

## Decision by the Cyprus Court regarding the Entrapped Purchaser's Law

The Limassol and Paphos District Courts in Cyprus have both ruled that specific articles of the Entrapped Purchaser's Law were unconstitutional, cancelling therefore, the decision of the Director of the Land Registry to transfer the Title Deeds into the names of the purchasers.

In both cases, the bank filed an appeal regarding the decision of the Director of the Land Registry, to transfer the Title Deeds of the properties into the names of the purchasers.

It needs to be reminded, that the Transfer and Mortgage Law 9/65, was amended in 2015 by introducing Articles 44IH-44KZ and the main purpose was to protect the entrapped purchasers. The amendment was introduced by the Government, to satisfy Troika's requirement to transfer title deeds into the names of the purchasers.

Several appeal reasons were introduced by the bank's lawyers in both cases when submitting their appeals asking from the Court to judge that the decision of the Director of the Land Registry was wrong and illegal. The bank's lawyers claimed that their client (the bank) suffered unreasonably and irreversibly by these decisions. Further, the bank claimed that the amended Law violated the bank's constitutional rights as per Articles 23 and 26 of the Constitution.

Article 23 of the Constitution protects the right to freely possess and enjoy property in Cyprus and Article 26 of the constitution provides for the right of contractual freedom.

The Courts found that the decision of the Director of the Land Registry to transfer the property into the names of the purchasers violated the above articles, as these decisions were taken without the consent of the bank.

Further, it was stated that the protection of third parties is not reason enough to justify altering, by law, agreements between parties and as such affecting the rights of the contractual parties.

As such, articles 44IH – 44KZ were deemed unconstitutional.

It remains to be seen, whether the losing side will file an appeal at the Supreme Court or not.

These rulings are in relation to applications in which objections/ appeals were filed by the bank. Therefore, it is assumed, that for those entrapped purchaser's applicants, whose applications were not appealed by the banks, this ruling doesn't affect them at the moment.

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