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**A property in the sun is something not everyone can afford; paying for it badly is something no one can afford.**

Whether you paid cash or borrowed from Cyprus or overseas, you can probably improve those arrangements. Invariably, whatever the situation, it's possible to find ways to reduce costs, minimise risks and greatly increase your options both today and in the future.

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**Things Have Changed**

Recently, driven by increasing competition, there have been enormous changes in the Cyprus mortgage market, changes that can dramatically enhance your arrangements.

**Remortgage** used to be impossible in Cyprus, but not any more. Given the huge differences between the banks' products, particularly in light of recent developments, existing arrangements can usually be improved, sometimes with considerable savings.

**Equity Release** was unheard of. It's still not actively promoted by the banks, but it's sometimes possible if you know where to look and how to present your case. If so, you may be able to use the money currently locked in your property for whatever you wish ... sometimes people even decide to buy another one!

**Mortgage Terms** have improved almost beyond recognition. Previously buyers were limited to foreign currency loans for no more than ten years or so, but now the restrictions are disappearing:

- Loan-to-value of up to 80%
- Loan duration of up to 30 years
- Interest only now available
- Fixed rates
- Discounted rates
- Penalty-free early repayments
- Defer capital (and sometimes even interest) payments for up to two years, even on existing loans
- Competitive interest rates in Cyprus Pounds, as low as 3.65%
- Competitive interest rates in other currencies, as low as 2.48%
- Competitive life insurance from reputable insurers
- For those not resident in Cyprus, it can all often be arranged without a visit!

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**So What About You?**

**If you financed locally** you're likely to be able to improve your arrangements. What's on offer from the local market is far better today than ever before and the above list will give an indication of what's possible. Additionally, good independent advice has been hard to find historically. This has meant that, regardless of whether the right bank has been chosen, so often the mortgage terms selected were inappropriate: sometimes it's the wrong currency, sometimes the length of term, or sometimes even the interest rate itself is simply higher than the bank's standard rate.

**If you financed from overseas or paid in cash** there may be an opportunity to release equity, whether to repay your overseas borrowing or simply do something better with those resources. There's just no real benefit tying up the value of, for instance, your main residence just to pay for your Cyprus property.

**If the value of your property has increased** there may be an opportunity to borrow more than you were originally able, based on today's higher value.

**If you took a foreign currency loan** just because the interest rate seemed attractive, then you may well have made a mistake, and possibly a mistake that you won't see until it's too late. One currency carrying lower rates than another does not make it necessarily more appropriate. Prevailing rates are only one of many factors that influence the costs and risks of your property. By the way, 'foreign currency' is any currency other than Cyprus Pounds. Don't assume that using your 'home currency' means you're protected - you're not.

**If you used a local life insurance company** it may be possible to replace it with something cheaper from a stronger insurer. Historically the local banks have preferred borrowers use the Cyprus insurers whose insurance premiums tend to be high. Increasingly, certain international insurers are accepted, many of which are far stronger financial institutions, with potential for far lower costs. Premiums can sometimes be reduced by around 60%.

**If you haven't thought about currency risk** then you should start! Owning any asset in a currency other than your own carries risks which you ignore at your peril. For example, there is much that can be done to protect you from a devaluation of the Cyprus Pound and inaction could be potentially disastrous. The solutions, however, are pretty straightforward and certainly worth considering: borrowing in local currency, for example, reduces your exposure to currency fluctuations and reduces risk.

**If you are yet to complete payments** you should check out all your options soon. The banks tend to be more open to using their mortgage products if a property is not yet fully paid. It's worth investigating either way, but sooner is better.

**If you are British** then be aware that, contrary to much of the information available (whether from the internet or even professional firms in Cyprus and elsewhere) British Nationals are liable for UK Inheritance Tax on their worldwide assets regardless of whether they reside in the UK, Cyprus, or elsewhere. Importantly, this includes Cyprus property and other assets. Be assured, making a Cyprus will does *not* negate the liability, even if you've been advised otherwise.

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## And Who are We?

Mosaic is an independent firm, based in Cyprus, and represents clients in many of the financial aspects of Cyprus property. We have a unique service and, whether you're already an owner, or are still thinking about a purchase, we're sure we can help. If you would like to learn a little more about us, have a look at our website.

Existing property owners, please remember that Equity Release and Remortgage are new to Cyprus so there are no specific products marketed for the purpose and little information is available either directly from the institutions or indeed on our site. Don't be put off! Much is possible and all it takes is a little time; we're sure it would be time well spent.

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## Need Advice?

It doesn't matter what stage you're at or what arrangements are currently in place, we think we can help. If you would like us to try, just pick up the phone and talk to us, or drop us a line with a few details. If you want, let us know how to get hold of you and we'll call you when convenient. Whatever you prefer is fine with us and be assured that investigating your options does not commit you in any way to using us.

Financing your property as well as you can effectively makes that property cheaper. Don't pay more than you need to.

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