



Purchase of Immovable Property: The importance of **Depositing the Sale Contract** at the Department of Lands and Surveys

When you agree to buy immovable property which has no title deed, for instance when the property is still under construction or if there are financial and/or other pending issues that postpone the transfer of the property to the purchaser to a future date, it is recommended to conclude and sign a Sale Contract (SLC).

Where a title deed is available and it is transferred in the name of the purchaser, a SLC is not necessary.

Once you agree to purchase immovable property and sign a SLC, it is recommended to have it stamped and deposit it with the Department of Lands and Surveys (DLS), no later than six (6) months from the date of signing.

With the deposit of the SLC, the provisions of the Sale of Immovable Property (Specific Performance) Law 81(I)/2011 apply, which aim to protect you in case

the vendor fails to meet his contractual obligations set out in the SLC.

When purchasing an immovable property through a SLC, this should be deposited immediately with the DLS for the following reasons:

- I.** By depositing your SLC with the DLS, any future deposit of a SLC with the DLS relating to the same unit/property, cannot be accepted.
- II.** In cases where the vendor refuses and/or fails to perform his contractual obligations, you, as the purchaser, have the right to apply to the Court for a Court Order allowing you to register the property in your name or for compensation (right of specific performance of the Sale Contract).
- III.** You have the right to vest (as transferor) your rights and obligations set out in the SLC to a third party (transferee), without the vendor's written consent. This means that you can donate or sell your rights/obligations as a purchaser, to another person. The "vesting contract" is deposited at the DLS by the signing parties, i.e. the transferor and the transferee, within six (6) months of its signing, together with a

capital gains tax clearance certificate of the transferor, issued by the Department of Inland Revenue.

IV. If you have secured a loan for the purchase of the property, you have the right to vest to your creditor the rights arising from the SLC. In this way, you facilitate your borrowing by encumbering the SLC for the benefit of your creditor.

V. If you are purchasing a unit in a residential development, you obtain the right to know the ratio (percentage) of the value of your unit to the total value of the entire development. The vendor, after securing a planning permit, is required to determine the ratio of the value of each part of the development or plot under division and file it with the DLS so that the purchaser is in advance aware of the ratio of the value of the unit he/she is purchasing. The portion of the mortgage debt attributable to the purchaser is determined by the ratio of the value of each property, in relation

to the total value of the entire mortgaged property.

If the property is subject to a prior mortgage, you have the right to pay the "mortgage debt" which corresponds proportionally to the ratio of the value of your property, directly to the mortgage creditor, that is the financial institution, and not the vendor. Provided that you pay the above amount and in the event that the mortgage creditor refuses to release the property from the mortgage, then you can proceed with an application to the Court for an Order for specific performance, ordering the registration of the property in your name, thus, ignoring the mortgage which pre-dates the SLC.

VI. The deposit of the SLC creates an encumbrance (charge in rem) on the property, which has a priority order in relation to other charges in rem, according to the date of its deposit.

VII. If you do not deposit the SLC with the DLS within six (6) months from the date of its signing, then upon transfer of the property in your name, you will be required to pay the transfer fees with an increase of ten percent (10%).

For more information visit the website:
<https://portal.dls.moi.gov.cy>

Pancyprian Call Centre: : 17100

