

2nd April 2020**LEGAL DEPARTMENT****Subject: COVID-19 URGENT MEASURES: Rentals and eviction**

Dear Client,

Yesterday was published the Royal Decree-law 11/2020, of 31st March, adopting urgent complementary measures in the social and economic field to face COVID-19, which enters into force today, 2nd April 2020. The measures regarding tenancy agreements and evictions are summarized below.

Tenancy agreements:

The usual housing lease contracts subject to the Urban Leasing Law, ending between 2nd April 2020 and two months after the end of the state of alarm, **could be extended** upon request from the tenant, for a maximum period of 6 months, during which the same terms and conditions will continue to apply. This request for extension must be accepted by the lessor, unless other terms or conditions are agreed between the parties.

The tenant of an usual housing contract who is in a situation of economic vulnerability may request the lessor, **when this is a company or public housing entity or a large holder** (that who owns more than ten urban properties or a constructed area of more than 1,500 m²), until 1st May 2020, the temporary deferment in the payment of the rent (as long as there has not been a previous agreement between the parties for the deferment or the total or partial cancellation of the rent).

Once the deferment has been requested and within a maximum period of 7 working days, the lessor shall expressly notify the tenant of his/her decision, which may be:

- a) A reduction of 50% of the rent during the time that the state of alarm lasts and the following monthly payments if that period is insufficient in relation to the situation of vulnerability, with a maximum of 4 months.
- b) A moratorium on the payment of rent for the duration of the state of alarm and for the following monthly installments, extendable one by one, if that period was insufficient in relation to the vulnerable situation, without exceeding 4 months. Said rent will be deferred by dividing the installments for at least 3 years from the end of the state of alarm or the aforementioned term of 4 months, and always within the period during which the term of the contract or any of its extensions continues. The moratorium will not entail any type of penalty or the payment of interest.

This moratorium will cease in the event that the tenant has access to the transitional aid program provided for in the Royal Decree-Law (pending to be specified).

When the lessor is not a company or public housing entity or a large holder, the tenant who is in a vulnerable situation, may also request the temporary and extraordinary deferment in the payment of the rent, provided that said deferment or total or partial forgiveness of the rent was not previously agreed. Once the request has been received, the lessor will communicate to the tenant within a maximum period of 7 working days, the conditions of deferment or deferred fractionation of the debt that he accepts or, failing that, the possible alternatives that he offers. If the lessor does not accept any agreement on the deferment, the lessee may have access to the transitional aid program (pending to be specified).

Suspension of eviction procedures for vulnerable households:

Once the suspension of the Court proceedings is lifted at the end of the state of alarm, in the eviction proceedings in which the tenant proves before the Court that he is in a situation of social or economic vulnerability as a consequence of COVID -19, which makes it impossible for him to find a housing alternative for himself and for the people with whom he lives, this circumstance will be communicated by the Lawyer of the Administration of Justice to the social services and the procedure will be suspended until the measures that the social services deem appropriate, for a maximum period of 6 months counting from 2nd April.



In the event that the suspension affects the lessors who prove that they are also in a vulnerable situation as a result of COVID-19, the Lawyer of the Administration of Justice will notify the social services to consider such situation regarding the suspension period as well as for the definition of the protective measures to be adopted.

Economic vulnerability. The following requirements must meet together:

a) That the tenant becomes unemployed, temporarily unemployed (ERTE), or has reduced his/her workday due to care of other people, in case of being an entrepreneur, or other similar circumstances that suppose a substantial loss of income, not reaching the set of the income of the members of the family unit, in the month prior to the request for the moratorium:

i. The limit of 3 times the IPREM*(or 4 times or 5 times the IPREM in special situations: family member with disability higher to 33%, etc.). ***The IPREM for 2020 is 537.84 euros.**

ii. This limit will be increased by 0.1 times the IPREM for each dependent child in the family unit (0.15 times in the case of a single parent family).

iii. This limit will be increased by 0.1 times the IPREM for each person over 65 years of age in the family unit.

b) That the rent plus the basic supplies of the dwelling (electricity, gas, diesel for heating, water, Internet, telephone and the community of owners), is greater than or equal to 35% of the net income received by all the members of the family unit.

The family unit is made up of the tenant, his/her legally non-separated spouse or registered partner, and the children residing in the dwelling.

It is understood that vulnerability doesn't exist when the tenant or any member of the family unit is the owner of another home in Spain (with some exceptions).

Documents to prove the vulnerability situation:

a) In the event of a legal unemployment situation, by means of a certificate issued by the entity managing the benefits, showing the monthly amount received as unemployment benefits or subsidies.

b) In the event of cessation of activity of self-employed workers, by means of a certificate issued by the Tax Administration,

c) Number of people living at the dwelling:

i. Family book or document confirming a domestic partnership.

ii. "Padron" certificate relating to people registered in the dwelling, with reference to the time of filing of the supporting documents and to the previous six months.

iii. If applicable, declaration of disability, dependency or permanent incapacity to work.

d) Ownership of property: simple note from the index service of the Land Registry of all members of the family unit.

e) Responsible statement of the tenant regarding compliance with the requirements required to be considered without sufficient financial resources.

If the tenant is unable to provide any of the above documents, he/she may substitute it by means of a responsible statement that includes the express justification of the reasons, related to the consequences of the COVID-19 crisis, which prevent to obtain it. After the end of the state of alarm and its extensions, the tenant will have a period of one month to provide the documents that were not previously provided.

We are at your disposal to attend any further doubts you may have. Sincerely,

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