



New law facilitates the acquisition of rural real estate properties in Brazil by foreigners

Brazilian Government recently published Law No. 13.986/2020, that enables new financing tools for agricultural activities, with the intention of boosting this important sector of Brazilian economy, making it more dynamic and competitive. The provision, which has been in force since April 7th, is the result of the conversion of Provisional Measure No. 897/2019, popularly known as Agro MP, into law.

With this new law several mechanisms have become available to stimulate Brazilian agribusiness. With regard to rural real estate properties, the main alterations are: authorization for the constitution of fiduciary assignments of rural real estate properties as a collateral for foreign creditors, without any distinction, that is, including those that are in Brazilian's border strip; and, which is even more innovative, an amendment to Laws No. 5.709 / 1971 and No. 6.634 / 1979 in order to allow foreigners to become owners of rural real estate properties in the scope of settlement of transactions through execution of guarantees, including procedures of property consolidation, as well as judicial adjudication of the assets, payment in kind agreements, or any other form of debt settlement.

It is noteworthy that this new law does not impose an obligation on foreigners to subsequently sell the rural properties that are received in the aforementioned settlement procedures.

Therefore, this represents a significant advance with respect to the acquisition of rural real estate properties by foreigners in Brazil, and a signal from the current federal government that it shall move forward with Bill No. 2,963 / 2019, which regulates article 190 of Brazilian's Federal Constitution, facilitating the acquisition of rural real estate properties by foreign individuals and legal entities, thus safeguarding the Brazilian economy, increasing the legal security of business, and attracting new investments.

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