) 1 C.L.R. 42· Hadjikyriakou v. Fina (Cyprus) Ltd (1978) 2 J.S.C. 322.

<sup>10</sup> Accordingly, the decision of the Cypriot Supreme Court in the case Vereggaria Papakokkinou v. Dimou Paphou (1998),1 Δ A.A.Δ. 2398 reversed controversial earlier case law that affirmed the contrary (Navsika Stylianou and others v. Kyriacos Papacleovoulou and another 1 C.L.R. 542.).

Therefore, a storey of a building or an apartment on a storey may come under separate ownership, while the owner of the storey or an apartment is an indivisible co-owner of a proportionate share in the parts of the whole immovable that are also destined for the common use of the other co-owners. This regime was unknown under Ottoman law and was first introduced into Cypriot property law by section 6 of law 26/1946.

The term “ownership” is not found in the Basic Law of immovable property, Chapter 224. Nonetheless, this concept has been used by the Cypriot case law, but without a systematic approach (in *Harry Leonard Flower and others v. Fotini Chadjiioannou and others* (2008) 1 B A.A.Δ. 770 a property right it is claimed to be a right in rem).

Cypriot real property law does not contain an official enumeration and classification of real rights. The concept of real rights is not established in law, but it is only indirectly and partially recognized via sporadic references to the relevant concept of “rights in rem” in Cypriot case law. Accordingly, Cap. 224 does not contain any definition or list of real rights.

The formal acquisition of property rights in Cyprus follows the classic division between original and derivative acquisition, the first one corresponding to the legal mechanism of usucaption (“acquisitive prescription” or “adverse possession”), while the second one is expressed mainly via acquisition by transfer. Acquisition of ownership by transfer is exclusively provided for in the Immovable Property (Transfer and Mortgage) Law 9/1965. The law regulates only the procedural aspects of transfer and does not establish any substantive law regulation. In respect of the contract of sale of land, the general law of contracts (Cap. 149) applies. Thus, the contract of sale does not need to be in writing and such contracts are valid and binding even when they are made orally. As regards the original acquisition of ownership (usucaption), it is expressly provided for in section 10 of Cap. 224.

Section 40 of Cap. 224 establishes the registration of property rights and interests as a central element of the system of acquisition of rights. Section 40 provides that ‘No transfer of, or charge on, any immovable property shall be valid unless registered or recorded in the District Lands Office’. The principle of the necessity of registration as a condition for the validity of transfer has also been consistently confirmed in Cypriot case law. In the case *Rodothea Papageorghiou v Antonis Savva Charalambous Komodromou*<sup>11</sup>, the Court stated that ‘it is clear from the old and new law relating to the transfer of immovable property that registration in one way or the other was necessary for the validity of the transfer’. Registration is also a prerequisite for the acquisition of ownership on the basis of adverse possession. In *Philippou v Stylianou*<sup>12</sup>, the Court confirmed that the acquisition of ownership on the basis of adverse possession cannot be ‘perfected’ and considered as complete, unless registration in the name of the possessor is conducted.

A corollary of the principle of registration is that the transfer of land can be made only by the registered owner. This rule is established in the second paragraph of section 40 of Cap. 224 and in section 4 of the Immovable Property (Transfer and Mortgage) Law 9/1965. The Immovable Property (Transfer and Mortgage) Law 9/1965 regulates in detail the procedure of transfer of real property in the Land Registry. The procedure is divided into three phases: 1. declaration of the transfer to the Land Registry; 2. acceptance of the declaration; 3. registration. Another fundamental principle established in section 12 of the Immovable Property (Transfer and Mortgage) Law 9/1965 is that immovable property cannot be transferred unless it is free of any charge, encumbrance or prohibition. Consequently, a declaration of transfer will not be accepted by the Land Registry if the immovable property is subject to a charge. Here too, registration has a vital role to play, since the encumbrance cannot impede the transfer unless it is declared and registered at the Land Registry. Therefore, it is not possible to transfer a piece of land and the Land Registry will not accept any declaration/claim of transfer if there are charges on the land. The charge must also be registered and it is not possible to contest the transfer (and the subsequent registration of the land in the name of the new owner) by invoking an unregistered or equitable charge. This rule, which operates for the protection of the transferee, is subject to an important exception. In the case

<sup>11</sup> Supreme Court, *Rodothea Papageorghiou v Antonis Savva Charalambous Komodromou* (1963) 2 C.L.R. 221.

<sup>12</sup> Supreme Court, *Philippou v Stylianou* (1992) 1 A.A.D.448.

of mortgaged property, a transfer is permitted under certain conditions, such as the transferee's informed declaration that s/he is aware of the existence of the mortgage.

It also has to be mentioned that a list of charges, which operate as an encumbrance, is established in the Immovable Property (Transfer and Mortgage) Law 9/1965. It mainly comprises mortgages, memoranda, writs, the charge that is created by the deposit of a contract of sale of land, etc. The registration of an easement is not considered as an encumbrance or charge that could prevent a transfer, but the right of easement is considered as an attachment to the immovable property that is being transferred. Consequently, in such a case the transferee acquires the immovable property with the easement. In cases where the dominant tenement is transferred, easement is also 'part' of the immovable property that is being transferred. This principle is established in section 12 of Cap. 224 where it is stated that in case of a right of easement that has been acquired in respect of an immovable property, this right shall be considered as an attachment to the immovable property and it is presumed to be included in all the transactions related to this immovable property.

Furthermore, it is worth mentioning that the above table presents the existing legislation that it is applicable by the internationally recognized Republic of Cyprus. After the self-declaration of the regime into the "Turkish Republic of the Northern Cyprus", thousands of Greek Cypriots moved to the free areas of Cyprus. The protection of the greek-cypriots' properties in the occupied areas has repeatedly employed the European Court of Human Rights, which ruled in its decision "Loizidou v. Turkey"<sup>13</sup>, that a) responsible for the refusal of access to her property and the following loss of its control is Turkey and not "The Turkish Republic of Northern Cyprus" and b) that there is a violation of the 1st Protocol of European Convention on Human Rights due to the constant refusal of access to the property of the applicant and the loss of control and enjoyment of her property<sup>14</sup>.

Regarding the European Community Law, a notable decision in relation to the protection of property in Cyprus is considered to be the case "Apostolidis v. Orams"<sup>15</sup>. Despite the fact that the main issues were related to Private International Law and the application of Regulation 44/2001 about the international jurisdiction, the decision guarantees the enforcement of Cypriot judgements in relation to greek-cypriot properties located in non-controlled areas by the Republic of Cyprus, through the seizure of property of third-party purchasers in another Member State of the European Union<sup>16</sup>.

Brief comments are presented hereafter on some of the specific issues of conflict of laws, raised in this case.

In this case, Mr Apostolidis in order to claim the ownership of his property, filed a suit in 2004 at the competent District Court of Nicosia-Kyrenia (see article 21(1) of the "About the Courts Law" of 1960) against David and Linda Orams (British nationals) who had bought a cottage built on the land of Apostolidis (according to the District Cadastre of Kyrenia) in the occupied city Lapethos of Kyrenia District. Having acquired a positive final decision from the Supreme Court of Cyprus, Apostolidis tried to execute the decision in England, the country of residence and the domicile of the majority of the assets of Orams. When the case reached the Court of Appeal, it initiated a preliminary reference to the ECJ with the following questions { (Case C-420/07).

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<sup>13</sup> Loizidou v. Turkey, 23 March 1995 (preliminary objections), s. A no 310\* Loizidou v. Turkey (merits), 18 December 1996.

<sup>14</sup> Synodinou T., The Cypriot Immovable Property Law, SAKKOULAS PUBLICATIONS, Athens-Thessaloniki, 2011, p.35.

<sup>15</sup> ECJ, 28 April 2009, C-420/07, Meletios Apostolidis v. David Charles Orams, Linda Elizabeth Orams.

<sup>16</sup> Synodinou T., The Cypriot Immovable Property Law, SAKKOULAS PUBLICATIONS, Athens-Thessaloniki, 2011, p.33-33. Chatzimichael N., The European Judicial Area of Civil Justice and the Cyprus Problem: Comments in respect of the Orams Case, in THE CYPRUS PROBLEM IN EVOLUTION-International Dimension, Issues of Governance, Human Rights, FOUNDATION FOR INTERNATIONAL LEGAL STUDIES OF Prof. ELIAS KRISPIS and Dr.A. SAMARA-KRISPI, SAKKOULAS PUBLICATIONS, Athens-Thessaloniki, 2011, p.113-138; Gaertner V., ECJ Judgment: Apostolides, (Conflict of Laws. Net, 29 April 2009), < <http://conflictoflaws.net/2009/ecj-judgment-apostolides/>>, accessed 11/12/2017.

(2007/C 297/34)}:

1. In this question,

- The term ‘the Government-controlled area’ refers to the area of the Republic of Cyprus over which the Government of the Republic of Cyprus exercises effective control; and
- The term ‘the northern area’ refers to the area of the Republic of Cyprus over which the Government of the Republic of Cyprus does not exercise effective control.

Does the suspension of the application of the *acquis communautaire* in the northern area by Article 1(1) of Protocol No 10 of the Act of Accession 2003 of Cyprus to the EU preclude a Member State Court from recognising and enforcing a judgment given by a Court of the Republic of Cyprus sitting in the Government-controlled area relating to land in the northern area, when such recognition and enforcement is sought under Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (1) (‘Regulation 44/2001’), which is part of the *acquis communautaire*?

2. Does Article 35(1) of Regulation 44/2001 entitle or bind a Member State court to refuse recognition and enforcement of a judgment given by the Courts of another Member State concerning land in an area of the latter Member State over which the Government of that Member State does not exercise effective control? In particular, does such a judgment conflict with Article 22 of Regulation 44/2001?

3. Can a judgment of a Member State court, sitting in an area of that State over which the Government of that State does exercise effective control, in respect of land in that State in an area over which the Government of that State does not exercise effective control, be denied recognition or enforcement under Article 34(1) of Regulation 44/2001 on the grounds that as a practical matter the judgment cannot be enforced where the land is situated, although the judgment is enforceable in the Government-controlled area of the Member State?

4. Where

- A default judgment has been entered against a defendant;
- The defendant then commenced proceedings in the Court of origin to challenge the default judgment; but
- His application was unsuccessful following a full and fair hearing on the ground that he had failed to show any arguable defence (which is necessary under national law before such a judgment can be set aside);

Can that defendant resist enforcement of the original default judgment or the judgment on the application to set aside under Article 34(2) of Regulation 44/2001, on the ground that he was not served with the document which instituted the proceedings in sufficient time and in such a way as to enable her/him to arrange for his defence prior to the entry of the original default judgment? Does it make a difference if the hearing entailed only consideration of the defendant's defence to the claim.

5. In applying the test in Article 34(2) of Regulation 44/2001 of whether the defendant was ‘served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable her/him to arrange for her/his defence’ what factors are relevant to the assessment? In particular:

- (a) Where service in fact brought the document to the attention of the defendant is it relevant to consider the actions (or inactions) of the defendant or her/his, lawyers after service took place?
- (b) What if any relevance would particular conduct of, or difficulties experienced by, the defendant or her/his lawyers have.
- (c) Is it relevant that the defendant's lawyer could have entered an appearance before judgment in default was entered?

According to the final ruling (Apostolides v Orams, {2010} EWCA Cave 9)

1. The suspension of the application of the *acquis communautaire* in those areas of the Republic of Cyprus in which the Government of that Member State does not exercise effective control, provided for by Article 1(1) of Protocol No 10 on Cyprus to the Act concerning the conditions of accession [to the European Union] of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded, does not preclude the application of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters to a judgment which is given by a Cypriot court sitting in the area of the island effectively controlled by the Cypriot Government, but concerns land situated in areas not so controlled.

2. Article 35(1) of Regulation No 44/2001 does not authorise the court of a Member State to refuse recognition or enforcement of a judgment given by the courts of another Member State concerning land situated in an area of the latter State over which its Government does not exercise effective control.

3. The fact that a judgment given by the courts of a Member State, concerning land situated in an area of that State over which its Government does not exercise effective control, cannot, as a practical matter, be enforced where the land is situated does not constitute a ground for refusal of recognition or enforcement under Article 34(1) of Regulation No 44/2001 and it does not mean that such a judgment is unenforceable for the purposes of Article 38(1) of that regulation.

4. The recognition or enforcement of a default judgment cannot be refused under Article 34(2) of Regulation No 44/2001 where the defendant was able to commence proceedings to challenge the default judgment and those proceedings enabled her/him to argue that he had not been served with the document which instituted the proceedings or with the equivalent document in sufficient time and in such a way as to enable her/him to arrange for her/his defence.

Regarding with the particularity of the Cypriot case, it is also notable that according to the London-Zurich Treaties of February 1959, United Kingdom has been holding sovereign overseas installations, the Sovereign Base Areas, which are divided into two sections (the western and the eastern) and they have their own legal system, distinct from the United Kingdom and the Republic of Cyprus, which consists of the laws of the Colony of Cyprus as of August 1960, amended as necessary<sup>17</sup>, while an independent Court of the Sovereign Base Areas is concerned with non-military offences. The Supreme Court of Cyprus repeatedly ruled that “in accordance with the Treaty of Establishment and existing case law, the sovereign base areas are not part of the territory of the Republic of Cyprus. These regions, upon the establishment of the Republic of Cyprus, remained in the sovereignty or domination of the United Kingdom and therefore the Cypriot courts do not have the necessary jurisdiction”<sup>18</sup>. Thus, when the areas were being established, the boundaries were deliberately drawn to avoid centres of population. Now, from approximately 15.700 people living in the areas, about 7.700 are native Cypriots who work in the areas themselves,

<sup>17</sup> Sovereign Base Areas <https://www.sbaadministration.org/index.php>

<sup>18</sup> See for example Preece v. «Εστία» Ασφαλιστική & Αντασφαλιστική Εταιρεία Α.Ε. (1991) 1 AAD, 568 and ΑΝΑΦΟΡΙΚΑ ΜΕ ΤΗΝ ΑΙΤΗΣΗ ΤΟΥ ΧΑΡΑΛΑΜΠΟΥ ΧΕΙΜΩΝΑ, Πολιτική Έφεση Αρ. 190/2015, 10/2/2016.

or on farmland within the boundaries of the areas, and the rest of population are British military and their families<sup>19</sup>, consisting of a considerable centre of social and economic activities. In this direction and regarding the immovable property status on the relevant areas, it is of great importance the signed agreement on 15/01/2014 between the Government of the Republic of Cyprus and the Government of the United Kingdom of Great Britain and Northern Ireland relating to the regulation of property development within the British Bases. The agreement, inter alia: "1. enables the integration of a large part of the territory of the British Bases in planning zones, which will allow for property development. In particular, the agreement allows 78% of the territory of the British Bases, which amounts to an area of about 200 square kilometres, to be included in planning zones, which will be defined, and it includes the totality of private property in the Bases. 2. Ensures that residents and property owners in the British Bases will enjoy equal rights for the development of property within the British Bases in relation to the rest of the population of the Republic of Cyprus. 3. Removes all existing restrictions regarding the beneficiaries for the acquisition and development of property within the British Bases, so that all provisions, which apply in the Republic of Cyprus regarding the acquisition and development of properties by European citizens and other third country nationals, will be applicable in the British Bases. 4. Brings in line the situation in the British Bases in relation to what applies in the Republic of Cyprus as regards the acquisition and development of property and normalizes the lives of residents in the British Bases. 5. Provides a considerable potential for the economic development of the areas within the British Bases, with all the subsequent positive effects for the welfare of the residents of the communities within the Bases, and helps in generating a wider boost to the Cyprus economy. 6. Reaffirms the longstanding position of the Republic of Cyprus that the British Bases in Cyprus are used exclusively for military purposes. 7. Safeguards the vital national interests of the Republic of Cyprus in relation to the British Bases"<sup>20</sup>. At the moment, the agreement stands in the last stage of a complex and time-consuming procedure of implementation, while the Committee, which established for this purpose, is expected to publish a Policy Statement, including also the environmental dimension of the plan, before the Governor of the Bases gives the conclusive approval, which will be finalized with the publication of the Statement in the Official Gazette of the Bases and the Republic of Cyprus<sup>21</sup>.

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<sup>19</sup> Policy Department External Policies, THE STATUS AND LOCATION OF THE MILITARY INSTALLATIONS OF THE MEMBER STATES OF THE EUROPEAN UNION AND THEIR POTENTIAL ROLE FOR THE EUROPEAN SECURITY AND DEFENCE POLICY (ESDP), Briefing Paper in Security and Defense, February 2009, [http://www.europarl.europa.eu/meetdocs/2004\\_2009/documents/dv/sede300309studype407004\\_/SEDE300309StudyPE407004\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2004_2009/documents/dv/sede300309studype407004_/SEDE300309StudyPE407004_en.pdf), accessed 09/10/2017. See also Akrotiri Population, <http://www.indexmundi.com/akrotiri/population.html> and Dhekelia Population, <http://www.indexmundi.com/dhekelia/population.html>.

<sup>20</sup> Written statement by the President of the Republic - 15/01/2014, <http://www.mfa.gov.cy/mfa/mfa2016.nsf/All/D91DB7BC3BFBFEC3C2257FA000459773?OpenDocument>, accessed 09/10/2017.

## 1.3 Implementation of relevant EU legislation

<b>Table 3: Implementation of relevant EU legislation</b>					
<b>EU legislation</b>	<b>Implementation achieved?</b>	<b>Implementation of EU legislation at the national level (e.g. the name of the law)</b>	<b>Source of the national implementation legislation</b>	<b>Content of the national legislation in keywords</b>	<b>Which parts of the EU legislation have been transposed?</b>
<b>Directive 2005/29/EC on unfair commercial practices (UCPD)</b>	Yes	The Unfair Commercial Practices of Businesses to Consumers Law of 2007 (Law 103 (I) / 2007).	Cypriot Parliament- Official Gazette of the Republic of Cyprus n. 4135 18/07/2007 <sup>22</sup> .	Amends the Council's Directive 84/450 / EEC, Directives 97/7 / EC, 98/27 / EC, 2002/65 / EC of the European Parliament and the European Parliament and of the Council Regulation (EC) 2006/2004 of the European Parliament and of the Council (directive on unfair commercial practices).	All. Provides sufficient powers and responsibilities to the Competition and Consumer Protection Service for the supervision and enforcement of the provisions of the Law. The Law lays down a mechanism and procedures for the imposition of administrative fines in case of violations, as well as a hierarchical appeal against the decisions to impose administrative fines. For the purposes of equality and transparency, the Competition and Consumer Protection Service has prepared a Guide for the calculation of an administrative fine imposed by a decision of the Office in the application of Law 103 (I) / 2007.
<b>Directive 93/13/EEC on unfair terms in consumer contracts</b>	Yes	The Unfair Terms in Consumer Contracts Law of 1996 (93 (I) / 1996).	Cypriot Parliament <sup>23</sup>	The Law imposing restrictive provisions regarding certain clauses included in contracts to consumers.	All
<b>Directive 2008/122/EC on the protection of consumers, in</b>	Yes	The Timeshare, Long Term Holiday Products, Resale and Exchange Law	Cypriot Parliament - Official Gazette of the Republic of	For the purposes of harmonization with the Directive 2008/122 / EC of the European	All

<sup>22</sup> Official Gazette of the Republic of Cyprus

[http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/257AE9F14E771126C225731E001D768A/\\$file/4135%2018.7.2007%20Parartima%201o%20Meros%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/257AE9F14E771126C225731E001D768A/$file/4135%2018.7.2007%20Parartima%201o%20Meros%20I.pdf).

<sup>23</sup> The Cypriot source of legal information, open source < <http://www.cylaw.org/>>.

**Table 3: Implementation of relevant EU legislation**

<b>respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts</b>		of 2011 (34(I)/2011).	Cyprus n.4274 18/03/201124.	Parliament and of the Council of 14 January 2009, the Law provides protection to consumers as to certain aspects of timeshare contracts, long-term holiday products, resale and exchange.	
<b>Directive 2010/31/EU of Energy Performance of Buildings Directive</b>	Yes	The Building Regulation of Energy Efficiency (Amendment) Law of 2012 (210(I)/2012).	Cypriot Parliament - Official Gazette of the Republic of Cyprus n.4373 28/12/201225.	This Law shall be referred to as "The Regulation of Energy Efficiency of Buildings (Amendment) Law 2012 and will be read together with the Energy Regulation Building Performance Laws of 2006 and 2009 (hereafter referred to as "Basic Law") and the Basic Law and the present Law shall be referred to together as the Regulation of Energy Efficiency of Buildings Laws 2006 to 2012.	All

<sup>24</sup> Official Gazette of the Republic of Cyprus <  
[http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/89D31B671E9FA76FC22578570021A48E/\\$file/4274%2018.3.2011%20PARARTIMA%201o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/89D31B671E9FA76FC22578570021A48E/$file/4274%2018.3.2011%20PARARTIMA%201o%20MEROS%20I.pdf)>

<sup>25</sup> Official Gazette of the Republic of Cyprus <  
[http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/0699792BC1A83E4EC2257AE200410AA7/\\$file/4373%2028%2012%202012%20%20PARARTIMA%20%201o%20%20MEROS%20%20I%20Pages%202059-2200.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/0699792BC1A83E4EC2257AE200410AA7/$file/4373%2028%2012%202012%20%20PARARTIMA%20%201o%20%20MEROS%20%20I%20Pages%202059-2200.pdf)>



<p><b>Directive 2005/36/EC on Recognition of Professional Qualifications, as last amended by Directive 2013/55/EU</b></p>	<p>Yes</p>	<p>The Recognition of Professional Qualifications Law of 2008 (31(I)/2008).</p>	<p>Cypriot Parliament - - Official Gazette of the Republic of Cyprus n.4165 06/06/200826.</p>	<p>For the purposes of harmonization with the "Directive 2005/36 / EC of the European Parliament and the Council of 7 September 2005 on the recognition of qualifications', and for the purposes of harmonization with chapter V of its Annex of European Community Act entitled "Council Directive 2006/100 / EC of 20 November 2006 on a common regulatory framework for electronic communication networks and services and the adaptation of certain Directives in the area of freedom of movement of persons due to the accession of Bulgaria and Romania (Preamble of the 31(I)/2008 law and at this point it refers to the COUNCIL DIRECTIVE 2006/100/EC of 20 November 2006 adapting certain Directives in the field of freedom of movement of persons, by reason of the accession of Bulgaria and Romania. Specifically, under article 1 of the above</p>	<p>All</p>
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**Table 3: Implementation of relevant EU legislation**

				directive, "directives 92/51/EEC, 77/249/EEC, 98/5/EC, 93/16/EEC, 77/452/EEC, 78/686/EEC, 78/687/EEC, 78/1026/EEC, 80/154/EEC, 85/433/EEC, 85/384/EEC and 2005/36/EC shall be amended as set out in the Annex).	
<b>Mortgage Credit Directive, 2014/17/EC</b>	Yes	The Credit Agreements for Consumers relating to Residential Immovable Property Law of 2017 (41 (I) / 2017).	Cypriot Parliament- Official Gazette of the Republic of Cyprus n.4600 09/05/2017 <sup>27</sup> .	For the purposes of harmonization with (a) The European Union Act 2014/17 of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers in respect of residential property, and amending Directives 2008/48 / EC and 2013/36 / EU and Regulation (EU) 1093/2010 ', and (b) The Article 58 of the European Union Act entitled "Regulation (EU) 2016/1011 of the	All

<sup>26</sup> Official Gazette of the Republic of Cyprus < [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/F3183C61C567B7ABC225746000341CBA/\\$file/4165%206.6.2008%20Parartima%201o%20Meros%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/F3183C61C567B7ABC225746000341CBA/$file/4165%206.6.2008%20Parartima%201o%20Meros%20I.pdf)>.

<sup>27</sup> Official Gazette of the Republic of Cyprus < [http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/A440A4838014AE9EC225811B003EC6B9/\\$file/4600%209%205%202017%20PARARTHMA%201o%20MEROS%20I.pdf](http://www.mof.gov.cy/mof/gpo/gpo.nsf/All/A440A4838014AE9EC225811B003EC6B9/$file/4600%209%205%202017%20PARARTHMA%201o%20MEROS%20I.pdf)>.

**Table 3: Implementation of relevant EU legislation**

				<p>European Parliament and of the Council of 8 June 2016 on indicators to be used as reference indicators for financial instruments and financial contracts or for measuring the return on investment funds, and amending Directives 2008/48 / EC and 2014/17 / EU and Regulation (EU) 596/2014 ».</p>	
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## 1.4 Communications and strategy papers

**Table 4: Communications and strategy papers**

<b>Communication or strategy paper</b>	<b>Have the following communications and strategy papers been referred to in national documents?</b>	<b>Name of document</b>	<b>Source</b>	<b>Content</b>	<b>Differences with respect to communications and strategy papers listed in the first column</b>
<b>COM(2015) 550 final Communication of the Commission Upgrading the Single Market: more opportunities for people and business</b>	No				
<b>COM(2013)676 Communication from the Commission on evaluating national regulations on access to professions</b>	No				
<b>COM(2016)820 Communication from the Commission on reform recommendations for regulation in professional services</b>	No				
<b>European Consumer Agenda</b>	No				
<b>Consumer Programme 2014-2020</b>	No				

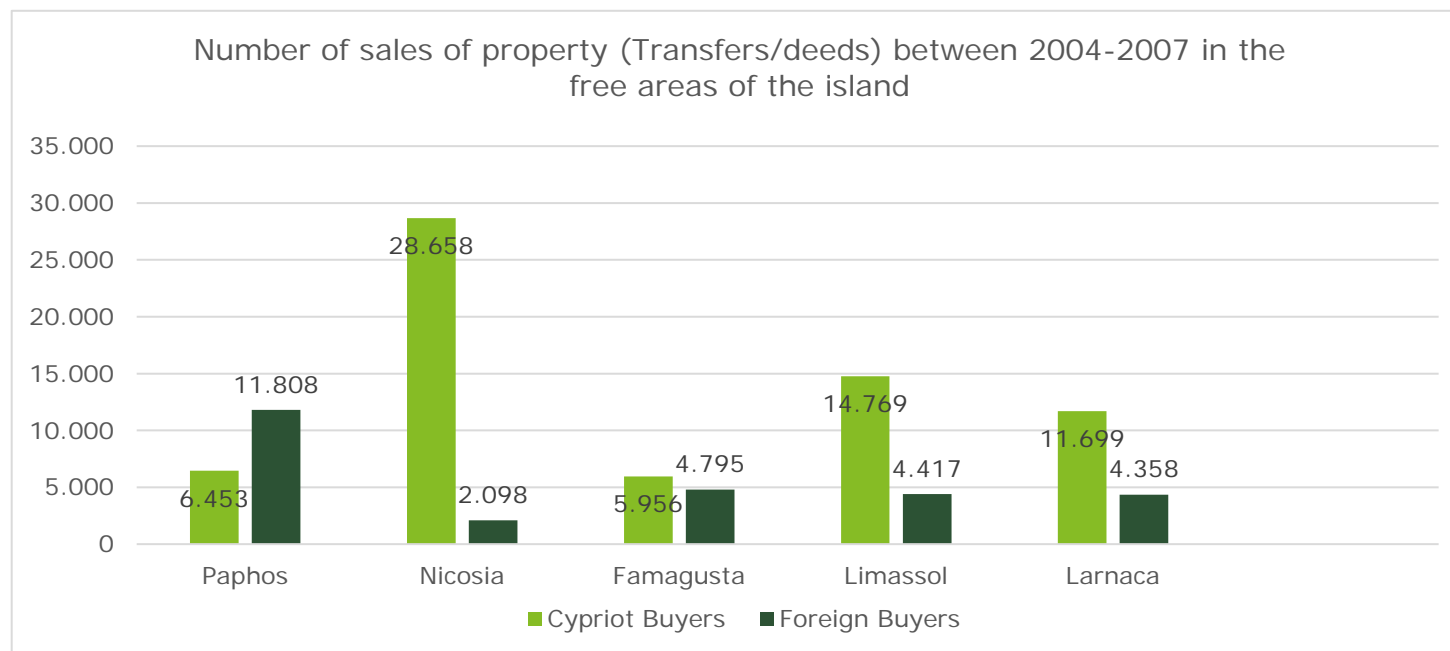
## 2. General market information

### 2.1 Key market data

**Table 5: Key market data**

**General market situation (e.g. trends in the market, recent developments in the market, price fluctuations, etc.)**

Traditionally, Cyprus' property market has been divided into the major urban centres of Nicosia, Larnaca and Limassol primarily driven by local demand and the seaside resort areas of Paphos and Famagusta mostly driven by foreign demand<sup>28</sup>. The following map indicates the concentration of sales around the island during 2004-2007<sup>29</sup>:



<sup>28</sup> CYPRUS PROPERTY MARKET 1<sup>ST</sup> SEMESTER 2017, <[http://www.danos.gr/wp-content/uploads/2014/04/MIB-CYPRUS\\_1st-semester-2017\\_ENG.pdf](http://www.danos.gr/wp-content/uploads/2014/04/MIB-CYPRUS_1st-semester-2017_ENG.pdf)>, accessed 04/10/2017.

<sup>29</sup> Map of the "NUMBER OF SALES PROPERTY (TRANSFERS / deeds) FOR THE YEARS 2004-2007 IN THE FREE AREAS OF CYPRUS IN THE INFORMATION SYSTEM OF THE CADASTRE", <<http://portal.dls.moi.gov.cy/el-gr/data-files/Documents/%CE%A7%CE%AC%CF%81%CF%84%CE%B7%CF%82%20-%20%CE%91%CF%81%CE%B9%CE%B8%CE%BC%CF%8C%CF%82%20%CE%A0%CF%89%CE%BB%CE%AE%CF%83%CE%B5%CF%89%CE%BD%20%CE%91%CE%BA%CE%B9%CE%BD%CE%AE%CF%84%CF%89%CE%BD%202004%20-%202007.pdf>>, accessed 04/10/2017.

	<p>In 2011, when the economic recession resulted in turmoil in the banking and financial sector, a reduction in the investment and consumption sector is notable. In March 2013 Cyprus entered in an Economic Adjustment-Scheduled Agreement with the International Monetary Fund, European Commission and European Central Bank, which aimed to restore confidence in the market, to correct the budgetary imbalances and to enhance competitiveness in the economy, by regulating for example the insolvency procedure [The Insolvency of Natural Persons (Personal Repayment Schemes and the Debt Relief Ordinance) Law of 2015 (65 (I) / 2015) and the Insolvency Advisors Law of 2015 (64 (I) / 2015)]. As a result, during the fourth quarter of 2014, the Property Price Index has recorded falls in almost all cities and asset classes, with significant falls being recorded in Nicosia, while on the other hand, unemployment reached a historical high level, stabilised at ca 16-17%<sup>30</sup>. Gradually in the following years stability seemed to prevail in the market and from the first quarter of 2016, the Property Price Index has recorded increases, especially in Paphos and Famagusta area<sup>31</sup>. During the first quarter of 2017, the Cyprus economy showed further signs of stability, with a seasonally adjusted quarterly GDP growth of 0.6% and an annual seasonally adjusted GDP growth of 3.3%<sup>32</sup>. In this direction, the increase in sales and investment activity is correlated to the incentives given by the current government regarding the obtainment of passports to attract both local and foreign investors<sup>33</sup>.</p>
<p><b>Total value of residential transactions for buying and renting for the year 2015 (2014 or 2013 depending on the latest available data) expressed in EUR</b></p>	<p>The Department of Lands and Surveys, "DLS"<sup>34</sup>:</p> <p>Data for buying for the year 2015:</p> <ul style="list-style-type: none"> <li>- Total amount declared: €2.089.708.329,31</li> <li>- Total Accepted amount: €2.259.553.918,44</li> </ul> <p>Value of residential transactions for renting: According to RICS' Cyprus Property Price Index Q1 2017 (Prices as at 31/03/17, based on methodology produced by the University of Reading in the UK), across Cyprus, on a quarterly basis rental values increased by 2.5% for apartments, 2.6% for houses, 1.6% for retail, 4.6% for offices, while for warehouses they remained stable. The report compares the prices to Q1 2016 and indicates that rents increased by 5.5% for flats, 9.6% for houses, 6.3% for retail, 3.1% for offices and for warehouses 11%, showing in total a consecutive quarterly growth<sup>35</sup>.</p> <p>No similar figures are available for renting.</p>

<sup>30</sup>RICS, Cyprus Property Price Index Q4 2014-Prices as at 31/12/14, <https://www.rics.org/Global/Cyprus%20Property%20Index%20Q4%202014.pdf>, accessed 04/10/2017.

<sup>31</sup> RICS, Cyprus Property Price Index Q1 2016 -Prices as at 31/03/16, <https://www.rics.org/Global/Cyprus%20Property%20Price%20Index%20Q1%202016.pdf>, accessed 04/10/2017.

<sup>32</sup> RICS, Cyprus Property Price Index Q1 2017- Prices as at 31/03/17, <https://www.rics.org/Global/RICS%20Cyprus%20Property%20Price%20Index%20Q1%202017.pdf>, accessed 04/10/2017.

<sup>33</sup> CYPRUS PROPERTY MARKET 1<sup>ST</sup> SEMESTER 2017, [http://www.danos.gr/wp-content/uploads/2014/04/MIB-CYPRUS\\_1st-semester-2017\\_ENG.pdf](http://www.danos.gr/wp-content/uploads/2014/04/MIB-CYPRUS_1st-semester-2017_ENG.pdf), accessed 04/10/2017.

<sup>34</sup>Cyprus Statistics on Sales (Transfers) 2015, <http://portal.dls.moi.gov.cy/el-gr/data->

[files/Documents/%CE%A0%CE%B1%CE%B3%CE%BA%CF%8D%CF%80%CF%81%CE%B9%CE%B1%20%CE%A3%CF%84%CE%B1%CF%84%CE%B9%CF%83%CF%84%CE%B9%CE%BA%CE%AC%20%CE%A0%CF%89%CE%BB%CE%AE%CF%83%CE%B5%CF%89%CE%BD%20\(%CE%9C%CE%B5%CF%84%CE%B1%CE%B2%CE%B9%CE%B2%CE%AC%CF%83%CE%B5%CF%89%CE%BD\)%202015.pdf](files/Documents/%CE%A0%CE%B1%CE%B3%CE%BA%CF%8D%CF%80%CF%81%CE%B9%CE%B1%20%CE%A3%CF%84%CE%B1%CF%84%CE%B9%CF%83%CF%84%CE%B9%CE%BA%CE%AC%20%CE%A0%CF%89%CE%BB%CE%AE%CF%83%CE%B5%CF%89%CE%BD%20(%CE%9C%CE%B5%CF%84%CE%B1%CE%B2%CE%B9%CE%B2%CE%AC%CF%83%CE%B5%CF%89%CE%BD)%202015.pdf), accessed 04/10/2017.

<sup>35</sup> RICS, Cyprus Property Price Index Q1 2017- Prices as at 31/03/17, <https://www.rics.org/Global/RICS%20Cyprus%20Property%20Price%20Index%20Q1%202017.pdf>, accessed 04/10/2017.

<b>Ratio house owners – tenants (i.e. the percentage of households that are owners resp. tenants of dwelling units)</b>	From the available data for the year 2011, it seems that 205.370 are house owners-tenants <sup>36</sup> . According to Eurostat <sup>37</sup> , Cyprus is among countries with a significant share of households in reduced rent or rent-free dwellings, being 20% or more.	
<b>Usage of land (Quotas for built land, agricultural land, “wild land” (forests, lakes etc.))</b>	Agricultural land: 13.4% Arable land 9.8%; permanent crops 3.2%; permanent pasture 0.4% Forest: 18.8% Other: 67.8% (2011 est.) <sup>38</sup>	
<b>Average prices of residential property</b>	<p><i>According to the type of property :</i></p> <ul style="list-style-type: none"> <li>• <i>Average flat of ca. 70 sqm</i></li> <li>• <i>Terrace house of ca. 100 sqm</i></li> <li>• <i>Detached (one family house) of ca. 150 sqm</i></li> </ul>	<p>There are no official relevant data since The Department of Lands and Surveys "DLS" does not publish prices, but operates evaluations according to the case and comparatively. According to a survey operated by the Cypriot Association of the Owners of immovable property<sup>39</sup>:</p> <p>€101.130 €89.000-312.000 (majority €100.000-160.000) €330.557</p>
	<p><i>According to the type of location :</i></p> <ul style="list-style-type: none"> <li>• <i>Capital city</i></li> <li>• <i>Urban areas</i></li> <li>• <i>Rural areas</i></li> </ul>	<p>See above</p> <p>Regarding the market prices available in the Cypriot market for the purchase of a 3-bedroom apartment, 100-120 square meters:</p> <p>NICOSIA Prices start from €89.000 and reach up to €312.000 while the majority of apartments in the capital range from €100.000 to €160.000.</p> <p>LARNAKA</p>

<sup>36</sup> Statistical Service of Cyprus, Population and Social Conditions, [http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition\\_22main\\_gr/populationcondition\\_22main\\_gr?OpenForm&sub=1&sel=2](http://www.mof.gov.cy/mof/cystat/statistics.nsf/populationcondition_22main_gr/populationcondition_22main_gr?OpenForm&sub=1&sel=2), accessed 04/10/2017.

<sup>37</sup> Eurostat Methodologies and Working Papers, The distributional impact of imputed rent in EU-SILC, <http://ec.europa.eu/eurostat/documents/3888793/5847633/KS-RA-10-023-EN.PDF/9343e75e-aba6-4613-9136-23e360c5542f>, accessed 04/10/2017.

<sup>38</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/cy.html>

<sup>39</sup> The Cypriot Association of the Owners of immovable property, “How much does the purchase of a house or apartment cost in a couple- Detailed prices” <http://www.ksia.org.cy/index.php?id=303>, accessed 11/12/2017.

		<p>Prices start at €80.000 - with the most expensive apartments being near the sea - and reach €390.000. The majority of the prices for buying an apartment of 100-120 square, with three bedrooms are between 120 and 160 thousand euros.</p> <p><b>LIMASSOL</b></p> <p>Limassol is the most expensive real estate market with the highest prices in all over Cyprus. Prices for buying a three-bedroom apartment, 100-120 square meters start from 80 thousand and exceed 550 thousand euros. The majority of the prices in Limassol are between 140 thousand and 220 thousand euros.</p> <p><b>PAPHOS</b></p> <p>Prices in Paphos for the purchase of an apartment of three-bedroom, 100-120 squares start from 55-60 thousand and reach up to 220-260 thousand euros. The majority of the prices in Paphos are between 100 - 120 thousand euros.</p> <p><b>FAMAGUSTA</b></p> <p>Prices range between 85-130 thousand euros for a three-bedroom flat, 100-120 square meters.</p> <p><b>Detached House prices</b></p> <p>It is worth noting that with regard to the detached houses in the coastal areas of Cyprus, the prices are very high.</p> <p><b>NICOSIA</b></p> <p>Prices for buying a house in Nicosia between 150 and 200 square meters start from 130-150 thousand and reach up to 600-650 thousand euros. The majority of single-family homes in the capital range from 230,000 to 300,000 euros.</p> <p><b>LARNAKA</b></p> <p>Prices in the Larnaca District range from 150-160 thousand and reach 500-550 thousand euros. The majority of the prices for the purchase of a 150-200 square meter three-bedroom house are between 230 and 290 thousand euros.</p> <p><b>LIMASSOL</b></p> <p>Limassol is the most expensive real estate market and the single-family homes prices reaching up to 870 thousand euros for a house of 150-200 square meters. The prices for buying a house there start from 160-200 thousand euros, with the average price being very high at 250-330 thousand euros.</p> <p><b>PAPHOS</b></p>
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		<p>Paphos is also a very expensive option for buying a detached house, since prices range from 250 to 650 thousand euros.</p> <p>FAMAGUSTA</p> <p>The Famagusta area seems to have the highest prices in the house market since the cost is over 1 million euros in Ayia Napa. Prices range from 280 thousand to 1.5 million euros, with an average of 300 thousand euros.</p>
<b>Price development of residential property</b>	<p>According to the type of property</p> <p>Average flat of ca. 70 sqm</p> <p>Terrace house of ca. 100 sqm</p> <p>Detached (one family house) of ca. 150 sqm</p>	See above
	<p>According to the type of location :</p> <ul style="list-style-type: none"> <li>• Capital city</li> <li>• Urban areas</li> <li>• Rural areas</li> </ul>	See above
<b>Development of price index (Housing price index if existing, otherwise Consumer price index)</b>	<p>According to the House Price Index of the 1st Quarterly of 2017 published by the Central Bank of Cyprus<sup>40</sup>, The House Price Index (homes and apartments) recorded an increase (0.3%) in the first quarter of 2017. The ongoing quarterly increases, although small, confirm the recovery in the real estate sector in Cyprus, such as other relevant indicators show. As to annual changes in the general price index housing by province, Limassol recorded an increase of 0.9%, which is the first since the third quarter of 2010. On the other hand, the other provinces recorded annual reductions, with the highest being in Famagusta (3.7%), and the smallest in Nicosia (0.1%). In the Larnaca district housing prices recorded an annual decrease of 0.8%, and in Paphos 1.4%. It should be noted, however, that the annual reductions are slowing down and it is expected, as long as the development course continues, the real estate sector recovery will record increases in a short term<sup>41</sup>.</p> <p>On an annual basis, the prices of apartments in the first quarter of 2017 have seen an increase in the districts of Nicosia (0.2%), Limassol (2.1%) and Larnaca (3%). On the contrary, there was an annual decrease in the Paphos (3.1%) and Famagusta districts (2.6%).</p> <p>On an annual basis, house (detached) prices recorded increases of 0.5% and 0.3% in Limassol and Paphos, respectively. In the province of Nicosia there was an annual decrease of 0.2%, in Larnaca 2.5% and in Famagusta 3.1%<sup>42</sup>.</p>	

<sup>40</sup>[https://www.centralbank.cy/images/media/pdf/%CE%94%CE%B5%CE%AF%CE%BA%CF%84%CE%B7%CF%82%20%CE%A4%CE%B9%CE%BC%CF%8E%CE%BD%20%CE%9A%CE%B1%CF%84%CE%BF%CE%B9%CE%BA%CE%B9%CF%8E%CE%BD%202017Q1\\_final\\_.pdf](https://www.centralbank.cy/images/media/pdf/%CE%94%CE%B5%CE%AF%CE%BA%CF%84%CE%B7%CF%82%20%CE%A4%CE%B9%CE%BC%CF%8E%CE%BD%20%CE%9A%CE%B1%CF%84%CE%BF%CE%B9%CE%BA%CE%B9%CF%8E%CE%BD%202017Q1_final_.pdf)

<sup>41</sup>Central Bank of Cyprus, House Price Index 1<sup>st</sup> Semester of 2017,

<[https://www.centralbank.cy/images/media/pdf/%CE%94%CE%B5%CE%AF%CE%BA%CF%84%CE%B7%CF%82%20%CE%A4%CE%B9%CE%BC%CF%8E%CE%BD%20%CE%9A%CE%B1%CF%84%CE%BF%CE%B9%CE%BA%CE%B9%CF%8E%CE%BD%202017Q1\\_final\\_.pdf](https://www.centralbank.cy/images/media/pdf/%CE%94%CE%B5%CE%AF%CE%BA%CF%84%CE%B7%CF%82%20%CE%A4%CE%B9%CE%BC%CF%8E%CE%BD%20%CE%9A%CE%B1%CF%84%CE%BF%CE%B9%CE%BA%CE%B9%CF%8E%CE%BD%202017Q1_final_.pdf)>, accessed 04/10/2017.

<sup>42</sup>Ibid.

## 2.2 Service providers

<b>Table 6: Service providers</b>						
	<b>Total number of firms<sup>43</sup></b>	<b>Total number of professionals</b>	<b>Total number of employees</b>	<b>Branch offices per firm</b>	<b>Market concentration in % of turnover</b>	<b>Average turnover per firm (expressed in EUR)</b>
<b>Estate agents</b>	405 <sup>44</sup>	No relevant data	1166	No relevant data	No relevant data in this form <sup>45</sup>	No relevant data
<b>Lawyer/ Advocates/ Solicitor</b>	1050	No relevant data	4031	No relevant data	No relevant data	No relevant data
<b>Notary</b>	The profession of notary does not exist in Cyprus.	No relevant data	The profession of notary does not exist in Cyprus.	No relevant data	No relevant data	No relevant data
<b>Licenced conveyancers</b>	202 (Management of real estate on a fee or contract basis) <sup>46</sup> .	No relevant data	No relevant number for this economic activity.	No relevant data	No relevant data	No relevant data
<b>Architects</b>	562	No relevant data	2630 (the relevant number represents NACE 71: all Architectural and engineering activities; technical testing and analysis)	No relevant data	No relevant data	No relevant data

<sup>43</sup> Statistical Service of Cyprus, Number of Enterprises by Economic Activity NACE (Rev. 2) and Size Group (2015), [http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/8A220DD4941EDCA9C225803500304320/\\$file/ENTERPRISES\\_NACE2\\_SIZE-2015-210916.pdf?OpenElement](http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/8A220DD4941EDCA9C225803500304320/$file/ENTERPRISES_NACE2_SIZE-2015-210916.pdf?OpenElement), accessed 04/10/2017.

<sup>44</sup> Number of Enterprises by Economic Activity NACE (Rev. 2) and Size Group (2016).

<sup>45</sup> The latest data from the Statistical Service of Cyprus regarding the turnover is only for 2014. In this direction, the relevant table represents the Gross Output by economic activity (NACE SCALE) in private and public sector in euros. Based on these results, the data indicates: property sector-2.368.370€, lawyers/legal activities-696.138€, technical/architectural/engineering activities-99.064€ for 2014, [http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/E69D31047977C6DFC2257F1B0031C6F0/\\$file/BUSINESS\\_SERVICES-2014-210317.pdf?OpenElement](http://www.mof.gov.cy/mof/cystat/statistics.nsf/All/E69D31047977C6DFC2257F1B0031C6F0/$file/BUSINESS_SERVICES-2014-210317.pdf?OpenElement), see p.32.

<sup>46</sup> In relation to licenced conveyancers, we indicated the number of the NACE n.6832 economic activity which includes facility management, parking spaces agency, property company, real estate management on a fee or contract basis, rent collecting agencies, property management company (as agents for owners) instead of the number of licenced conveyancers.

**Table 6: Service providers**

<b>Surveyor</b>	289 (Other architectural and engineering activities and related technical consultancy)	No relevant data	2630 (the relevant number represents NACE 71: all Architectural and engineering activities; technical testing and analysis)	No relevant data	No relevant data	No relevant data
<b>Engineers</b>	280 (including engineers and similar activities of providing technical/contractual advice).	No relevant data	2630 (the relevant number represents NACE 71: all Architectural and engineering activities; technical testing and analysis)	No relevant data	No relevant data	No relevant data
<b>Other relevant service provider</b>	160 (Other technical testing and analysis)	No relevant data	2630 (the relevant number represents NACE 71: all Architectural and engineering activities; technical testing and analysis)	No relevant data	No relevant data	No relevant data

## 3. Roles of professionals and services in the real estate market

<b>Table 7: Role of professionals in the real estate market</b>						
	<b>Estate agent</b>	<b>Property valuator<sup>47</sup></b>	<b>Lawyer/ Advocate/ Solicitor</b>	<b>Notary</b>	<b>Licensed conveyancer</b>	<b>Technical expert (architect, engineer, surveyor)</b>
<b>Main function: does the professional typically work independently or as part of a firm or another organisation?</b>	Facilitating and matching the interested parties. Either independently or as a part of a firm.	Economic valuation of the real estate properties (this profession is not regulated like the state agents, but usually the property valuers have to acquire a licence (RICS for example or they have to prove a minimum of 3 years' experience in order to be part of the register of the Technical Chamber of Cyprus).	Legal advice, legal research, drafting the contracts, legal representation of the clients.	The profession of notaries does not exist in Cyprus. The Register of Businesses in Cyprus has registered as a type of economic activity a similar to notaries' and solicitors' offices category, which operates under The Advocates' Law (Chapter 2).	N/A	Control technical aspects of the buildings and monitor the mandatory technical requirements.
<b>Extent of engagement (at which point(s) does each professional intervene in the process?)</b>	Intervening in a precontractual phase.	When the value of the real estate is needed (ex: for a mortgage).	They may have involvement in all the stages of the procedure, from the pre-contractual phase and up until the final agreement.	N/A	N/A	Elaborate the energy certificate and control habitability requirements.

<sup>47</sup> In some EU countries, the real estate property valuers are regulated as a profession that is separate from estate agents (e.g. Hungary, Lithuania, Latvia); their services might be obligatory, especially when taking mortgage loans.

**Table 7: Role of professionals in the real estate market**

<b>Mandatory involvement</b>	No	Their involvement is mandatory under article 44D of The Transfer and Mortgage of Immovable Property Law 1965 (Procedure for estimating mortgage) or under Part VII of The Immovable Property (Tenure, Registration and Valuation) Law (Chapter 224).	Since, the profession of notary does not exist in the legal order of Cyprus, the contribution of a lawyer is ab initio necessary.	N/A	N/A	Their involvement is considered mandatory for the purposes of issuing energy certificates. Thus, in Cyprus the technical experts should be members of the Registry of Qualified Experts of the Ministry of Energy, Commerce, Industry and Tourism <sup>48</sup> .
<b>How are their fees/charges structured</b>	Entitled to claim and receive the agreed fee. Provided that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction and will be payable on the completion of the land transaction, upon its conclusion agreement of sale or rental. In the event of failure to	The charges are agreed with the clients.	The charges are agreed with the clients.	N/A	N/A	The charges are agreed with the clients.

<sup>48</sup> K.D.P. 164/2009 -The Energy Efficiency of Buildings (Energy Certificate of Buildings) Regulations of 2009.

**Table 7: Role of professionals in the real estate market**

	<p>obtain a real estate transaction for which it is not subject any liability of the estate agent, s/he shall be entitled to a reasonable remuneration, taking into account the spent time and cost.</p>					
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#### 4. Land registration

**Table 8: Land registration**

<p><b>Responsible authority(ies) dealing with land registration</b></p>	<p>The Department of Lands and Surveys "DLS". The Department is solely responsible for the provision of services in connection with all the rights relating to immovable property - registration, valuation, general assessment (for tax purposes), tenure, surveying, cartography, geodesy and hydrography, as well as the management of all property belongings of the State.</p>
<p><b>Actors involved in the registration procedure and their main functions</b></p>	<p>Buyer/Seller/Landlord/Tenant or legal representatives of them.</p>
<p><b>Intermediate steps of the registration procedure, if applicable</b></p>	<p>The transfer of ownership of the property that takes place through a transfer declaration in the Cadastre usually precedes a sale contract between a seller and a buyer with a contractual, not "in rem" effect. Thus, the contractual effect of the sale contract demands the "in natura" satisfaction of the buyer, even though the seller may decide not to fulfil her/his obligations. The specific performance of the contract takes place only if the sale contract has been submitted to the Cadastre up to 6 months after the signature of the sale contract. This submission is considered to be an "in rem" charge over the immovable property and the buyer has the right to register the property in her/his name with a Court's order.</p>

## 5. The process to buy or sell a property

### 5.1 Main steps in the transaction process to buy or sell a property

**Table 9: Main steps of the process to buy or sell a property**

Main steps	Main function	Applicable	National specificities/additional functions/main actors
<b>Estate agent services</b>	Matching the parties	Yes	The real estate agent provides intermediary services to their clients, while at the same time shall inform the intended purchaser of immovable property of all elements relating to the physical condition of the property, the rights in rem charged to it and any other restrictions imposed on the property by virtue of a legislative, judicial, administrative or other governmental act or decision.
<b>Alternative matching devices</b>	Matching the parties	Yes	Lawyers, Advocates, Advertisements in the Press, Internet Portals (through which the real estate transactions take place without the involvement of intermediaries, see for example Ktimagora <sup>49</sup> , Cyprus Owners Database <sup>50</sup> ).
<b>Preliminary contract</b>	Securing the transaction before the final contract is concluded	Usual	Lawyers
<b>Preliminary checks (land register, administrative permits)</b>	Ensuring that the buyer knows all legal obligations and relevant features related to the property	Yes	Any person may request to obtain certified copies of various documents of direct concern to him/her, which are deposited at the Provincial Cadastral Offices or are registered in various files of the Department, such as proxy documents, sales letters, herbage rights etc. In general, access to the records of the Land Registry is possible when there is a legitimate reason for it. The ownership of land is considered as personal data (economic data) and, in this respect, the access to land registry is not open to anyone. The question of access to cadastral records is set out in section 51A of Cap 224. Under that provision, any interested person can submit an application to the Land Registry, seeking information. The law, however, defines the persons who can submit such an application. In this respect, the term 'interested person' refers to any owner or holder of other real property rights and her/his successors, any person who intends to purchase an immovable property, provided that they produce some documentation proving their capacity as a purchaser, such as a contract of sale, and the mortgagee. The plaintiffs in a court action against the owner of an immovable property, and some categories of professionals, such as land valuers, real estate agents and attorneys at law, are also deemed to be interested persons. The law, nonetheless, permits, somewhat arbitrarily, the Director of the Department of Lands and Surveys to enlarge the category of interested persons

<sup>49</sup> <http://www.ktimagora.com/OfficeProfile.html>

<sup>50</sup> <http://cyprusowners.com/en/>

**Table 9: Main steps of the process to buy or sell a property**

			<p>at her/his own discretion. Section 51A (2) provides that the term ‘interested person’ comprises also every person to whom the Director of the Department of Lands and Surveys will provide such information on specific grounds.</p> <p>The Land Registry used to provide credit institutions with information on immovable property belonging to registered owners, even though such institutions were not classified as ‘interested persons’ in Cap. 224. Section 51A, has recently been amended and now expressly establishes the Land Registry’s right to provide information to credit institutions. With respect to the provision of such information to credit institutions, the strategic choice of the legislator has been to introduce a flexible procedure that favours the easy and quick provision of information without an a priori check of the claim. In this context, the law stipulates that the Land Registry will immediately provide information to any credit institution that claims it, without investigating the reasons justifying the claim. However, a necessary prerequisite is that the credit institution has already obtained a general permission from the Department of Lands and Surveys for submitting such claims.</p> <p>At the same time, the credit institution is under an obligation to inform the person whose information is claimed of the filing of the claim with the Land Registry. The person for whom real property information was requested has the right to submit a request in writing to the Land Registry asking the Director of the Department of Lands and Surveys to proceed to a posteriori scrutiny regarding whether the credit institution had reasonable grounds to obtain the information. This procedure followed by credit institutions may be explained by the fact that with the recent economic crisis the number of debtors who cannot repay their loans has increased sharply<sup>51</sup>. Respect for personal data is also safeguarded by the very heavy consequences for credit institutions if they submit a claim for information without reasonable grounds.</p> <p>In the case of <i>Muriel Beaumont v Papacleovoulou</i><sup>52</sup>, the Court clearly affirmed that lawyers are considered as interested persons in the sense of Article 51A of Cap. 224.</p>
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<sup>51</sup> HOUSEHOLD AND NON-FINANCIAL CORPORATIONS INDEBTEDNESS REPORT APRIL 2017 of the Central Bank of Cyprus, <  
[https://www.centralbank.cy/images/media/pdf/Household%20and%20NFC%20indebtedness%20report%20for%20April%202017\\_\\_EN.pdf](https://www.centralbank.cy/images/media/pdf/Household%20and%20NFC%20indebtedness%20report%20for%20April%202017__EN.pdf)>, accessed 11/12/2017. According to the HOUSEHOLD AND NON-FINANCIAL CORPORATIONS INDEBTEDNESS REPORT APRIL 2017 of the Central Bank of Cyprus, domestic households and non-financial corporations (NFCs) continue to be highly indebted, although the latest data indicate a reduction in debt levels. Private non-financial sector debt stood at 272,6% 1 of GDP as at the end of September 2016, down from 275,4% in the previous quarter. At the same time, in the banking sector, non-performing loans (NPLs) continue to be the key challenge. Thus, NPLs reached their peak in February 2015 in absolute terms and have been decreasing ever since.

<sup>52</sup> Supreme Court, *Muriel Beaumont v Papacleovoulou* (2010) 1A.A.D. 525.



<b>Table 9: Main steps of the process to buy or sell a property</b>			
<b>Drafting the sales contract and/or deed of conveyance</b>	Summarising the agreement of the parties	Yes	Considering the fact that the profession of notary does not exist in Cypriot legal order, lawyers undertake all the relevant responsibilities, providing legal advice, informing the parties about the obligations and duties arising from the agreed contract, informing about the ownership and encumbrances on the property, and making all the arrangements in the Land Registry before the deed is executed.
<b>Legal advice or counselling</b>	Ensuring that the transaction is valid and that the parties know about their rights and duties	Yes	As mentioned before, the lawyers may research about the legality of the title and the legal capacity of the parties. At the same time, the obligation to inform the parties about the probable "in rem" charges over the property lies also with the real estate agents, under the Real Estate Agents Law of 2010 (71 (I) / 2010).
<b>Certification of signatures</b>	Ensuring the validity of the agreement	Yes	The Lawyers have to declare that the interested parties acquire legal capacity.
<b>Contract execution (transfer of payment)</b>	Executing the contract (and securing that both parties perform their obligations)	Yes	The lawyers have to identify the price in the deed, stating if it is received before or at the time of execution of the deed, the amount and payment methods.
<b>Contract execution (transfer of property)</b>	Executing the contract (and securing that both parties perform their obligations)	Yes	In relation to the derivative ways of transferring immovable property, like transfer due to sale, donation and succession, necessary for the completion of this transfer is the registration of the immovable property in the name of the acquirer, since due to the characteristics of the land, the transfer of the property cannot be fulfilled simply through the movement of the good. The in nature satisfaction of the buyer is guaranteed by the pre-existing transfer of sale contract, which creates in rem rights for the buyer and materializes through the institution of specific performance with a Court's order, in the case that the seller refuses to fulfil her/his obligations.
<b>Registration</b>	Legal effect of transfer and acquisition of property Making the transaction visible to third parties and the public	Yes	The Department of Lands and Surveys "DLS" is solely responsible for the immovable property registration in Cyprus, which gives the necessary validity and publicity to the transaction. The acquisition of real property rights is, as a general principle, completed upon registration of the rights with the Land Registry. In this respect, registration is not simply a matter of evidentiary significance, but is also a prerequisite for the acquisition and priority of rights. Thus, entry in the land registry does not have a declarative, but a constitutive effect. As a consequence, the land registration system is principally formalist, since the acquisition of the right is dependent on the formalist procedure of registration. This formalist approach enhances the protective function of the land register, since, as a principle, any transfer of rights acquires legal force and is made public after its formal inclusion in the Land Registry. So, in practice the proprietary status of the land is conserved until the change in the land registry takes place.

**Table 9: Main steps of the process to buy or sell a property**

			This is also confirmed by the general exclusion of the application of the law of equity in the acquisition of real property rights, which is established in section 4 of Cap. 224.
<b>Taxation (esp. transfer tax)</b>	Creating revenue for the state	Yes	The Lands and Surveys Department (Fees and Rights) Law (Chapter 219) predicts several fees and rights regarding the real estate transactions.
<b>Post-transaction controls (if applicable)</b>	Securing that the contract is duly executed	Usual	Once the deed of conveyance is registered, there are no post-transaction controls, nonetheless the buyer may lodge a claim before courts in case of unfair contract terms, hidden defects, construction defects or may ask for a Court's order for specific performance of the contract, in case the seller does not comply with her/his obligations regarding the in nature satisfaction of the buyer.

## 5.2 Sale contract and transfer of ownership

**Table 10: Contract of sale and transfer of ownership**

Main steps	Actors involved per intermediate step	Payment details <sup>53</sup>		Typical risks associated to these steps, if relevant
		Payments expressed : • In EUR as % of total purchase price <u>and</u> As a fixed amount if available (add if VAT applies)	When is the payment made	
<b>Estate agent services</b>	Usual	Real Estate agents: Entitled to claim and receive the agreed fee. Provided that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction. Lawyers: The fees of the lawyers are regulated by The minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008). The fees differentiate due to many factors such as the complexity of the case, the novel points, the	The fees are payable on the completion of the land transaction, upon conclusion of the agreement of sale or rental. In the event of failure to obtain a real estate transaction for which it is not subject any liability of the estate agent, s/he shall be entitled to a reasonable remuneration, taking into account the spent time and cost.	N/A

<sup>53</sup> Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.

**Table 10: Contract of sale and transfer of ownership**

		<p>numerosity of the deeds, contracts and certificates, the experience and the knowledge of the professional, the time spent and the cost. Indicatively, the Annex of the above Regulations specifies for minimum fee for contract writing, drafting and typing instructions:</p> <p>A) When the value of the transaction does not exceed 1709 euros: 150 euros</p> <p>B) For the excess between 1710-3417 euros: 179 euros</p> <p>C) For the excess between 3418-5126 euros: 212 euros</p> <p>D) For the excess between 5127-8543 euros: 239 euros</p> <p>E) For the excess between 8544-11960 euros: 272 euros</p> <p>F) For the excess between 11961-17086 euros: 301 euros</p> <p>G) For the excess between 17087-20503 euros: 361 euros</p> <p>H) For the excess between 20504-25629 euros: 420 euros</p> <p>I) For the excess between 25360-29046 euros: 480 euros</p> <p>j) For the excess between 29047- 34172 euros: 550 euros. For values exceeding the 34173 euros, a mathematical equation is used.</p>		
<b>Preliminary contract</b>	Usual	See above (Lawyers' fees)	N/A	N/A
<b>Preliminary checks (land register, administrative permits)</b>	Mandatory	See above (Lawyers' fees)	N/A	N/A

<b>Table 10: Contract of sale and transfer of ownership</b>				
<b>Drafting the sales contract and/or deed of conveyance</b>	Mandatory	See above (Lawyers' fees)	N/A	N/A
<b>Legal advice or counselling</b>		See above (Lawyers' fees)	N/A	N/A
<b>Certification of signatures</b>	Usual (signed before witnesses)	See above (Lawyers' fees)	N/A	N/A
<b>Contract execution (transfer of payment and registration; transfer of property)</b>	Mandatory	See above (Lawyers' fees)	N/A	N/A
<b>Registration in land register or similar device</b>	Mandatory	See below in the relevant section 17 of the 1st Annex of the The Lands and Surveys Department (Fees and Rights) Law (Chapter 219).	Once the deed of conveyance has entered into the Land Registry.	Unusual <sup>54</sup> .
<b>Taxation (esp. transfer tax)</b>	Mandatory	See above (Lawyers' fees)	N/A	N/A

<sup>54</sup> Court cases in which land registrars are involved are not common. The act of registration confers an immediate title on the newly registered proprietor that is subject only to the possibility that the register may be subsequently rectified in the event of a mistake or irregularity. The significance of registration of ownership as evidence of ownership is constantly confirmed in Cypriot case law. The trend of judicial decisions in Cyprus has been towards making the registered owner's title to property virtually indefeasible. The certificate of registration is prima facie evidence of ownership. A person who claims to defeat the title, or part thereof, of the holder of such a certificate must establish that the registration was completed in the holder's name in error. Since the Cypriot land, registration system does not provide for a non-reversible presumption of ownership, the system does not provide insurance to third parties with respect to the validity and authenticity of registrations. Consequently, there is no compensation scheme in place to guarantee the effective protection of persons aggrieved by any erroneous registration. In cases of dispute, the question of ownership is an issue that has to be decided by a court, and not by the Land Registry. The Land Registry is competent to correct only formal errors and omissions as provided for by section 61 of Cap. 224. This rule has also been consistently affirmed in Cypriot case law in a series of cases in which the Land Registry judged the status of ownership in land disputes. The decisions of the Director of the Department of Land and Surveys are considered definitive and the Director cannot change a previous decision on her/his own initiative (Supreme Court, *Solomontos v Papaneocli* (1992) 1B A.A.D. 906.). The only way to reverse such a decision is for any person who is aggrieved by the decision to bring an appeal on the grounds of section 80 of Cap 224. Generally, Cap. 224 provides for a specific procedure for challenging decisions of the Director of the Cadastre, taken in accordance with the provisions of this Chapter or under other laws, which expressly provide for the procedure Article 80 (e.g. Article 51 of The Transfer and Mortgage of Immovable Property Law 1965 (9/1965)). Article 80 provides in particular that any person who has complained against the decision, notification or order of the Director of the Cadastre may, within 30 days of the date of notification to him, lodge an appeal at the Court of Justice, which may issue a lawful decree (the form and the procedure followed for appealing is laid down in the Immovable Property Regulations of 1956) – (Synodinou T., *The Cypriot Immovable Property Law*, SAKKOULAS PUBLICATIONS, Athens-Thessaloniki, 2011, p.190).

▲ **Information on the legal position of a tenant occupying the dwelling to be sold. In particular: Does the rule *emptio non tollit locatum* apply?** In English Common law, a hybrid nature is recognized in the lease, which co-exists with the concept of contractual and “in rem” rights, which is also introduced in Cypriot law by the amendment of Chapter 224 by the Law 2 of 1978. First of all, the lease of immovable property is a contract of obligations, but it is possible to acquire a tangible property right character, by the registration of the lease in the Register of Registration of Leases of the Land Registry under the terms of article 65B of the Chapter 224 and involves long leases exceeding 15 years<sup>55</sup>.

### 5.3 Professional services performed in the real estate market related to buying and selling a property

**Table 11: Professional services performed in the real estate market related to buying and selling a property**

Services in the real estate market	Minimum standards for information provided by law, if applicable	Service providers involved	Quality of involvement	Fees expressed: • In EUR as % of total purchase price, <u>and</u> • As a fixed amount (if available)
<b>Estate agent services or alternative matching devices</b>	Under article 21 of The Real Estate Agents Law of 2010 (71 (I) / 2010), as amended by the 100(I)/2017 Law, a real estate agent, whether acting on the order of the seller or the buyer, must inform the intended purchaser of the property for all the features of the property related to its physical condition, the rights “in rem” and any other limitations may exist and be imposed on the property by law, court, administrative or other governmental act or decision. Thus, the article specifies that a real estate agent will not be considered to violate the above obligation, if (a) the omission of any information due to reasons which are beyond his or her control in the normal	Estate agents and/or websites such as Ktimagora <sup>56</sup> , Cyprus Owners Database <sup>57</sup> , etc.	Optional but usual	Usually claim and receive the agreed fee. Thus, under article 20 of The Real Estate Agents Law of 2010 (71 (I) / 2010), as amended by the 100(I)/2017 Law, provided that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction and will be payable on the completion of the land transaction, that is to say, upon the conclusion of sale or rental agreement. In the event of failure to obtain a real estate transaction for which it is not subject any liability of the estate agent, he shall be entitled to a reasonable remuneration, taking into account the time spent and the cost. Furthermore, a real estate agent who has received any remuneration is obliged, within 30 days from the levied date, to pay an amount equal to 2/10000 of the declared amount in the declaration of transfer, to the Council's Fund of Registered Real Estate Agents (in case of omission, the Council will be able to recover this amount plus interest at 8%, from the date on which the payment was made receivable, as a civil debt).

<sup>55</sup> Ibid, p. 175.

<sup>56</sup> <http://www.ktimagora.com/OfficeProfile.html>

<sup>57</sup> <http://cyprusowners.com/en/>

**Table 11: Professional services performed in the real estate market related to buying and selling a property**

	course of her/his profession, and (b) the real estate agent informs the stakeholders for the weakness in good time and in any case before the achievement of the land transaction.			
<b>Provision of mandatory information before the start of the transaction, if applicable</b>	Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010, as it has been incorporated in Cypriot legal order by The Credit Agreements for Consumers relating to Residential Immovable Property Law of 2017 (41 (I) / 2017).	Estate agents/Lawyers /Bankers	Mandatory (regarding credit agreements for consumers relating to the residential immovable property).	<p>Real Estate agents: Entitled to claim and receive the agreed fee. Provided that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction.</p> <p>In relation to lawyers and similar legal activities (except for notaries, a profession which does not exist in Cypriot legal order), fees are freely agreed between the client and the lawyer, without limitation. As mentioned above, fees of the lawyers are indicatively regulated by The minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008), which are issued by The Cyprus Bar Association.</p> <p>Lawyers: The fees for lawyers are regulated by The minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008). The fees differentiate due to many factors such as the complexity of the case, the novel points, the numerosity of the deeds, contracts and certificates, the experience and the knowledge of the professional, the time spent and the cost, the place of the conclusion of the contract, the circumstances under which it took place, the importance of the consideration and the value of it to the interested parties, the urgent of achieving the agreement and the pressure under which a lawyer may work in order to reach the desirable outcome. Indicatively, the Annex of the above Regulations specifies for minimum fee for contract writing, drafting and typing instructions:</p> <p>A) When the value does not exceed 1709 euros: 150 euros  B) For the excess between 1710-3417 euros: 179 euros  C) For the excess between 3418-5126 euros: 212 euros  D) For the excess between 5127-8543 euros: 239 euros  E) For the excess between 8544-11960 euros: 272 euros</p>

**Table 11: Professional services performed in the real estate market related to buying and selling a property**

				<p>F) For the excess between 11961-17086 euros: 301 euros                  G) For the excess between 17087-20503 euros: 361 euros                  H) For the excess between 20504-25629 euros: 420 euros                  I) For the excess between 25360-29046 euros: 480 euros                  j) For the excess between 29047- 34172 euros: 550 euros. For values exceeding the 34173 euros, a mathematical equation is used: <math>550 + \frac{(A-34172)*7,8}{1000}</math>                  K) For the excess between 85431-170860 euros: <math>950 + \frac{(A-85430)*6,5}{1000}</math>                  L) When the value exceeds 170860 euros: <math>1505 + \frac{(A-170860)*3,9}{1000}</math></p> <p>The minimum amount of lawyer's fees on the basis of the time spent thereon and the place where her/his services are provided:</p> <table border="1" data-bbox="1294 762 2063 960"> <thead> <tr> <th>Interviews at the office</th> <th>Charge €</th> </tr> </thead> <tbody> <tr> <td>1 hour spent time</td> <td>104 euros</td> </tr> <tr> <td>½ spent time</td> <td>53 euros</td> </tr> <tr> <td>&gt; 1/2 spent time</td> <td>31 euros</td> </tr> </tbody> </table> <p>Interviews out of the office    Charge €                  1 hour spent time                135 euros                  ½ spent time                        67 euros                  &gt; 1/2 spent time                    31 euros</p> <p>It should be borne in mind, however, that specific indicative fees are established for some court proceedings, e.g. proceedings concerning matrimonial disputes, disputes among neighbours or challenges to corporate agreements. These fees are calculated according the Annex B of The Scales of the Civil Rights in Civil Actions<sup>58</sup>.</p>	Interviews at the office	Charge €	1 hour spent time	104 euros	½ spent time	53 euros	> 1/2 spent time	31 euros
Interviews at the office	Charge €											
1 hour spent time	104 euros											
½ spent time	53 euros											
> 1/2 spent time	31 euros											

<sup>58</sup> Lawyers' rights for actions, [http://www.supremecourt.gov.cy/judicial/sc.nsf/3A3595A5A6841EEFC22573020040A818/\\$file/civilscales.pdf](http://www.supremecourt.gov.cy/judicial/sc.nsf/3A3595A5A6841EEFC22573020040A818/$file/civilscales.pdf), accessed 04/10/2017.

**Table 11: Professional services performed in the real estate market related to buying and selling a property**

<b>Preliminary contract (usual)</b>	Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010, as it has been incorporated in Cypriot legal order by The Credit Agreements for Consumers relating to Residential Immovable Property Law of 2017 (41 (I) / 2017).	Estate agents, lawyers, bankers	Optional but not usual	See above
<b>Preliminary checks (land register, administrative permits)</b>		Estate agents, lawyers	Mandatory	
<b>Drafting the sales contract and/or deed of conveyance</b>		Estate agents, lawyers	Optional but usual	
<b>Legal advice or counselling</b>		The same as above and deontological rules <sup>59</sup> .	Lawyers (Right of the licensee real estate agent for wording opinion on property value transaction)	

<sup>59</sup> Cyprus Bar Association, Lawyers' Code of Conduct, [http://www.cyprusbarassociation.org/v1/files/disciplinary/CODE\\_OF\\_CONDUCT\\_GR.pdf](http://www.cyprusbarassociation.org/v1/files/disciplinary/CODE_OF_CONDUCT_GR.pdf), accessed 04/10/2017.



**Table 11: Professional services performed in the real estate market related to buying and selling a property**

<b>Certification of signatures</b>	No	Lawyers	Optional (not included in the necessary Formalities for the submission of the contract under article 3 of The Sale of Property (Specific Performance) Law 81(I)/2011).	
<b>Contract execution (transfer of payment; transfer of property)</b>	The procedure of transfer of property determines in The Sale of Property (Specific Performance) Law 81(I)/2011, the obligations of the seller to the buyer.	Estate agents, lawyers	Usual	
<b>Registration in land register or similar device</b>	No	The Department of Lands and Surveys "DLS"	Mandatory in cases that is compulsory the intervention of Land Registers <sup>60</sup> .	The Cadastral and Surveying Department (Fees and Rights) determine the fees. Indicatively: 1. On-Site Surveys- (a) For each application: EUR 20,00 (aa) Where the application concerns the disposal of immovable property belonging to the Republic or which has been acquired in the Republic or on a public road or beach, a fee of EUR 50.00 shall be collected. (b) Additionally, for each piece of property or unit affected: € 10.00 (c) In addition, for a spatiometric work performed, a fee which the Council of Ministers will approve from time to time with notice in the Official Gazette of the Republic, taking into account the time spent, salaries, allowances and any related expenses.

<sup>60</sup> The Transfer and Mortgage of Immovable Property Law 1965.

**Table 11: Professional services performed in the real estate market related to buying and selling a property**

				<p>2. Applications:</p> <p>(a) For each application for entry of a property that does not involve an on-the-spot investigation: EUR 10,00.</p> <p>(b) For the deposit of a proxy document filed for general use: € 50.00.</p> <p>(c) For depositing a Deed of Property Management Certificate: EUR 10.00.</p> <p>(d) To determine the proportion that belongs to a joint-ownership building: EUR 20,00 per unit.</p> <p>(e) For determining the area of a joint-ownership building: EUR 20,00 per unit.</p> <p>(f) For the convening of a General Meeting of the owners of the joint-venture units: EUR 15,00 per unit.</p> <p>(g) For the appointment of a Management Committee / Temporary Management Committee of a joint-ownership building: EUR 15.00 per unit.</p> <p>(h) For the registration of operating regulations of a joint-ownership building: 50,00 euros.</p> <p>3. Title Registration: The fees are paid by the person in whose name the property is to be registered.</p>
<b>Taxation</b>	No	Lawyers or tax managers/ accountants belonging to the Association of approved Cypriot Accountants <sup>61</sup>	Optional but usual	Agreed with the client.

<sup>61</sup> The only Association accredited by the Council of Ministers Council of Accountants in Cyprus, and the competent authority for licensing to auditors.

## 5.4 Creating a Mortgage

Table 12: Mortgage requirements

Main steps to create a mortgage	Actors/ institutions involved	Minimum standards for information	Additional requirements for consumer mortgages, if relevant	Fees expressed: • In EUR as % of total purchase price <u>and</u> • As a fixed amount (if available)	Typical risks associated to these steps
<b>Conclusion of credit and mortgage agreement with lender (bank)</b>	Lending Institutions, Lawyers	The Credit Agreements for Consumers relating to Residential Immovable Property Law of 2017 (41 (I) / 2017) and the Unfair Businesses' Practices against consumers Law (103 (I)/2007) determine that any precontractual communication must be fair, clear and not misleading. Creditors and credit brokers provide in all cases, in writing or in another durable or in electronic form, clear and understandable general information on the credit agreements they offer. The creditor provides the consumer with the personalized information necessary to compare with the available Credit products on the market, in order to evaluate their impact and to take a justified decision on the conclusion of a credit agreement.	The criteria and the procedure of creating a mortgage are defined in the article 21 of The Transfer and Mortgage of Immovable Property Law 1965 (9/1965). A contract of mortgage between the creditor and the debtor, in which the debtor takes on the obligation to return the money in addition with a statement of mortgage in the Cadastre, is mandatory. At the same time, a formal approval of the statement of mortgage from the Cadastre is required. As soon as the legal charges are paid, the mortgage agreement is registered in the Cadastre.	The Lawyers' fees are expressed above. For the registration of a mortgage, the charges are paid by the mortgage debtor and are calculated on the amount he or she borrowed. Alternatively, when the mortgage is created for securing a contingent or conditional obligation, including a liability relating to a cash amount to be paid in instalments or relating to current account balance, charges are calculated on the maximum amount of such mortgage, specified in the mortgage (interest excluded) as one percent (1%).	N/A

**Table 12: Mortgage requirements**

<b>Insertion of mortgage in the land register, usually at first rank</b>	The Department of Lands and Surveys DLS	Land Registrars provides information on the services they perform, but they do not provide legal advice to interested parties.	As above	As above	N/A
<b>Credit sum paid to mortgagor (buyer) or seller</b>	Lending Institutions	Lending institutions must provide, free of charge, to the clients of banking services all of the pre-contractual information, which is legally required in order to adopt an informed decision on a banking service and compare similar offers, as it is mentioned above.	N/A	Banking Fees	N/A

## 6. The process to rent or let a property

## 6.1 Main steps in the transaction process to rent and let a property

<b>Table 13: Main steps of the process to rent and let a property</b>	
<b>Main steps</b>	<b>Process involved<sup>62</sup></b>
<b>Finding and matching landlords and tenants</b>	Firstly, it must be noted that Private renting is the only possibility within Cyprus as Cypriot law does not provide for any possibility of housing with a public task in the rental sector. The interested parties may seek advice from real estate agents, but they can also be informed from the lending advertisements in newspapers and in several online websites.
<b>Information search by landlords or tenants (e.g. about salary, outstanding debts)</b>	Under the Cypriot legislation, there is no provision for any specific questions that a landlord is allowed or prohibited to make to a potential tenant. Every question, which could provoke the disclosure of tenant's personal data, should be deemed unlawful. The same rule applies regarding any financial report that a landlord may wish to acquire from the candidate tenant.
<b>Inspection of the property by tenants (in some cases with the help of professionals)</b>	With a real estate agent: the professional usually allows the tenant to enter the property to check whether it is suitable for them or not. Without a real estate agent: the landlord may show the property to the tenant.
<b>Delivery of mandatory information to tenants prior to the conclusion of the contract (if relevant)</b>	The mandatory information about the property are usually delivered to the tenant by the real estate agent or the landlord herself/himself and are referred to construction characteristics, building layouts, building fees, total price, etc.
<b>Delivery of energy performance certificate to tenant</b>	Under article 6 of the The Energy Efficiency of Buildings Regulatory Law of 2006 (142 (I) / 2006), the landlord should take care of issuing the energy performance certificate about the property who wishes to lease to a new tenant. In the rental of the property, the energy certificate or a copy of it shall be displayed to the prospective tenant.
<b>Provision of additional guarantees to landlord, if relevant</b>	There is no regulation regarding the lawful amount of a deposit, and, consequently, the latter is fixed upon the contracting parties' agreement. The landlord may ask as a guarantee to make a deposit equivalent to one or two monthly rents, but it depends on the case.

<sup>62</sup> Explain more precisely to what extent each step is relevant and how the step is performed

**Table 13: Main steps of the process to rent and let a property****Conclusion of the contract in the usual form (e.g. oral, written, preformulated)**

As a general rule, it should be mentioned that according to the Contracts Law (Chapter 149), formality is not a prerequisite for the conclusion of the contracts, which can, therefore, be validly concluded either in written, orally or following a certain behaviour of the parties. Thus, under article 77(1) of the Contracts Law (Chapter 149), a contract relating to the rental of immovable property, for a period of more than one year, is not valid and enforceable unless, it is written and signed at the end of the contract by any person charged under the contract or by a person who has legal capacity and is duly authorized to sign on behalf of that person, in the presence of at least two witnesses (having legal capacity as well), who also sign the contract as witnesses.

Regarding the content of the contract, it should be underlined that there is no special regulation regarding the mandatory minimum requirements of what needs to be stated in a tenancy contract. Thus, according to the conceptual definition of tenancy, some essential elements that a contract must include to be qualified as a tenancy contract may be:

a. Leasehold: The object of a tenancy contract is to hand over the use of a property, defined as the "leasehold". b. Rent: Rent is the fee owed by the tenant to the landlord for use of the dwelling. Rent usually consists in an amount of money; however, it can also, either totally or partially, be agreed as a non-pecuniary payment. c. Agreement to hand over the exclusive use of the dwelling: Such an agreement distinguishes tenancy from similar contracts. d. Certain time period: According to Cypriot law, a tenancy contract in which the duration is not defined by the parties, does not constitute a valid contract, and is therefore null and void. Moreover, according to the same law, the tenancy agreement must also include the start date of the tenancy.

Article 77(1) of the Contracts Law (Chapter 149), introduces an exception regarding the general rule of lack of formalities in the Cypriot contract law. A contract relating to the rental of immovable property, for a period of more than one year, is not valid and enforceable unless, it is written and signed at the end of the contract by any person charged under the contract or by a person who has legal capacity and is duly authorized to sign on behalf of that person, in the presence of at least two witnesses (having legal capacity as well), who also sign the contract as witnesses. The above requirement is explicitly reflected in the law.

As for what needs to be stated in a rent contract, analysing the definition of the tenancy, some elements may be essential. In *Maison Jenny Limited v. Krashias Footwear Industry Limited* (2002) 1 AAD 1156, the Supreme Court with reference to *Alpan Furnishings v. Dimadis* (1989) 1 (E) AAD 170, specified the necessary conditions for the conclusion of a valid rental agreement: a) The duration of the rental. (b) The determination of the rent, and (c) The date of commencement of the rental. "The duration of the rental is an essential condition and is one of the components for the preparation of a valid rental agreement. It is a matter of contract law that the terms of the contract are determined by the parties, a principle stemming from the freedom of consensus, which in Cyprus is enshrined in Article 26 of the Constitution. It is not the responsibility or the task of the court to complete an incomplete contract. The terms of the contract must be clearly stated so that the content can be determined with certainty. The criterion of whether the terms of the contract are incorporated with the necessary certainty is, as indicated in *Saab & Another v. Holy Monastery Ay. Neophytos* "Whether someone genuinely seeking to discover its meaning, is able to do so."

**Table 13: Main steps of the process to rent and let a property**

<b>Rent payment and deposit (e.g. bank account)</b>	There is no special regulation obliging the landlord to hold a special account for the deposit, although, the contracting parties can freely agree to such an action. Nevertheless, it is considerably rare, especially in cases of residential tenancies that the tenant requires from the landlord to create a special account only for the purposes of the deposit. Tenant usually credits the agreed amount to the landlord's bank account, with the special reference that the deposited amount corresponds to the agreed guarantee deposit <sup>63</sup> .
<b>Registration of the contract in the land register (e.g. excluded, optional or mandatory)</b>	The registration of the lease in the Register of Registration of Leases of the Land Registry under the terms of article 65B of the Chapter 224 is optional and refers to long leases exceeding 15 years. The major advantage of such a registration is the transferability of the right afforded to the tenant. It is obvious that if the registration does not take place, then the landlord-tenant relationship remains purely personal. Finally, it should be pointed out that the registration should be performed within three months from the conclusion of the tenancy contract.
<b>Other steps</b>	Any modification relevant to the rent payment is regulated by the article 8 of The Tenancy Law of 1983 (23/1983) and provides for an application to the relevant Rent Control Tribunals Judges.

<sup>63</sup> Ibid.

## 6.2 Rent contract

Table 14: Rent contract

Main steps	Actors involved per intermediate step	Payment details <sup>64</sup>		Typical risks associated to these steps, if relevant
		Payments expressed : • In EUR as % of total purchase price <u>and</u> • As a fixed amount if available (add if VAT applies)	When is the payment made	
<b>Finding and matching the parties</b>	Real Estate Agents (not mandatory)	Entitled to claim and receive the agreed fee. Provided that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction.	When the contract rent is concluded, finished, or as agreed by the parties.	Since the Real estate agent mediation is not necessary to achieve a real estate transaction, possible dangers may undergo when the tenants do not take their advice. Thus, the fact that the real estate agent profession is regulated in Cyprus and establishes minimum criteria for someone who wishes to acquire the relevant permission (including a 3-year education in the relevant field), makes safer the transactions which takes place under the surveillance of the real estate agent.
<b>Information search by landlord on tenant (e.g. about salary, outstanding debts)</b>	Estate agents or lawyers (not mandatory)	It depends on the agreement between the lawyer/real estate agent with the client. See above (Table 11)	When the rent contract is concluded or as agreed by the parties.	N/A
<b>Inspection of the property by tenant (in some cases with the help of professionals)</b>	Estate agents (not mandatory)	N/A	N/A	N/A

<sup>64</sup> Payment shall be considered as the 'discharge of an obligation by its settlement equal to the monetary value of the debtor's obligation' while fees can be defined as 'a charge for services rendered' (Retrieved from: <http://www.investorwords.com/3634/payment.html>, <http://www.investorwords.com/1922/fee.html>). Payment, therefore, includes both the cost of the service and the fees for the service in question.



**Table 14: Rent contract**

<b>Delivery of mandatory information to tenant prior to the conclusion of the contract (if relevant)</b>	Estate agents or lawyers (not mandatory)	N/A	N/A	N/A
<b>Delivery of energy performance certificate to tenant</b>	The landlord is responsible for issuing the certificate. The delivery is made by the real estate agent or the landlord herself/himself.	N/A	N/A	N/A
<b>Conclusion of the contract in the usual form (e.g. oral, written)</b>	Real Estate Agents/Lawyers. It is mandatory for the agreement to be in written form and signed in the presence of two witnesses.	It depends on the agreement between the lawyer/real estate agent with the client	When the rent contract is concluded or as agreed by the parties.	The conclusion of a tenancy contract for a period exceeding one year should be executed in writing with the presence of two witnesses. If the above condition is not met, then the tenancy is deemed null and turns into a month-to-month periodic tenancy.
<b>Rent payment and deposit (e.g. bank account)</b>	Estate agents or lawyers (not mandatory)	N/A	N/A	N/A
<b>Registration of the contract in the land register or other device (excluded, optional or mandatory)</b>	Land Register officers, landlords, lawyers, real estate agents	N/A	N/A	N/A

## 6.3 Professional services performed in the real estate market related to renting and letting a property

**Table 15: Professional services performed in the real estate market related to renting and letting a property**

<b>Services in the real estate market</b>	<b>Minimum standards for information provided by law, if applicable</b>	<b>Service providers involved</b>	<b>Quality of involvement (e.g. mandatory; exclusive rights)</b>	<b>Fees expressed:</b> <ul style="list-style-type: none"> <li>• <b>In EUR as % of total purchase price <u>and</u></b></li> <li>• <b>As a fixed amount (if available)</b></li> </ul>
<b>Finding and matching landlords and tenants</b>	N/A	Real Estate Agents	Not mandatory	Entitled to claim and receive the agreed fee. Provided that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction.
<b>Information search by landlords or tenants (e.g. about salary, outstanding debts)</b>	N/A	Estate agents or lawyers	Not mandatory	It depends on the agreement between the lawyer/real estate agent with the client (see also table 11).
<b>Inspection of the property by tenants (in some cases with the help of professionals)</b>	N/A	Estate agents	Not mandatory	N/A
<b>Delivery of mandatory information to tenants prior to the conclusion of the contract (if relevant)</b>	N/A	The landlord is responsible for issuing the certificate. The delivery is made by the real estate agent or the landlord herself/himself.	Mandatory	N/A

**Table 15: Professional services performed in the real estate market related to renting and letting a property**

<b>Conclusion of the contract in the usual form (e.g. oral, written, preformulated)</b>	The conclusion of a tenancy contract for a period exceeding one year should be executed in writing with the presence of two witnesses. If the above condition is not met, then the tenancy is deemed null and turns into a month-to-month periodic tenancy.	Real Estate Agents/Lawyers.	It is mandatory for the agreement to be in written form and signed in the presence of two witnesses.	It depends on the agreement between the lawyer/real estate agent with the client.
<b>Rent payment and deposit (e.g. bank account)</b>	N/A	Real Estate Agents/Lawyers.	Not mandatory	N/A
<b>Registration of the contract in the land register (e.g. excluded, optional or mandatory)</b>	N/A	Land Register officers, landlords, lawyers, real estate agents	Mandatory (except for real estate agents)	N/A

## 7. Professional services regulation: notaries

### 7.1 Market entry and structure regulation

**Table 16: Market entry and structure regulation**

	<b>Regulation</b>	
<b>Subjective requirements</b>	<i>Qualifications (diplomas, exams, concours) required to become a notary in your country:</i>	None. Since, the profession of notary does not exist in Cypriot legal order, lawyers undertake all the relevant responsibilities, providing legal advice, informing the parties about the obligations and duties arising from the agreed contract, informing about the ownership and encumbrances on the property, and making all the arrangements with the Land Registry before the deed is executed.
<b>Objective requirements</b>	<i>Do numerus clauses and other objective requirements exist?</i>	
<b>Citizenship requirements</b>	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	
<b>Inter-professional cooperation</b>	<i>Are forms of collaboration between notaries and other professionals allowed and usual?</i>	
<b>Business structure</b>	<i>Are notary associations/corporations allowed?</i>	
<b>Geographical limitations</b>	<i>Are there limitations with respect to the area in which the notary can exercise her/his activities (e.g. at the regional or municipal level)?</i> <i>Are these limitation restricted to specific tasks?</i>	

## 7.2 Market conduct regulation

**Table 17: Market conduct regulation**

	<b>Regulation</b>	
<b>Exclusive rights</b>	<i>Specify for which transactions or parts of them only notaries may act against payment.</i>	N/A
<b>Duty to provide services</b>	<i>Are notaries allowed to refuse a request to act?</i>	
<b>Professional standards</b>	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Notaries) in this context?</i>	
<b>Mandatory intervention</b>	<i>Is the intervention of a notary required for the registration procedure?</i>	
<b>Compulsory indemnity insurance</b>	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	
<b>Continuing education</b>	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	
<b>Advertising restrictions</b>	<i>Are there limitations on advertising?</i>	
<b>Fee regulation</b>	<i>Notary fee system</i>	

## 8. Professional services regulation: lawyers or other licensed conveyancers (only relevant if legally admitted to perform real estate transactions and/or to assist the conclusion of tenancy agreements)

### 8.1 Market entry and structure regulation

**Table 18: Market entry and structure regulation**

	<b>Regulation</b>	
<b>Subjective requirements</b>	<i>Conditions (diplomas, exams, concours) required to become a lawyer in your country.</i>	<p>Under article 4 of The Lawyers Law (Chapter 2) everyone will be entitled to obtain from the Legal Council a certificate that they are entitled to enrol as a lawyer if the Legal Council is satisfied, (a) that s/he has completed the twenty first year of her/his age and (b) that s/he is of a good character and not unsuitable for this profession because of any conduct which would justify the Disciplinary Board to take measures against her/him under Article 17 and (c) that s/he is:</p> <p>(i) A citizen of the Republic or; (ii) a citizen of another Member State; or (iii) a spouse or child of a citizen of the Republic or; (iv) a spouse or child of a citizen of another Member State and has her/his habitual residence in Republic</p> <p>and (d) that s/he holds any of the following:</p> <p>(i) A graduate or possesses a diploma in Law obtained in another way or through correspondence (Lawyers Law, Chapter 2, refers to the methods obtaining the diploma, either in person learning or long-distance learning), either from the University of Greece or Turkey, or (ii) A Barrister-at-Law of England, Northern Ireland or the Republic of Ireland or a Scottish lawyer, or (iii) s/he is a graduate of a degree obtained by any other way or through correspondence, any of the Universities of the United Kingdom of Great Britain and Northern Ireland or the Republic of Ireland: (iv) s/he is a graduate of a degree or diploma of law obtained in another way or through correspondence.</p> <p>Or in a different way by any other University or Institution, as the Legal Council may from time to time determine by a notice published in the Official Gazette of the Republic.</p> <p>(e) After the acquisition of the qualifications referred to in paragraph (d), s/he has completed a period of no less than 12 months in an attorney's office who has been working as a lawyer for at least five years.</p> <p>(f) That s/he has succeed in the examination by the Legal Council.</p>
<b>Objective requirements</b>	<i>Do numerus clauses and other objective requirements exist?</i>	No
<b>Citizenship requirements</b>	<i>Are foreign candidates admitted de iure and also de facto under the same conditions as nationals?</i>	See above

**Table 18: Market entry and structure regulation**

<b>Inter-professional cooperation</b>	<i>Are forms of collaboration between lawyers and other professionals allowed and usual?</i>	The Lawyers Law (Chapter 2) establishes that lawyers can practice as self-employed holders of office or employees of a self-employed lawyer or in an associated office. They usually collaborate among themselves, each partner being in charge of a specific area of law.
<b>Business structure</b>	<i>Are lawyer associations/corporations allowed?</i>	The article 6C of the Lawyers' Law (Chapter 2) allows the establishment of lawyer associations/corporations. In the case of a lawyer corporation, the acronym differentiates from the other limited companies into Lawyers' Limited Company.
<b>Geographical limitations</b>	<i>Are there limitations with respect to the area in which the lawyer can exercise her/his activities (e.g. at the regional or municipal level)?</i>	No, every lawyer registered in the Cypriot Bar Association can render a service freely in the whole island (the free areas) and in any area of law. It is worth mentioning that the District Court of Kyrenia and the District Court of Famagusta which used to operate in these areas, are now temporarily located in Nicosia and Paralimni as well.
	<i>Are these limitation restricted to specific tasks?</i>	No

## 8.2 Market conduct regulation

**Table 19: Market conduct regulation**

	<b>Regulation</b>	
<b>Exclusive rights</b>	<i>For which transactions or parts of them only lawyers may act against payment</i>	The law does not require an obligatory representation by a lawyer or other intermediary (except in the case of minors or incompetent persons as defined by the relevant legislation).
<b>Neutrality</b>	<i>Is the lawyer allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees apply and which party has to bear them?</i>	Under article 22 of the regulations of the Lawyers' Code of Conduct <sup>65</sup> , the lawyer must not act as consultant or representative or lawyer for more than one customer in the same case, if there is a conflict of interest between these customers or a serious risk of such a collision. (2) The lawyer must abstain from dealing with the affairs of all interested customers, if they arise conflict of interest, if there is a risk of violating the professional confidentiality or if there is a risk to harm the independence of the procedure. (3) The lawyer cannot take over a new case if there is a risk to infringe the confidentiality of the information provided by an old customer who has entrusted

<sup>65</sup> [http://www.cyprusbarassociation.org/v1/files/disciplinary/CODE\\_OF\\_CONDUCT\\_GR.pdf](http://www.cyprusbarassociation.org/v1/files/disciplinary/CODE_OF_CONDUCT_GR.pdf)

**Table 19: Market conduct regulation**

		her/him. Therefore, we could say that there is no prohibition ab initio for a lawyer to act on behalf of both parties.
<b>Duty to provide services</b>	<i>Are lawyers allowed to refuse a request to act?</i>	Yes, lawyers have freedom to accept or reject a request to act, and they are allowed to withdraw after the takeover of a case only when the lawyer has reasonably been (a good reason) influenced in her/his good reputation, in her/his dignity or in her/his own conscience or when there is violation by the client of any ethics or material responsibility or disagreement as to handle the case, or because of any other reasonable cause <sup>66</sup> . If lawyers are appointed to give legal advice to people who have the right to free legal representation (for example in the process of selling mortgaged property), then the conditions of the representation shall be governed by The Legal Assistance Law of 2002 (165 (I) / 2002) and the Legal Assistance Procedural Regulation (No 1) of 2003 (3/2003). However, it needs to be considered that under article 17 of the Lawyers' Law (Chapter 2), lawyers and attorneys may be subjected to disciplinary proceedings before courts for their actions, which are against the provisions of the Lawyers' Code of Conduct.
<b>Professional standards</b>	<i>How are professional standards regulated? What are the tasks of the professional representation (e.g. Chamber of Lawyers/Advocates) in this context?</i>	Under article 11(1) a lawyer may operate if: 1) S/he is a registered lawyer 2) S/he has acquired the annual licence by the Counsel of the Cyprus Bar Association 3) S/he has paid all the relevant amounts to the Lawyers' Retirement Fund <sup>67</sup> . Under article 23 of the same law, the Cyprus Bar Association is established, whose Council is consisted of: a) The Attorney General b) The elective President c) The Presidents of the District Bar Associations d) One lawyer from every Bar Association with at least 10-year professional experience e) Four members, elected by the Regular General Assembly of the Cyprus Bar Association. The powers of the Council are under article 24(1) of Chapter 2: 1) To protect the honour and the independence of Lawyers and to defend them against the judicial and executive powers. 2) To regulate issues in relation to the operation and the code of conduct of the profession. 3) To answer questions and decide over issues in relation to the operation and the code of conduct of the profession. 4) To examine and submit reports regarding the existing legislation, whenever decides that it is essential, or to make suggestions to the government regarding the need of introducing new legislation. 5) To represent the whole profession whenever that is essential or useful. 6) To promote the good relations and understanding between the professional body and the people.

<sup>66</sup> Article 25 of The Lawyers' Code of Conduct<sup>67</sup> Iliadis T., Lawyers' Code of Conduct, ARLO Ltd, Nicosia 2007, p. 19.



**Table 19: Market conduct regulation**

		<p>7) To protect the constitutional right to recourse to the court and the right of legal representation before every court.</p> <p>8) To define the function and the powers of the District Bar Associations in addition to this law.</p> <p>9) To take care of the lawyers lifelong learning.</p> <p>10) To negotiate with the lawyers and their guild about the terms, the conditions and the salaries of the profession.</p> <p>11) To determine the lawyers' fees in extrajudicial cases</p> <p>12) To introduce regulations in relation to the above issues, as long as these regulations are approved by the majority of lawyers' general assembly.</p> <p>13) To set up, operate and manage a legal information system, scheme or fund, including electronic computing, and for that purpose to conclude contracts with any person, organization or company and to impose on its members a fee, levy or right which is necessary for the establishment, operation and management of any such plan, scheme or fund.</p> <p>14) To produce, publish and circulate any form, when it is appropriate or reasonable and sell and impose any fee, levy, subscription or right that it is considered appropriate.</p>
<b>Compulsory indemnity insurance</b>	<i>Is indemnity insurance compulsory? If yes, what is the indicative amount of the insurance?</i>	<p>Under article 6E of the Lawyers' Law (Chapter 2), no license to exercise the profession of lawyer shall be issued or renewed unless the lawyer maintains an insurance contract with a licensed insurance company in respect of the provision of insurance cover against liability for professional negligence. Following the latest decision of the Council of the Pancyprian Bar Association<sup>68</sup>, the insurance is determined:</p> <p>Insurance limits: Minimum insurance limits</p> <p>a) €170.860 for any claim</p> <p>b) €341.720 for every insurance period</p> <p>Defense expenses: €25.630 in addition to the above insurance limits</p> <p>Deductible amount: not to exceed the 1% of the existing insurance limit for every claim.</p>
<b>Continuing education</b>	<i>Do forms of continuing education exist? If yes, is continuing education mandatory?</i>	Continuing education is not mandatory after the acquirement of the Law Decree, thus a lawyer in order to be updated may undertake continuing educative programs and attend conferences and forums, many of these are organized by the Bar Associations and the Universities of the country.
<b>Advertising restrictions</b>	<i>Are there limitations on advertising?</i>	Under article 19 of the Lawyers' Code of Conduct, the lawyer is entitled to update the public opinion on the services s/he provides with the experience that the information is accurate and not misleading, while respecting the obligation to keep confidential the nature of information and other fundamental principles of the profession. The personal appearance of a lawyer in any means of communication such

<sup>68</sup> Decision on basic standards of compulsory professional liability insurance of lawyers according to the Lawyers Law, Amendment, Article 2 of 2009, [http://www.cyprusbarassociation.org/v1/files/practising-advocates/epaggelmatiki\\_asfalisi.pdf](http://www.cyprusbarassociation.org/v1/files/practising-advocates/epaggelmatiki_asfalisi.pdf), accessed 04/10/2017.

**Table 19: Market conduct regulation**

		as newspapers, radio, television, commercial forms communication or other type is permitted, as long as it is in accordance with the requirements the Code of Conduct.
<b>Fee regulation</b>	<i>Lawyer fee system</i>	Fees may take the form of a fixed fee, hourly fee, or periodic payments and it can be agreed freely between the parties provided it does not go against the professional code of ethics or the rules of fair competition. However, lawyers may set their fees according to the "guidelines" published by each professional college. For example in extrajudicial cases, the fees of the lawyers are regulated by The minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008) and may differentiate due to many factors such as the complexity of the case, the novel points, the numerosity of the deeds, contracts and certificates, the experience and the knowledge of the professional, the time spent and the cost (the Annex of the above Regulations specifies the minimum fee for contract writing, drafting and typing instructions). The contracting party must bear the lawyer's fees.

## 9. Professional services regulation: estate agents

## 9.1 Market entry and structure regulation

Table 20: Market entry and structure regulation

	Regulation	
<b>Subjective requirements</b>	<i>Qualifications (level and duration of education and training, diplomas, exams, traineeships or professional experience requirements, concours) required to become an estate agent in your country.</i>	Under article 15 of the Real Estate Agents Law of 2010 (71 (I) / 2010), someone who is registered to the Register of Real Estate Agents: (i) is a citizen of the Republic or of any other Member State; (ii) is not bankrupt or under any other legal incapacity under the law or judicial decision; (iii) has not been convicted of an offense involving a lack of honesty or moral disgrace or, if convicted, has been rectified in accordance with the provisions of the Rehabilitation of Convicts Act; (iv) Subject to the provisions of the Recognition of Professional Qualifications Law, s/he has obtained a recognized diploma certifying the successful completion of post-secondary education of a duration of at least three years or of an equivalent duration under partial attendance at a university or higher education institution or another institution of the same educational level in matters relating to the exercise of the profession of estate agent and has completed in the Republic a professional practice of a real estate agent with a duration of 12 months. Provided that the holder of a postgraduate diploma or qualification obtained after studies of at least one academic year in the subjects referred to in this sub-paragraph is considered to possess the academic qualifications required by this sub-paragraph; (v) in accordance with the provisions of the Recognition of Professional Qualifications Law, possesses sufficient knowledge of the real estate and urban planning legislation of the Republic necessary for the proper and responsible exercise of the profession of estate agent. Provided that, for the purposes of determining the qualification of this subparagraph, the Council is required to submit the person applying for registration to written examinations. (b) for a legal person (that is a limited liability company, a partnership or a limited partnership), that (i) has been constituted under the laws of the Republic or of any other Member State; (ii) has a registered office or place of work in Cyprus; (iii) is not in the process of liquidation or dissolution.
<b>Objective requirements</b>	<i>Do numerus clauses and other objective requirements exist?</i>	No
<b>Licence requirements</b>	<i>Are estate agents licenced or do they work as employees?</i>	The profession of a real estate agent in Cyprus requires a relevant license which is issued if the candidate fulfils the above requirements and pays the specified fees, according to the article 17 of the Real Estate Agents Law of 2010 (71 (I) / 2010).

**Table 20: Market entry and structure regulation**

<b>Citizenship requirements</b>	<i>Is unlimited access to the profession granted to foreign professionals de iure and de facto?</i>	See above
<b>Inter-professional cooperation</b>	<i>Are estate agents allowed to exercise another profession or business activity? Is inter-professional cooperation regulated?</i>	The Real Estate Agents Law of 2010 (71 (I) / 2010) does not provide that a licensed real estate agent is not allowed to exercise another profession or business activity. Thus, regarding the transactions with a conflict of interest, the article 20 of the Real Estate Agents Law of 2010 (71 (I) / 2010) provides that a licensed real estate agent is not entitled to mediate an estate transaction if s/he has an interest in the property being the subject of the transaction unless s/he informs the buyer in writing of this interest.
<b>Business structure</b>	<i>Share of estate agent acts acting as sole practitioners and as companies (if data are available)? Can the agent be employed by another agent or establish a partnership with other agents? Are there any restrictions on the corporate structure of a real estate enterprise</i>	No relevant data regarding the share of estate agent acts acting as sole practitioners and as companies. Under article 11 of the Real Estate Agents Law of 2010 (71 (I) / 2010, legal entities may also acquire the relevant professional license, as long as, i) they have been constituted under the laws of the Republic or of any other Member State, (ii) they have a registered office or place of work in Cyprus, (iii) they are not in the process of liquidation or dissolution. The same law also provides that an agent can employ assistant agents and any natural person can register to the Register of Assistants Real Estate Agents if: i) is a citizen of the Republic or of any other Member State (ii) is not bankrupt or under any other legal incapacity under the law or judicial decision (iii) has not been convicted of an offense involving a lack of honesty or moral disgrace or, if convicted, has been rectified in accordance with the provisions of the Restoration of Convicted Laws (iv) holds a secondary school diploma or equivalent, acquired in the Republic or in another Member State or in a third country: It is understood that if a secondary school diploma or equivalent has been acquired in a third country, for the purposes of registration with the Registry of Real Estate Assistants, the person concerned must produce a certificate issued by the Ministry of Education and Culture of the Republic or its competent authority of a third country certifying that the third-country secondary school concerned is recognized in that country. (v) is employed by a licensed real estate agent.
<b>Geographical limitations</b>	<i>Are there limitations with respect to the area in which the estate agent can exercise her/his activities (e.g. at the regional or municipal level)?</i>	No
	<i>Are these limitation restricted to specific tasks?</i>	No

## 9.2 Market conduct regulation

Table 21: Market conduct regulation

	Regulation	
<b>Neutrality</b>	<i>Is neutrality regulated? Is the agent allowed to act on behalf of both parties involved in the transaction? In this case, what type of fees applies and which party bears these?</i>	The article 20 of the Real Estate Agents Law of 2010 (71 (I) / 2010 provides that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction. Thus, regarding the transactions with a conflict of interest, the article 20 of the same law, provides that a licensed real estate agent is not entitled to mediate an estate transaction if s/he has an interest in the property being the subject of the transaction unless s/he informs the buyer in writing of this interest. Furthermore, in any case, a real estate agent, whether acting on the order of the seller or the buyer, is required to inform the intended purchaser of immovable property about all the elements relating to the physical condition of the property, the rights in rem charged to it, and any other restrictions that have been imposed on the property by virtue of a legislative, judicial, administrative or other governmental act or decision (article 21 of the same law).
<b>Professional standards</b>	<i>How are professional standards regulated? Are entities or associations ensuring the professional representation and</i>	According to article 3 of the Real Estate Agents Law of 2010 (71 (I) / 2010, a Council under the name "Real Estate Registry Board" is established, headquartered in Nicosia, which will have the competence and authority to <sup>69</sup> : a) Carry out the registration of real estate agents and real estate assistants and issue the relevant certificates or permits (b) Keep the Real Estate Registry and to delete from it registered real estate agents <sup>70</sup>

<sup>69</sup> The "Real Estate Registry Board" < <http://www.creacyprus.org.cy/sek/>>

<sup>70</sup> As it is stated in article 3 of this law, the "Real Estate Registry Board" controls the Real Estate Registry and obtains the power to remove from it registered members in accordance with article 14 of the 71(I)/2010 Law:

"1) In accordance with the provisions of this Law, the Board shall have the power to decide, as the case may be, the deletion from the relevant Registry, the revocation or the correction of the registration of any person who,

- (a) requests in writing that her/his name be removed from the relevant Registry; or
  - (b) has been entered in the relevant Registry incorrectly or by fraudulent action or by false or inaccurate statements or representations of either the same or a third person; or
  - (c) lost any title or condition, the possession of which is necessary for her/his registration; or
  - (d) within six months of the date of her/his registration in the relevant Registry, has failed to apply to the Council for the issuing of the annual license under Article 16 or has failed to renew it within three months of the date of expiry, unless he has notified the Council in writing within that time limit, that s/he does not intend to renew her/his annual license for the current year.
- (2) Before deciding the deletion, revocation or correction in the relevant Registry for any of the reasons mentioned in paragraphs (b), (c) or (d) of subsection (1), the Council shall notify with a written notice to the interested person of her/his intention and to give her/him the opportunity to submit within reasonable time in writing all the relevant objections or representations he wishes to present to the Council either in person or through a lawyer.
- (3) Notwithstanding the provisions of subsections (1) and (2), the name of any person shall be deemed to be ex officio removed from the relevant Registry at the same time with,
- (a) the adoption by the Court of a permanent hospitalization order under the provisions of the Psychiatric Nursing Law,
  - (b) her/his death, or
  - (c) failure to renew her/his annual license for a period of three consecutive years, irrespective of whether or not he has given notice under paragraph (d) of subsection (1); or
  - (d) Conviction of a disciplinary offense under this Law and the imposition of a disciplinary penalty of deletion from the relevant Registry.

**Table 21: Market conduct regulation**

	<i>respect of rules of good practice (e.g. association of real estate professionals)?</i>	(c) Maintain a Register of Real Estate Assistants (d) Exercise disciplinary control over registered real estate agents and real estate agents and to enforce disciplinary sanctions (e) In accordance with the Constitution and the laws of the Republic provided for the powers and powers of the Prosecutor General of the Republic and of the Police, to register indictments with the Court regarding the criminal offenses provided for in this Law (f) Exercise any other power or authority, which is contingent or inherent in the performance of the tasks entrusted to it.
<b>Compulsory indemnity insurance</b>	<i>Is indemnity insurance compulsory for estate agents? If yes, what is the indicative amount of the insurance?</i>	According to article 19 of the Real Estate Agents Law of 2010 (71 (I) / 2010), no person acts as a real estate agent, unless there is an insurance agreement between her/him and any licensed insurance agent. The insurance cover shall amount to 200,000 euros in the case of liability for the payment of compensation to a buyer due to a breach of the legal obligation of the real estate agent to fully inform the buyer, in accordance with the provisions of Article 21, and a copy of it is submitted to the Council by the real estate agent concerned. The original or true copy of the insurance contract is posted in a prominent position of the real estate agent's office.
<b>Continuing education</b>	<i>Do forms of continuing education exist? If yes, is continuing education mandatory? What are the requirements related to the content and duration of continuing education? What are the consequences of non-compliance?</i>	There are no mandatory requirements related to continuing education, but a real estate agent is advised to attend programs and relevant conferences.
<b>Advertising restrictions</b>	<i>Are there limitations on advertising?</i>	Every licensed real estate agent shall, in any document or advertisement used by her/him in the exercise of the profession, indicate or refer to the words "licensed real estate agent", followed by the registration number and license number of the profession (article 23 of the Real Estate Agents Law of 2010). Under article 26 of the same law, criminal punishment is predicted for a real estate agent who uses illegal, inaccurate or manipulative statements during her/his advertising presentation.

(4) Where, pursuant to the provisions of this Article, the name of any person is deleted from the relevant Registry, the Council may decide that such person shall not be entitled to seek re-registration under this Law, for such a period, as the Council, on the occasion of deletion, decided.

(5) Notwithstanding the provisions of this Article, the Council may at any time, at the request of the person concerned, decide to re-register the person's name in the relevant Registry, free of charge or by payment of the fee fixed by the Council, provided that it finds that the applicant fulfills the qualification requirements under this Law:

Provided that in case of an application for re-registration in the Real Estate Registry filed within five years from the date of deletion, the Council may not require that the applicant re-enroll in written examinations

**Table 21: Market conduct regulation**

<b>Fee regulation</b>	<i>Estate agents' fee system</i>	The article 20 of the Real Estate Agents Law of 2010 (71 (I) / 2010 provides that unless agreed otherwise, the agreed fee will amount to 3% of the value of the land transaction.
<b>Compulsory membership in professional bodies/compulsory registration</b>	<i>Is membership in professional bodies compulsory? If so, what are the membership conditions and the membership fees? Does the professional body have a supervisory or another important regulatory role?</i>	The profession of a real estate agent in Cyprus requires a relevant license which is issued if the candidate fulfils the above requirements and pays the specified fees, according to the article 17 of the Real Estate Agents Law of 2010 (71 (I) / 2010).

## 10. The real estate market

## 10.1 Transaction costs for sample transactions

Table 22: Transaction costs VAT excluded						
	Estate agent <sup>71</sup>	Technical services (if usual)	Legal services	Land register fee	Transfer tax/stamp duty	Total usual transfer costs
€100,000 sales price (no mortgage)	Unless agreed otherwise, the agreed fee will amount to 3% of the value on the land transaction.	Property valuation: not regulated, agreed with the client	It is not compulsory to ask for legal advice but, in the case of Cyprus, where there are no notaries, the lawyer has the exclusive right of drafting the contract (the fee depends on the lawyer and the Bar Association) <sup>72</sup> .	Fees are paid by the person in whose name the property is registered. According the section 17 of the 1st Annex of the The Lands and Surveys Department (Fees and Rights) Law (Chapter 219) the register fees are:	See below (Table 24)	N/A
€100,000 sales price + 100.000€ mortgage	Unless agreed otherwise, the agreed fee will amount to 3% of the value on the land transaction.	Qualified experts (architects, engineers): not regulated, agreed with the client.				
€250,000 sales price (no mortgage)	Unless agreed otherwise, the agreed fee will amount to 3% of the value on the land transaction.	Pursuant to Regulation 4 (1) (f) of the Code of Conduct of the Members of the Cyprus Technical Chamber				
€250,000 sales price + 250,000€ mortgage	Unless agreed otherwise, the agreed fee will amount to 3% of the value on the land transaction.	"Members, in their relations with their clients, must agree freely their fees, but in no case, must not defer their fees below the minimum thresholds to be				
€500,000 sales price (no mortgage)	Unless agreed otherwise, the agreed fee will amount to 3% of the value on the land transaction.					

<sup>71</sup> An agent usually receives a percentage of the transaction value.

<sup>72</sup> The minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008).



**Table 22: Transaction costs VAT excluded**

<b>€500,000 sales price + €500,000 mortgage</b>	Unless agreed otherwise, the agreed fee will amount to 3% of the value on the land transaction.	set by the Chamber with relevant regulations". These relevant regulations are under negotiation.		the fee is calculated on the value of the property at 1.1.2013: 1 ‰ A transfer made with or without a declaration of transfer of another from a transfer in the following cases <sup>73</sup> , namely: (i) By donation: no fee. (ii) By donation from parent to child the fee is calculated based on the value of the property at 1.1.2013: no fee. (iii) By donation from a relative to a relative up to the third degree of kinship and from a spouse to a spouse, except for a donation from a parent to a child, the fee is calculated on the basis of the value of the property at 1.1.2013: one ten thousandths (10/000).		
<b>%VAT applicable</b>	19% [article 17 of The Value Added Tax Law of 2000 (95 (I) / 2000)]	19% [article 17 of The Value Added Tax Law of 2000 (95 (I) / 2000)]	19% [article 17 of The Value Added Tax Law of 2000 (95 (I) / 2000)]	-	-	-

<sup>73</sup> A transfer made with a declaration of transfer or without any other declaration of transfer except for the one under section 3B, that is namely in the cases of:

A) donation;

B) donation from parent to child;

c) Donation from a relative to a relative up to the third degree of kinship and from a spouse to a spouse.

Regarding the **Qualified Experts**, according to Regulation 5 of the Energy Efficiency of Buildings (Energy Certification of Buildings) Regulations of 2009 and 2014, each Expert is required to renew his/her enrolment every year and pay a renewal fee of € 100 plus VAT. The charge of € 200 plus VAT applies only to cases of Enrolment of an expert in the Registry of Qualified Experts for the first time.

Regarding the **fees for legal services**: In relation to lawyers and similar legal activities (except for notaries, a profession which does not exist in Cypriot legal order), fees are freely agreed between the client and the lawyer, without limitation. As it mentioned above, fees of the lawyers are indicatively regulated by the minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008), which are issued by The Cyprus Bar Association.

**Lawyers**: The fees of the lawyers are regulated by the minimum standards of fees of Advocates (extrajudicial cases) Regulations 1985-2008 (K.D.P. 118/2008). The fees differentiate due to many factors such as the complexity of the case, the novel points, the numerosity of the deeds, contracts and certificates, the experience and the knowledge of the professional, the time spent and the cost, the place of the conclusion of the contract, the circumstances under which it took place, the importance of the consideration and the value of it to the interested parties, the urgent of achieving the agreement and the pressure under which a lawyer may work in order to reach the desirable outcome. Indicatively, the Annex of the above Regulations specifies for minimum fee for contract writing, drafting and typing instructions:

- When the value does not exceed 1709 euros: 150 euros
- For the excess between 1710-3417 euros: 179 euros
- For the excess between 3418-5126 euros: 212 euros
- For the excess between 5127-8543 euros: 239 euros
- For the excess between 8544-11960 euros: 272 euros
- For the excess between 11961-17086 euros: 301 euros
- For the excess between 17087-20503 euros: 361 euros
- For the excess between 20504-25629 euros: 420 euros
- For the excess between 25360-29046 euros: 480 euros
- For the excess between 29047- 34172 euros: 550 euros. For values exceeding the 34173 euros, a mathematical equation is used:  $550 + ((A - 34172) * 7,8) / (1000)$
- For the excess between 85431-170860 euros:  $950 + ((A - 85430) * 6,5) / 1000$
- When the value exceeds 170860 euros:  $1505 + ((A - 170860) * 3,9) / 1000$

The minimum amount of lawyer's fees on the basis of the time spent thereon and the place where his services are provided:

Interviews at the office, charge in €:

1 hour spent time: 104 euros

½ spent time: 53 euros

>1/2 spent time: 31 euros

Interviews out of the office, charge in €:

1 hour spent time: 135 euros

½ spent time: 67 euros

>1/2 spent time: 31 euros

It should be borne in mind, however, that specific indicative fees are established for some court proceedings, e.g. proceedings concerning matrimonial disputes, disputes among neighbours or challenges to corporate agreements. These fees are calculated according the Annex B of The Scales of the Civil Rights in Civil Actions.

## 10.2 Transaction features

<b>Table 23: Transaction features</b>			
<b>Transaction / service</b>	<b>Party bearing the costs of intermediation service (buyers or sellers, landlords or tenants)</b> <b>Costs expressed:</b> <ul style="list-style-type: none"> <li>• <b>In EUR as % of total purchase price and</b></li> <li>• <b>As a fixed amount (if available)</b></li> </ul>	<b>Fees as expressed in the contract:</b> <ul style="list-style-type: none"> <li>• <b>In EUR as % of total purchase price and</b></li> <li>• <b>As a fixed amount (if available)</b></li> </ul>	<b>Possible hidden costs faced by buyers or tenants, if applicable</b>
<b>Estate agents</b>	Usually the seller/landlord. However, they may agree to share the Estate agents' fee or to be paid by the tenant.	3% of the value of the land transaction.	VAT
<b>Technical services</b>	<p>Seller bears the fees during the conveyancing process.</p> <p>Regarding the Qualified Experts and the issuing of the relevant certificate, the obligation lies with the Landlord. Regarding other technical services the interested parties usually agree to share the fee.</p> <p>(Renovation and repair of private dwellings made by a taxable professional, excluding materials that make up more than fifty per cent (50%) of the value of the provision of the service, are subjected to a reduced VAT rate of 5%).</p>	Not regulated	VAT (under the Energy Efficiency of Buildings (Energy Certification of Buildings) Regulations of 2009 and 2014, the fee for evaluating the energy performance of a building should include VAT and all the costs including the issue of the relevant energy performance certificate for a building).
<b>Legal services</b>	Usually the buyer/tenant	Agreed fee with the client when they draft the contract	VAT
<b>Land register fees</b>	<p>Fees are paid by the person in whose name the property is registered.</p> <p>Regarding the registration of leases, the fee is paid by the person in whose name the rental or sub-lease or the transfer of the right in rem is made.</p>	The amount depends on the value of the property (buying a property) or the contract (renting a property)	-

<b>Taxes on conveyancing</b>	Usually the seller/landlord. However, they may agree to share the Estate agents' fee or to be paid by the tenant. It includes the VAT applicable for the estate agent's service.	A proportional cost on the agent's fee. According to the value of the property at the time of the transfer:  €0 - €85.430: 3% €85.431 - €170.860: 5% Above €170.860: 8%	-
<b>Transfer taxes</b>	Fees are paid by the person in whose name the property is registered.  Regarding the registration of leases, the fee is paid by the person in whose name the rental or sub-lease or the transfer of the right in rem is made.	A proportional cost depending on the value of the property (buying a property) or the value of the contract (renting a property). Under "The Value Added Tax Law of 2000 (95 (I) / 2000)", in the meaning of "delivering products" any forms of delivery of immovable property is included. As a result, VAT is charged on the selling price in a percentage of 18% -19% (article 17).	-

### 10.3 Taxes during the process of buying and selling a property

**Table 24: Taxes related to buying and selling a property**

	<b>Relevance of the tax</b>	<b>When to pay the tax as part of the process of buying or selling</b>	<b>Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)</b>
<b>Registration tax<sup>74</sup></b>	Yes	In the application of the registration of the immovable property.	€10,00
<b>Mortgage tax</b>	Yes	On the day when the mortgage declaration is accepted by the Cadastre (article 15 Law 9/1965).	On the amount, he or she borrowed or when the mortgage consists of securing a contingent or conditional obligation, including a liability relating to a cash amount to be provided in instalments or relating current account balance on the maximum amount of such mortgage specified in the mortgage (interest excluded) one percent (1%), (Section 17.4 of the 1st Annex of the Chapter 219).

<sup>74</sup> Registration taxes are public levies associated with the registration act. They are not to be confused with registration fees, i.e. the payment required by the registration office to carry out the registration. Registration fees are contained in Table 10.

**Table 24: Taxes related to buying and selling a property**

<b>Cadastral tax</b>	Yes	On the day when the transfer declaration is accepted by the Cadastre (article 15 Law 9/1965).	According to the value of the property at the time of the transfer <sup>75</sup> : €0 - €85.430 = 3% €85.431 - €170.860 = 5% Above €170.860 = 8%
<b>Stamp tax</b>	Yes	On the deposition of the relevant documents.	According to the 1st Annex of The Stamps Law (19/1963): Contract value between €1 to €5.000, the stamp value is zero. Contract value € 5.001 up to € 170.000, for each amount € 1.000 or part of € 1.000 the stamp value is € 1.50. Contract value over 170,000, for each amount of € 1,000 or part of € 1,000, the stamp value is € 2 with a maximum stamp amount of € 20,000. Contract or Memorandum of Understanding and all documents incorporating a contract to which a fixed amount is not agreed and for the marking of which no other provision is made, 35 euros. Excluded: Mortgage contract and any other document related to the mortgage as defined in the Real Estate Transfer and Real Estate Act, which is set up the same day following the cancellation of an existing mortgage agreement, which is set up on the same property and for the same purpose, if it is recommended in favour of the same or any other mortgagee.
<b>Transfer tax (tax on the acquisition of property)</b>	Yes	When purchasing a new property.	Under “The Value Added Tax Law of 2000 (95 (I) / 2000)”, in the meaning of “delivering products” any forms of delivery of immovable property is included. As a result, VAT is charged on the selling price in a percentage of 18% -19% (article 17).
<b>Archives tax</b>	No	No	Fees are paid regarding the issuing and recovery of the relevant certificate in accordance with the 1st Annex of The Lands and Surveys Department (Fees and Rights) Law (Chapter 219).
<b>Other taxes</b>	Yes	- Annual property tax - Municipal Property fee	I) As a registered owner of the property, under The Property Tax Law of 1980 (24/1980), owners are subject to an annual property tax calculated on the market value of the property as at 1 January 1980 (payable as of September 30th). The Real Estate Tax is payable to the Inland Revenue Department of The Republic of Cyprus. The annual rates are as follows and based on the fair value of the property as at the 1st January 1980: For every euro over € 40,001 to € 120,000 8,0 ‰

<sup>75</sup><http://portal.dls.moi.gov.cy/elgr/%CE%A4%CE%AD%CE%BB%CE%B7%20%CE%BA%CE%B1%CE%B9%20%CE%94%CE%B9%CE%BA%CE%B1%CE%B9%CF%8E%CE%BC%CE%B1%CF%84%CE%B1/PublishingImages/Pages/default/%CE%A0%CE%AF%CE%BD%CE%B1%CE%BA%CE%B1%CF%82%20%CE%A4%CE%B5%CE%BB%CF%8E%CE%BD%20%CE%BA%CE%B1%CE%B9%20%CE%94%CE%B9%CE%BA%CE%B1%CE%B9%CF%89%CE%BC%CE%AC%CF%84%CF%89%CE%BD.pdf>

**Table 24: Taxes related to buying and selling a property**

			<p>For every euro over € 120,001 to € 170,000 9,0 ‰                  For every euro over € 170.001 up to € 300,000 11.0 ‰                  For every euro over € 300.001 up to € 500,000 13.0 ‰                  For every euro over € 500.001 up to € 800.000 15.0 ‰                  For every euro over € 800.001 up to € 3,000,000 17,0 ‰                  For each euro from € 3.000.001 and above 19.0 ‰.</p> <p>II) Municipal Property Fee (Town Rate) N. 111/85</p> <p>It is an annual tax levied and collected on the immovable property of a natural or legal person within the boundaries of the Municipality.</p> <p>From 1/1/1991 the Municipal Fee is determined by the Municipal Council. It is imposed on the market value of the property, at 1.1.1980 and is payable every year, at a date that each city council decides. The payment is made at the offices of the Municipality in which the property is located.</p> <p>(III) Community fee Law 86 (1) / 99</p> <p>The new Law 86 (1) / 99, which entered into force on 9 July 1999, abolished the Improvement Boards, the Horticultural Authorities, the Public Health Committees and the Water Supply Committees and established Community Councils in all non-demarcated areas. That is why the Improvement Rate was abolished.</p> <p>Under the Law, power is conferred on the Council to impose a property tax. According to the Law, the rate of the fee is determined by each Council and must not exceed 10%, based on the market value of the property at 1.1.1980.</p> <p>The real estate fee is payable after the 30th yearly anniversary for which it has been levied and paid to the community at whose borders the property is located<sup>76</sup>.</p>
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<sup>76</sup> <http://www.mof.gov.cy/mof/taxdep.nsf>

## 10.4 Taxes during the process of renting and letting a property

Table 25: Taxes related to renting or letting a property

	Relevance of the tax	When to pay the tax in the process of renting or letting	Tax amount (expressed in EUR as % of total purchase price <u>and</u> as a fixed amount if available)
<b>Registration tax</b>	Yes	At the date of filing the application for registration.	The fee shall be paid by the person in whose name the rental or sub-lease or the transfer of the right in rem will be registered: For the rental or rental of a rental, the fee is calculated on the market value of the right, as calculated by the Director, at the date of filing the application for registration: (i) For lease or sublease, except in the case of a relative to a relative, up to the third degree of kinship or to a spouse: 5 per cent (5%), with a minimum fee of EUR 100.00 (ii) For renting or hiring from a relative to a relative up to the third degree of kinship, except for a parent to a child or a spouse to a spouse: 0.5 per cent, with a minimum fee of EUR 100.00 (iii) For hire or rent from parent to child: no fee
<b>Stamp tax</b>	Yes	On the deposition of the relevant documents.	According to the 1st Annex of The Stamps Law (19/1963): Lease of movable or immovable property, including subletting and any other lease or sublease agreement and written acceptance of a rental application, where the rental is fixed and: (1) When the lease is agreed for a specified time: Over the amount or value of the rent, including any amount in excess of the fixed rent paid in the form of a premium. As in contracts (see above). (2) When the lease is for an unlimited time: Over the amount or value of the rent for the hundred-year period, including any amount in addition to the fixed rent paid in the form of a premium: As in contracts (see above).
<b>Other taxes concerning the use of the property, if applicable</b>	No		According to article 65I of The Immovable Property (Tenure, Registration and Valuation) Law (Chapter 224): All taxes or other charges to be paid by the landlord of immovable property under the provisions of any law or regulation in force, in respect of which a lease agreement is entered, shall be borne by the lessor; in accordance with the terms of the said contract, s/he is entitled to claim from the lessee or if his real right has been sub-leased by the sub-tenant, a return of the amount of each fee or other charge tax paid by her/him.

## 11. Consumer situation in the market

## 11.1 Consumer rights

Table 26: Consumer rights

<p><b>Are there specific consumer rights in the context of real estate transactions and residential tenancies in your country? In particular: are residential tenants treated as consumers?</b></p>	<i>With respect to buyers</i>	<p>The following legislation is applicable in relation to real estate transactions in order to protect the consumers' rights, which in most of the times will match with the buyers' rights:</p> <p>The Unfair Commercial Practices of Businesses to Consumers Law of 2007 (103 (I) / 2007).  The Misleading and Comparative Advertising Control Law of 2000 (92 (I) / 2000).  The abusive clauses on consumer contracts Law of 1996 and 1999 (93 (I) / 1996).  The Consumer Credit Contracts in relation to Residential Property Law of 2017 (41 (I) / 2017).  The Consumer Credit Contracts Laws 2010 to 2017.</p>
	<i>With respect to sellers</i>	Consumer rights when dealing with real estate agents or lawyers
	<i>With respect to tenants</i>	Protection against abuses or unfair practices from professional landlords
	<i>With respect to landlords</i>	Consumer rights when dealing with real estate agents or lawyers
<p><b>If relevant, which existing marketing practices are non-compliant with national consumer legislation?</b></p>	<p>The 1st Annex of The Unfair Commercial Practices of Businesses to Consumers Law of 2007 (103 (I) / 2007) includes an analytical list of commercial practices which considered unfair under any circumstances:</p> <p>A. Misleading commercial practices.  B. Aggressive commercial practices.</p> <p>In this direction, relevant are the Complaints of the Association for the Protection of Bank Loan Receivers (SYPRODAT) that after 2008 banks and cooperative societies diversified upwardly loan interest rates, using unfair practices<sup>77</sup>. According to a recent report (12/09/2017) of the Association for the Protection of Bank Loan Receivers, the banks continue to use unfair contract terms in the loan contracts. Indicatively the Association mentions the following examples founded on the loan contracts:</p> <ol style="list-style-type: none"> <li>1) The right of unilateral termination of the loan contract and the requirement of immediate repayment of the balance when an event of an exceptional nature occurs, affecting the bank's ability to perform its obligations;</li> <li>2) The right to modify all or any terms regarding the payment of the loan;</li> <li>3) The right to adjust the amount of each instalment in cases of differentiation of the interest rate or the prepayments or the charges of the expenses, without notice to the borrower;</li> <li>4) Under the term that when the Euribor interest is below zero, it will amount to zero for that period, the bank creates illegal profit against the borrower;</li> </ol>	

<sup>77</sup> Association of Protection of Bank Borrowers, <http://www.syprodat.com/>, accessed 04/10/2017.



**Table 26: Consumer rights**

	<p>5) The commitment of the borrower that without the former consent of the bank, will not sell, rent, transfer or with any other way provide all or part of his income or assets, except for certain circumstances;</p> <p>6) the commitment of the borrower to provide additional guarantees if the bank considers that the financial position of the borrower has worsen, or the loan is no longer adequately guaranteed or if the circumstances justify such assurances;</p> <p>7) The right of unilateral termination of the loan contract and the requirement of immediate repayment of the balance if the borrower or the guarantor dies or becomes mentally incapable.</p> <p>8) The bank's requirement from the borrower to sign an affidavit, stating that he does not possess or has interest over other immovable property both in Cyprus and abroad.</p> <p>9) The bank's requirement to be considered, in any judicial procedure, as final evidence of the amount due, the relevant certificate of the bank;</p> <p>10) The bank's requirement from the borrower to sign a declaration in the case of a loan in a foreign currency: Stating that he is informed about the dangers in relation to the currency and the interest when exchanging in euros and recognizes as amount due the amount claimed by the bank.</p>
<p><b>If relevant, which existing marketing practices are non-compliant with EU consumer legislation?</b></p>	<p>The national consumer's legislation is an adjustment to the European Directive and as a result, it does not contain different rules.</p>
<p><b>Are there existing marketing practices detrimental to consumers, even if not necessarily illegal, in both domestic and cross-border transactions?</b></p>	<p>Regarding the Cypriot case, while there are no relevant data, which demonstrate the existence and the nature of the marketing practices, one can draw useful conclusions by the Household and non-financial corporations' indebtedness report of 2017<sup>78</sup>. Domestic households and non-financial corporations (NFCs) continue to be highly indebted, with the Private non-financial sector debt standing at 272,6% of GDP at the end of September 2016, while in the banking sector, non-performing loans (NPLs) continue to be the key challenge<sup>79</sup>. The recent Consumer Credit Contracts in relation to Residential Property Law of 2017 (41 (I) / 2017), which incorporates the Mortgage Credit Directive, 2014/17/EC, aims for the development of the consumers' awareness in the relevant matters and for the establishment of a proactive system of responsible borrowing which will not end detrimental to consumers.</p> <p>In this direction and due to the large amount of private business and households' debt in the Republic, which is still one of the highest at the European Union level, emerging as a special feature of the financial crisis, and also regarding the obligations of the Memorandum of Understanding on specific Economic Policy Conditionality between Cyprus, International Monetary Fund, European Commission and European Central Bank of May and September 2015, a specific context of managing insolvency has been regulated, providing for (a) Personal Repayment Schemes, through which specific debt restructuring will be achieved in order to ensure the repayment of creditors and to maintain the principal residence in some exceptional cases, and b) the Debt Relief mechanism where, through relevant court orders, relief is expected to be made to</p>

<sup>78</sup> Central Bank of Cyprus, HOUSEHOLD AND NON-FINANCIAL CORPORATIONS INDEBTEDNESS REPORT, APRIL 2017, [https://www.centralbank.cy/images/media/pdf/Household%20and%20NFC%20indebtedness%20report%20for%20April%202017\\_EN.pdf](https://www.centralbank.cy/images/media/pdf/Household%20and%20NFC%20indebtedness%20report%20for%20April%202017_EN.pdf), accessed 09/10/2017.

<sup>79</sup> Ibid

**Table 26: Consumer rights**

	<p>debtors with small unsecured debts of up to € 25,000, who have no disposable income or substantial assets that could be used to repay their debt<sup>80</sup>. Regarding the Personal Repayment Schemes, these are divided into Consensus and Imposed by the Court. In general, the debtor is addressed to a licensed Insolvency Advisor<sup>81</sup>, who, considering the debtor's financial condition and other relevant information, prepares an appropriate debt-restructuring plan.</p> <p>I) In the Consensus Repayment Schemes, the insolvency advisor prepares and submits, with the consent of the debtor, to the creditors for approval the repayment plan that provides for the debtor's debt restructuring ("Consensual Personal Repayment Plan"). If the creditors agree, by qualified majority, it enters into force after approval by the court and hearing any objections lodged by creditors who did not agree with the plan.</p> <p>The importance of the plan regarding the immovable property is that the Repayment Plan drawn up by the Consultant may preserve the principal residence. In order for the Consultant to decide whether the retention of the first residence is possible, the following elements should be taken into account the following:</p> <ul style="list-style-type: none"> <li>(a) All costs relating to the maintenance of the first residence (including maintenance, taxes and other charges, insurance costs, etc.),</li> <li>(b) The income of the debtor as evidenced by the evidence submitted,</li> <li>(c) The ability to contribute of other people living in the dwelling, and</li> <li>(d) The needs of the debtor and his/her family and the cost of alternative accommodation arrangements.</li> </ul> <p>However, the most important criterion is that the debtor has, in addition to his minimum subsistence income, the ability to cover his/her restructured obligations and that this restructuring does not place the creditors at a more disadvantaged position, compared to the one in which they would have been if the debtor was bankrupt.</p> <p>II) If the plan is rejected by the creditors meeting but the consultant considers that the debtor meets the criteria set out in the legislation, then the debtor may apply to the court for a decree imposing the plan on all creditors. Please note that the part of the law that applies to a Non-Consensual Personal Repayment Plan will be valid for three years with the possibility of renewal.</p> <p>In relation to the Ensures, the law includes provisions on the handling of them, who are defined as natural persons. In summary, the obligation of the guarantor in relation to the principal of the loan will be equal to the amount of the difference between the value of the mortgage and the balance of the loan. Consequently, the creditor's right to receive money from the guarantor is limited to the amount of the difference. If the balance of the loan is less than the value of the mortgage, the guarantors are exempt from their obligations<sup>82</sup>. In addition, the financial institution will not be able to take legal or other measures against a guarantor if his/her property, excluding the principal residence, does not exceed € 750,000 and at the time of conclusion of the guarantee agreement it has assumed liability up to € 250,000 (loans with the principal's residence of the debtor) or by the application of the law, be liable under the terms of the guarantee agreement for a debt balance of up to € 250,000<sup>83</sup>.</p>
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<sup>80</sup> The Law of Insolvent Natural Persons of 2015.

<sup>81</sup> The Insolvency Advisors Law of 2015 (Law 64(I)/2015).

<sup>82</sup> All provisions of the insolvency framework, [http://www.stockwatch.com.cy/ngcontent.cfm?a\\_name=news\\_view&ann\\_id=222155](http://www.stockwatch.com.cy/ngcontent.cfm?a_name=news_view&ann_id=222155), accessed 09/10/2017.

<sup>83</sup> Ibid.

## 11.2 Consumer complaints

Table 27: Consumer complaints	
<b>How often do <u>buyers and sellers</u> complain due to arising legal issues)?</b>	No relevant publication.
<b>How often do <u>tenants and landlords</u> complain due to arising legal issues?</b>	No relevant publication to categorize the nature and the frequency of the complaints.
<b>Are consumer complaints against a professional service provider frequent, in particular as regards the fees and quality or service?</b>	No relevant publication to categorize the nature and the frequency of the complaints.
<b>To whom can consumers complain (e.g. local or national administration, consumer protection agencies)? And through which means (e.g. formal letter, online form)? Is the procedure effective (in particular: average time needed for reply, solutions available for redress)?</b>	<p>In Cyprus, consumers can complain to:</p> <p>1) The Consumer Protection Service of the Ministry of Energy, Commerce, Industry and Tourism, where they can submit their complaints online. Under The Alternative Consumer Dispute Resolution Law of 2017 (85(I)/2017), the Service is the competent authority, when investigating a complaint or an own-initiative inquiry, and finds an infringement of the provisions of Article 14 of the above Law, has the power to</p> <p>(a) Order the trader, as soon as possible, immediately or indirectly, to terminate its violation and avoid repetition in the future;</p> <p>(b) Impose on the trader an administrative fine, depending on the nature, gravity and duration of the violation.</p> <p>Regarding the announcement of the latest meeting on 25 July 2017 of the Advisory Committee of the Consumer Protection Service of the Ministry of Energy, Commerce, Industry and Tourism, there was a great number of complaints recorded in the last three years, for which the Service has adopted a series of administrative decisions and enforced fines. See for example, in the latest decision 2017/7 (ΑΠ), ex-ante inquiry by the Consumer Protection Agency for commercial practices of the credit institution Bank of Cyprus Public Company Ltd in relation to contracts mortgage loans, Number 8.13.9.3.1.1, the Agency imposed an administrative fine of €170.000: "The credit institution Bank of Cyprus Public Company Ltd should be ordered to stop the infringements found and to omit them in the future. In addition, for reasons of deterrence and effectiveness of sanctions, such as Article 12 of Directive 2005/29 / EC, it is appropriate to impose an administrative fine for the use of unfair commercial practices. In determining the height of an administrative fine shall take account of the period of time elapsed committing the infringement, and that the amount of the administrative fine must be effective, have a sufficiently deterrent effect, be proportionate to the nature, gravity and duration of the infringement, but also in line with the principle of proportionality based on all the facts. The nature of the infringements relates to housing loans, which are long - term and entail significant commitment of the borrowers' property in the form of securing financial resources for the repayment of instalments. With regard to the gravity of the infringements, it is taken into account that it has been affected a significant number of consumers in Cyprus, since the bank is one of the largest credit institutions in Cyprus, and has undertaken the</p>

**Table 27: Consumer complaints**

work of the former Marfin Popular Bank Public Company Ltd. Unfair commercial practices concerning the terms of the contracts were imposed by the former Marfin Popular Bank Public Company Ltd and the Service takes into account that the Bank of Cyprus Public Company Ltd did not itself make the terms. Thus, the Service also considers the fact that Bank of Cyprus has largely retained and overlooked these contracts, while reserves the right to invoke these terms. About the 5.3 violation, the unilateral modification of the duration of the loan, without any conventional provision, and expelling consumers to signing an amending contract to correct the problem, it is taken into account that the commercial practice was only confirmed once (see, to that effect, judgment of the Court of Justice of 16 April 2015, C-388/13 UPC, ECLI: EU: C: 2015: 225, paragraph 58)". Accordingly, the Service:

- Ordered Bank of Cyprus Public Company Ltd to terminate the established violations and to avoid repeating them in the future.
- Imposed an administrative fine on Bank of Cyprus Public Company Ltd totalling in one hundred and seventy thousand euros (€ 170,000.00). (See relevant cases in the Decisions Annex of the Consumer Protection Service of the Ministry of Energy, Commerce, Industry and Tourism<sup>84</sup>).

2) The European Consumer Centre Cyprus which offers free consumer advice and support to EU residents who are buying goods or services from a trader based in another EU country (including Iceland and Norway). The ECC can handle and investigate a complaint (against a trader based in another EU country) if the complainant legally resides in the EU, but its role is the one of intermediary and it is not allowed to be a legal representative. (Regarding the latest report of the European Consumer Center of Cyprus of 2015, the percentage of complaints regarding contractual terms was about 5%, out of 193 complaints that ECC investigated)<sup>85</sup>.

3) The Cyprus Consumers Association (independent organization, works in a volunteering basis) whose mission, inter alia, is to safeguard the consumers' rights, educates and represents the Cypriot consumers in all local and international relevant bodies dealing with consumer matters (telephone support, submission of complaints online, via email or FAX).

4) The Financial Ombudsman of the Republic of Cyprus (Under the Law on the Composition and Functioning of a Single Operator Executive Summary of Financial Differences of 2010) deals with complaints of consumers against financial firms in order to settle disputes that consumers of services may have against financial businesses (the consumers file a signed complaint to the Commissioner. The complaint is submitted to the Commissioner by hand or by post or by fax or by email and, where possible, accompanied by a copy of the complaint submitted to the financial business, along with any response that may have been given). The procedure is quick and the interested parties have to inform the Commissioner in two months about the enforcement of his decision, otherwise the decision is withdrawn.

5) As a last resort, consumers can complain before the Courts of Justice, but such a court action may last months or years.

<sup>84</sup> The Consumer Protection Service of the Ministry of Energy, Commerce, Industry and Tourism, Decisions Index, [http://www.mcit.gov.cy/mcit/cyco/cyconsumer.nsf/page51\\_gr/page51\\_gr?opendocument?OpenDocument](http://www.mcit.gov.cy/mcit/cyco/cyconsumer.nsf/page51_gr/page51_gr?opendocument?OpenDocument), accessed 04/10/2017.

<sup>85</sup> <http://ecccyprus.org/index.php/el/about-us/annual-reports.html>