

FERRAIUOLI LLC

COMMERCIAL LENDING PRACTICE GROUP
CORPORATE DEPARTMENT

January 23, 2014

NOTICE TO CLIENTS AND FRIENDS

Recent Amendments to Revised Article 9 of the Puerto Rico Commercial Transactions Act

The Governor of the Commonwealth of Puerto Rico has signed Act No. 17 of January 16, 2014 (hereinafter, the “Act”) into law.

The Act amends Section 9-515 of Article 9 of the Puerto Rico Commercial Transactions Act (hereinafter, “Revised Article 9”) reducing the effectiveness of a properly filed financing statement under Revised Article 9 from ten (10) years to five (5) years after the date of filing. The aforementioned amendment is consistent with the uniform rules of secured transactions promoted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) in collaboration with the American Law Institute (ALI) and adopted by all fifty (50) states and the District of Columbia.

The Act also amends Section 9-703, Section 9-704 and Section 9-705 of Revised Article 9 to further extend the generally applicable grandfather clause from one (1) year to three (3) years from the effective date of Revised Article 9. Generally, if the requirements for enforceability or perfection under Revised Article 9 are not satisfied, a security interest created and perfected before January 17, 2013 will become unenforceable or unperfected, or both, on January 17, 2016.

This document has been prepared for information purposes only and is not intended, and should not be relied upon, as legal advice. If you have any questions or comments about the Act, wish to obtain more information related thereto, or about its possible effect(s) on secured transactions, please contact us.

Fernando J. Rovira-Rullán: frovira@ferraiuoli.com José Fernando Rovira-Rullán: jrovira@ferraiuoli.com

José A. Díaz-Brugueras: jdiaz@ferraiuoli.com Rafael L. Rovira-Arbona: rrovira@ferraiuoli.com