

Joint Resolution of the Senate Number 489: Automatic Moratorium of Payments

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The Senate of Puerto Rico approved this week **Joint Resolution of the Senate Number 489** (“JRS 2020-489”) in order for all banking or financial institutions (including cooperatives) authorized to conduct business in Puerto Rico to allow for an automatic moratorium of payments upon the client’s request.

The automatic moratorium, or postponement of payments, will apply to mortgage, auto, personal loans, and credit card primarily for personal use, corresponding to the months of March, April, May, and June, 2020. It is important to note that this Joint Resolution **does not** address commercial loans.

As currently drafted, the moratorium will:

- apply to clients who were current with their payments as of March 12, 2020 and whose economic conditions were directly affected by **Executive Order 2020-023**
- all banking and financial institutions will be required to publish how the clients should inform the creditors of their intention to participate in the automatic moratorium
- creditors are prohibited from collecting late fees, penalties or interest, and are also prohibited from increasing the interest rates to clients under the automatic moratorium

Any mortgage loan modification allowed by the Joint Resolution will automatically modify the terms and conditions of the mortgage note and the mortgage deed. As such, and upon receipt, the Registrar of the Property will place a marginal note on the recorded property entry.

It is expected that the resolution will now be discussed, amended and probably voted upon in the House of Representatives this week.

The **McConnell Valdes Emergency Task Force** listed below will keep you abreast of these developments. Please contact any of them if you have any questions - as you may know, they are working remotely and can be reached by email or by phone.

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