



## **SPECIAL NEWSLETTER**

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### **LAW NO. 13.986 OF APRIL 7TH, 2020**

The Provisional Measure 897/19 called “MP do Agro” (Agricultural Provisory Measure) originated Law no. 13986/20, which, among other measures, is intended to allow the institution of real warranty over rural properties in favor of foreigners, including in the range of border.

Thus, changing Law no.5.707/71, which restricted the acquisition of rural property by foreigners, and even by companies which had their dominant capital stock by foreigners, as well as changing Law no. 6.634/79 which restricts, in the so-called “frontier area”(150 km wide internal strip, parallel to the land dividing line of the national territory), the right of possession or property by foreigners, or the participation, in any capacity of natural persons or legal entities, in rural properties.

Although the Law does not deal with the direct acquisition of rural property, it now allows the creation of a security interest (real warranty), including the transfer of fiduciary property in favor of foreign individuals or legal entities, or, controlled by them, as well as in cases of liquidation through security interest (real warranty), giving in payment, or any other form.

The Law also establishes the Solidary Guarantee Fund (FGS), aiming that a group of rural producers may form a financial fund capable of guaranteeing new bank loans.

The segregate estate regime established by the said Law allows the owner of the rural property to segregate all or part of his/her property, destining it to provide guarantees in credit operations. It is important to point out that accessions and improvements are the sole responsibility of the land, with the exception of crops, movable and moving goods.

We remain at your disposal for further clarification.

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