

Title deeds: still so far to go

I APPLAUD your decision to introduce legislation to address the problem of thousands of trapped home buyers who are unable to get the deeds to the property they purchased due to their developer's outstanding mortgage debt(s).

But to be effective the legislation must include the release of a deed that is encumbered by other debts and memos, including taxes owed to the state and local authorities.

The legislation must also ensure that trapped home buyers are not, under any circumstances, required to contribute towards paying a vendor's debt(s) and tax liabilities - and that the fees payable to effect the transfer of the property are no more than the fees payable had the property been unencumbered.

Furthermore, once the property is registered in the name of its purchaser that purchaser must be free to mortgage the property, sell it, gift it, leave it to their heir(s) or dispose of it in any way they wish within the law - and subsequent owners must also be free to dispose of the property without incurring any costs over and above those that would normally be payable.

Any proposed legislation that fails to embrace the conditions above would be disingenuous and unacceptable.

UNFAIR PENALTY

The present system unfairly penalises home buyers who are unable to obtain title to the property they purchased through no fault of their own. This must change.

As you openly admitted in July last year, the state - government and parliament - has failed miserably over the Title Deeds issue. Not only has this miserable failure contributed to the decline in property sales, it has also resulted in tarnishing Cyprus' reputation in the international community and reducing the inflow of revenue to state coffers.

The most effective solution to the many problems associated with Title Deeds is to ensure that unencumbered title is available for transfer on delivery of a property to its purchaser(s).

This solution would both help restore the island's tarnished reputation and help the recovery of the island's beleaguered property industry.

Other countries deliver unencumbered deeds on the delivery of a property, why not Cyprus?

There are numerous 'idiosyncra-

An open letter to Interior Minister Socratis Hasikos



The building boom of the 2000s highlighted the absurdities of the title deed regulations

Letter

Nigel Howarth

sies' in the present system. Perhaps the most obvious is that property ownership is dependent on whether a built property conforms to the permissions and permits issued for its construction; but only in some cases.

If a purchaser buys a property off-plan, a deed for that property will not be issued until that property has been completed and inspected by the Planning Authority and issued with a 'Certificate of Final Approval'.

However a purchaser can buy a plot of land, pay the Property Transfer Fees and secure its title. That purchaser can then build a house on that land (having first secured the required permissions and permits) safe in the knowledge that they own the land and the house, regardless of whether the house has been issued with a 'Certificate of Final Approval'.

Why is a purchaser who buys a

property off-plan treated differently to another purchaser who builds a house on land they own? That's discrimination.

Article 10 of the Streets and Buildings Regulations Law, Cap. 96 provides that no person shall occupy, use or permit any other person to occupy or use any building, unless and until a 'Certificate of Approval' has been issued in respect thereof by the appropriate authority. This law is almost universally ignored and, as far as I am aware, it is rarely (if ever) enforced.

What is the point of having a law that is never enforced? It might just as well be scrapped and replaced with something more appropriate.

A second idiosyncrasy is the fact that many home buyers are unable to obtain the deed to the property they purchased because their developer has failed to build roads, pavements and other infrastructure. Why should this be the case?

Providing the property developer has fulfilled his contractual obligations to the purchaser, there can be no reason for not issuing its deed. An inspection of the property prior to its delivery may be desirable to advise the purchaser of possible

health & safety and other issues enabling the purchaser to make an informed decision whether to accept delivery of the property. Responsibility and costs associated with completing roads, pavements and other parts of the development would remain with the developer.

Site inspections are another issue. Does it really need the Planning Authority, the Land Registry and the local authority to each carry out separate property inspections? Why not establish a single independent inspection authority (perhaps a government agency) to take responsibility for all site and property inspections. The Planning Authorities, Land Registry and local authority could carry out 'sample inspections' (say 1 in 20) to ensure that authority inspections are being correctly executed.

Anyone who has dealt with the authorities in Cyprus will appreciate the paperwork and mind-numbing bureaucratic processes involved. As many as 10 different permits from various local and central government authorities may be required before a property can be legally built, owned and occupied.

This number needs to be rationalised.

Cyprus agreed a target with the troika to ensure that the title deed issuance backlog dropped to fewer than 2,000 cases of immovable property units with title deed issuance pending for more than one year by Q4-2014, but there has been no public release on the reduction actually achieved. I know from the correspondence that good progress was made, but can you advise how many cases remained outstanding at the end of 2014?

Over many years successive governments have made minor adjustments to the various processes involved in planning and the issuance of Title Deeds. These have all failed to reduce the time it takes to issue Title Deeds. Indeed it would appear that some of these adjustments have further complicated the system resulting in even longer delays. The 'Town Planning Amnesty' is a case in point.

GORDIAN KNOT

Speaking in 2011 former Interior Minister Neoclis Syllikiotis said: "The approval by parliament of four of the five bills will solve the Gordian knot for the thousands of title deeds that have been pending for years now." But once again, no official statistics on the number of deeds issued as a result of the amnesty have been released. Can you please advise?

What is needed now is a total review of the planning and title deed issuance processes and procedures by those with no interest in maintaining the status quo.

This review would be followed by redesigning and then re-engineering the processes involved to meet best business practices with the over-riding objective of ensuring that unencumbered title is available for transfer on delivery of a property to its purchaser.

In spite of the progress made to date there are still many thousands of properties waiting to be issued with their Title Deed as a result of unacceptably long delays in planning departments and Land Registry offices. In Paphos, for example, there are a number of cases where home buyers have been waiting for deeds since 1979.

■ Property expert Nigel Howarth offers independent information and advice for Cyprus home buyers and property investors. Nigel. Howarth@cyprus-property-buyers.com

It's that hole in the water time again

THE HISTORY of the Cyprus problem has taught the same thing over the years - namely it teaches us nothing. Even these days, in a climate of 'heightened optimism' (yet again) we seem unable to rise above the weaknesses that have always marked our behaviour and I refer particularly to our side.

The big words, idiotic slogans, pompous rhetoric and our insistence on not seeing our own mistakes, and the painful realities these have created, never cease to be the main features of our bizarre behaviour. This has contributed to our problem remaining unsolved for over 50 years.

No day passes without us demonstrating our irrational political mentality. Even now that we have agreed to resume negotiations between the two leaders and their representatives, we keep at it. Before the procedure had even begun

Comment

Loucas Charalambous

our parties and politicians started their usual type of public negotiations, based on the rhetoric I mentioned, among themselves.

They always find a pretext for this. The latest was provided by the US ambassador, John Koenig, who was answering questions at a Cyprus University event on Tuesday. A member of the audience thought it smart to ask him if he considered the Cyprus problem an "issue of invasion and occupation"; maybe he thought he had Papadopoulos, Sizopoulos or Lillikas in front of him.

I do not know what answer he could have expected after posing such a question to the US ambassador, 40 years after the invasion. It was inevitable there would be

an uproar after the ambassador decided to remind his audience that the problem came into existence 10 years before 1974, the year we like to think it started.

Of course the opportunity for grandstanding was not allowed to pass unexploited by our political demagogues like Papadopoulos who considered it the right moment to ask President Anastasiades to "re-position the Cyprus problem on the correct basis". He does not tell us though, why the problem was not solved in the five years that his father had positioned it on the correct basis.

Also participating in the public negotiations this week was our negotiator Andreas Mavroyiannis who, speaking at a gathering of the youth wing of DISY, deemed it necessary to announce that "a new system of guarantees is being sought because the existing one is bankrupt and should be

scrapped."

Before 24 hours had passed he got a response from Turkish President Tayyip Erdogan who declared that Turkey "will not give up its guarantee rights in Cyprus". One wonders who those are seeking an new system of guarantees and whether they have informed Turkey, which is one of the guarantor powers according to the 1960 constitution, about this effort.

From Erdogan's response (not to Mavroyiannis but to a question posed by a Turkish journalist) it was clear that issue had not been discussed with the Turkish side. It is another indication of the slapdash way we approached the negotiations that had not even resumed.

When such a serious issue like the guarantee rights - arguably the most serious of all - instead of being subject to careful diplomatic handling at a higher level, is

used as a slogan at a gathering of party youth, you wonder how the president and his associates deal with the less important issues of the negotiation.

If these are the tactics they would follow, the tactics of public rhetoric and slogans at coffee-shops and party gatherings, the only certainty is that the result would be the same as always - a hole in water.

Note: In the column published on March 29, I had mistakenly written that in 2006, during the sale of Laiki shares held by HSBC, 20 per cent of the shareholding was bought by the companies controlled by Andreas Vgenopoulos while 3 per cent was bought by bank employees' union ETYK. In fact, the 3 per cent shareholding had not been bought by the union, but was offered and bought by employees of Laiki Bank.