

## MORTGAGE MORATORIUM

Mortgage moratorium implementation to lessen the economic consequences of the pandemic on the most vulnerable individuals of the society

Within the urgent and extraordinary measures implemented by the Spanish government to mitigate the social and economic impact of the health emergency crisis caused by the Covid-19 pandemic outbreak, we can find measures focused on the protection of most vulnerable individuals to the economic consequences of the said Covid-19 pandemic.

The first chapter of the Real Decreto-ley 8/2020, from March 17th (RD 8/20) refers to a moratorium or payment holidays on mortgages charging the acquisition of first residence property. This measure will provide borrowers with mortgage payment holidays for those who have directly suffered the consequences of the coronavirus pandemic outbreak, such as those who have lost their jobs and therefore, their capacity to pay their mortgage instalments.

Article 9th of RD 8/20 indicates that “economically vulnerable” and accordingly eligible to benefit from the payment holidays are those who or whose:

- ✓ have become unemployed or, in case of being self-employed, suffered a substantial loss of business income or substantial drop in his business sales.
- ✓ total income of the members of the family unit must during the month prior to the request for the moratorium, must not exceed 4.833€.
- ✓ mortgage payment, plus the basic expenses and supplies, is greater than or equal to 35% of the net income received by all the members of the family unit.
- ✓ as a result of the health emergency, the family unit has suffered a significant alteration in its economic circumstances. That is, when the effort that represents the mortgage burden on family income has been multiplied by 1.3.

Those who wish to apply for the mortgage moratorium, must submit an application to his lender together with the supporting documents proving their vulnerable situation. If the application is approved, during the period of validity of the moratorium, the lender must not claim for the payment of the mortgage instalment, nor any other related payments such as its interest, late payment fees, etc...

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