

SUSPENSION BY LAW IN CYPRUS OF LOAN REPAYMENTS

Due to the ongoing COVID-19 pandemic and the state of emergency, the Minister of Finance issued a governmental decree on 30th of March 2020 providing for a suspension of the loan repayments, including interest, of all credit facilities until the 31st of December 2020.

The suspension covers individuals, public entities, self-employed persons and businesses which, by 29 February 2020, had no more than 30 days late payments of their loan and are experiencing financial difficulties as a result of the impact of the COVID-19 pandemic.

The financial institutions that will receive a written request for a suspension from the borrowers are obliged to suspend the debt repayments and interest, provided that the borrower fulfils the condition for no late payments as defined above.

All interest on which the repayment period is suspended will be added to the balance of the loan and all capital and interest repayments suspended will not become immediately due upon expiry of the Decree (i.e. immediately after 31 December 2020), whilst the repayment period is automatically extended for a period identical to that of the suspension.

The suspension obligation applies to all financial institutions that are licensed in the Republic of Cyprus and are supervised by the Central Bank of Cyprus or the Cyprus Securities and Exchange Commission or the Superintendent of Insurance or the Registrar of Occupational Retirement Benefit Funds.

The Ministerial Decree extends the moratorium on credit facilities purchased and/or managed by financial institutions and explicitly provides for a moratorium until the same date (i.e. until 31 December 2020) for credit recovery measures.

Stelios Americanos & Co LLC
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