

your Legal Lab

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Exceptions for servicing and selling Greek loans applying by the amended NPL Law recently lifted

Following recently passed [law 4389/2016](#), which amended the applicable regime of servicing and selling receivables out of loans and credits having been granted by credit and financial institutions, the Government passed through the Parliament last week (02.06.2016) more amendments that aim to broaden the ambit of the new law.

Law 4389/2016 provided that such law is not applicable until 31.12.2017 as regards loans secured with mortgage or prenotation of mortgage over primary residence with a presumed value for tax purposes not to exceed the amount of 140.000 euro, as well as loans guaranteed by the Greek State.

By virtue of the recent amendment the exception regarding loans guaranteed by Greek State has been lifted. Thus, loans guaranteed by the Greek State can be included in any portfolio to be serviced by Servicers as recognized by Law 4389/2016 or to a portfolio to be sold to Purchasers according to same law with immediate effect and without waiting for the grace period until 31.12 2017 to lapse.

Moreover loans secured with mortgage or prenotation of mortgage over primary residence with a presumed value for tax purposes not to exceed 140.000 euro can be subject to servicing by Servicers of same law with immediate effect.

In practice, the only exception from Law 4389/2016 that currently applies is with regard to sale of loans secured with mortgage or prenotation of mortgage over primary residence with a presumed value for tax purposes not to exceed 140.000 euro until 31.12.2017, whilst servicing of such loans is permissible.

The above amendments were the result of discussions of the Greek Government with its sovereign creditors and aim to precipitate the opening of the relevant market by adding more type of loans to potential deals and possibly increase appetite.

Your Legal Partners will follow closely the developments of the market and will keep you briefed.

