

MANAGERIAL **ALERT**

RENTAL PAYMENT SUSPENSION FOR REAL PROPERTY USED AS PRINCIPAL **DWELLING UNITS**









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Resolution No. 032, dated September 9, 2020, issued by the Ministry of the Popular Power for Habitat and Housing, was published in Official Gazette No. 41.971 of September 23, 2020 (the "Resolution"). The Resolution suspended on a special and exceptional basis, up to March 2, 2021, the payment of rentals for real property used as principal dwelling unit, in order to relieve the economic situation of lessees resulting from the SARS-CoV-2 (COVID-19) virus pandemic.

By virtue of the suspension, the Ministry of Habitat and Housing, through the National Superintendence of Dwelling House Lease (Superintendencia Nacional de Arrendamientos de Vivienda - SUNAVI), will proceed to establish the specific conditions for the implementation of rental payment as per the methods established in Decree No. 4.279 of September 2, 2020.

The measures to be implemented are as follows:

- 1. Payment of the rentals may be restructured or financed through an agreement between the parties (lessor-lessee). This restructuring or financing may not end at the time when the period of time prescribed in the Decree for suspension of the payments ends, that is, the full payment of the rentals may not be immediately required upon the end of the suspension.
- 2. A gradual and progressive payment of the rental may be established through percentages allowing the full payment of the whole amount of the suspended payment. These percentages will vary with the consensus of the parties, starting with the payment of ten percent (10%) and successively increasing said percentage until reaching the total amount of the rentals not received by lessor.
- 3. Likewise, the parties may establish as payment method, after the suspension has ceased, a double monthly payment of the rental until reaching the total amount not received by lessor.
- 4. The deposit or advance fund may also be established as payment method when a fund to that end is created, in which the parties establish that the money deposited, whatever the amount of the same may be, and even if the fund was created before the suspension, will be used to pay the rentals accrued during the suspension.
- 5. Payment of special installments by lessee may be established as another form of rental payment restructuring, which installments will be set during the agreement of suspension. The amount of said installments may vary (the same amount of the rental or a higher amount), as well as their frequency (on a monthly basis, twice a month or on a quarterly basis).

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- 6. In the event of discrepancies between the parties at the time of establishing the payment conditions, the SUNAVI will protect the principles established in the aforesaid Decree and establish, through conciliation boards, the procedure to be followed for the execution of the agreements resulting from the suspension.
- 7. All agreements entered into by reason of the suspension decreed must be filed with the SUNAVI's Legal Consultancy Office.

The Resolution establishes that the foregoing considerations do not hinder the possibility of entering into contracts or agreements, with the consensus of lessors and lessees, that aid the economic situation of lessees, taking into consideration the state of emergency of the country, which agreements must be also presented to the SUNAVI for purposes of verification of compliance with the legal requirements.

The Resolution suspends for six (6) months following the publication of the aforementioned Decree the application of article 91 of the Law for Regularization and Control of Dwelling House Lease, referred to the grounds for eviction from real property under lease agreements.

Lastly, the Resolution establishes that the amounts agreed as per any of the different payment methods may not be subject to increase for default interest or any other compensatory item.

The Resolution became effective upon publication of the same in the Official Gazette.

In order to access the Resolution, please click <u>here</u>.

Should you have any question or comment or require further information, please contact the partner in charge of your account via e-mail.

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