



Mortgage defaulters to get right of appeal

The Finance Ministry is expected to table before the Cabinet a bill offering borrowers defaulting on their mortgages access to courts to challenge a foreclosure process of their home.

The bill provides for the creation of a fast-track special court dedicated to dealing with cases of foreclosures, challenged by defaulters.

Ministry of Finance official Avgi Chrysostomou Lapathiotis, told MPs on Tuesday that the bill should find its way to the House.

“A bill on expediting the trial of such cases has already been prepared and is currently with the state’s legal services.

“The Attorney General’s Office has almost completed checks, and this part of the legislation should be in the House next week,” said Lapithiotis.

The session also discussed a proposal by the head of social democrats EDEK Marinos Sizopoulos, that a foreclosed property be valued at the price for which a loan was taken, and not the forced sale value.

Commenting on the proposal, Lapithiotis said the ministry aims to provide protection for the borrower and lender.

She said that when a mortgaged property goes to auction, two estimates will be obtained, one from the lender and



one from the debtor, and if there is a large discrepancy of 25% and above, an estimate

is obtained from an appraiser appointed by the Cyprus Technical Chamber (ETEK).

“So, we believe that this clause protects the borrower, in case of an auction”.

Central Bank official Kleanthis Ioannides, agreed with the Ministry of Finance that the proposed bill will harmonise Cyprus law with the EU directive.

He argued the Central Bank cannot agree with the proposal to correlate the value of a property with the date the loan was granted, as this ignores changing market conditions.

However, the Central Bank is positive towards an AKEL proposal, foreseeing that the current market price of properties be considered if the borrower is seeking for a Debt to Asset Swap deal.

Earlier in the week, the Association of Cyprus Banks expressed serious concerns over the proposed bill that would enable loan defaulters to file cases in court to halt the foreclosure process.

It warned that the bill poses significant risks to the economy, and even the country’s creditworthiness, as it would endanger the process of reducing banks’ Non Performing Exposure.

The association said the proposed legislation would burden the judicial system and the banks, leading to prolonged court cases and a potential increase in the risk profile of the Cypriot banking system.