

Colombia: Temporary measures for unilateral termination of commercial lease agreements

June 8, 2020

The Ministry of Commerce, Industry and Tourism, by Decree 797 of June 4th, 2020, implemented temporary and extraordinary measures regarding the unilateral termination by the tenants of commercial leases dedicated to specific activities.

The aforementioned Decree establishes that, **tenants of commercial agreements, that as of June 1st, 2020 have been unable to carry out the following activities, by reason of security decreed by the National Government, may unilaterally terminate the lease agreements before August 31st, 2020**, provided that the tenants are in good standing regarding the lease payments, accrued utilities and other monetary obligations, as of the termination date of the agreement:

1. Bars, nightclubs, billiards, casinos, and arcades.
2. Gyms, swimming pools, spas, saunas, sports fields, theme parks and playgrounds.
3. Cinemas and theaters.
4. Religious services that involve crowd gatherings.
5. Accommodation and foodservices.
6. Public or private events that involve crowd gatherings.

In case that the extraordinary and temporary right to unilaterally terminate the lease is exercised, the tenant will be obliged to pay, exclusively, one third of the penalty clause established in the lease agreement, without imposing any another fine or penalty, among others, or the equivalent to one lease payment, in the event that a penalty clause was not agreed between the parties. The foregoing does not apply to financial leasing agreements.

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