

## Federal Law 13.986/2020

*Among other things, allows  
foreign creditors and Brazilian  
companies controlled by  
foreigners to constitute in rem  
guarantees over Rural Properties  
and boundary areas in Brazil*

On April 7, 2020, President Jair Bolsonaro approved Federal Law n. 13,986/2020 (“[Law 13,986](#)”), setting new mechanisms to boost agribusiness in Brazil, facilitating credit by rural producers and making the sector more attractive to capital markets’ players.

Among the new provisions of Law 13,986, we would like to emphasize articles 51 and 52 which bring important modifications to current restrictions for (i) the constitution of *in rem* guarantees over rural areas in Brazil by foreign entities and Brazilian companies controlled by foreigners, including over those located in boundary areas, and (ii) the acquisition of rural real estate by foreign entities through the enforcement of *in rem* guarantees.

The above mentioned articles modify certain dispositions of Federal Law n. 5,709/71 (“[Law 5,709/71](#)”) which provides for the acquisition rules of rural real estate in Brazil by foreign entities, as well as Federal Law n. 6,634/79 (“[Law 6,634/79](#)”) which provides for the 150km rule alongside the

terrestrial boundaries (“[Boundary Zone](#)”), considered essential to Brazil’s National Security.

Article 51 adds new events to second paragraph of article 1 of Law 5,709/71 allowing a fiduciary sale over rural real estate in favor of a foreign entity (or national entity controlled by a foreign entity), and also the acquisition of rural real estate by a foreign entity (or national entity controlled by a foreign entity) through the enforcement of *in rem* guarantees (such as fiduciary sale), lieu of payment or any other form.

Article 52 adds paragraph 4 to Article 2 of Law 6,634/79 which excludes from the list of acts that depend on the previous consent of the National Security Council, concerning rural real estate located within the Boundary Zone, the constitution of *in rem* guarantees (such as fiduciary sale) in favor of a foreign entity (or national entity controlled by a foreign entity), as well as the acquisition of rural real estate by a foreign entity (or national entity controlled by a foreign entity) through the execution of *in rem* guarantees (such as fiduciary sale), lieu of payment or any other form.

The new wording of Articles 51 and 52 of Law 13,986 eliminates several obstacles to foreign entities (or national entities controlled by a foreign entity) to provide credit, invest or acquire rural real estate in Brazil, making agribusiness in Brazil more attractive to foreign capital investors.

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