

## Alert

# Effects of Royal Decree Law 16/2020 on both approved creditors' agreements and refinancing agreements

April 2020

The effects caused by COVID-19 and the declaration of the state of alert on 14 March have affected the different sectors of society, across the board, bringing economic activity to a standstill at state level.

Thus, in order to adapt the real economic situation to the legal situation, the Government issued [the 28th April Royal Decree Law 16/2020](#), which established, among other things, a series of provisional measures with respect to the regulations governing creditors' agreements and the judicial homologation of refinancing agreements.

Thus, in order to adapt the actual economic situation to the legal situation, the Government has issued, among others, a series of provisional measures with respect to the regulations governing creditors' agreements and the judicial homologations of refinancing agreements.

Specifically, the following modifications are established for the **creditors agreements** that are complying at the time of the entry into force of the Decree Law:

- Firstly, the obligation to request the opening of the liquidation phase in cases where it is known that it will not be possible to comply with the provisions of the creditors' agreement is suspended for a period of one year from the date of declaration of the state of alert, provided that a proposal to amend the agreement is submitted within the same period.
- Secondly, during the period of one year from the date of the declaration of the state of alert, proposals for the modification of already approved creditors' agreements may be submitted.
- Finally, if a creditor requests a declaration of non-performance of the agreement during the six months following the date of the alarm statement, the debtor will be given the opportunity to submit a proposal to modify the agreement during the three-month period before the request is accepted.



On the other hand, for **refinancing agreements approved by the courts** under the provisions of the Bankruptcy Law, the following amendments are established:

- On the one hand, during the period of 1 year from the date of declaration of the alarm state, the debtor who had a refinancing agreement approved may modify the agreement or reach a new one without the need for the 1 year period from the previous application for approval to have elapsed.
- On the other hand, in the event of all requests for non-compliance with the refinancing agreement submitted by creditors during the six months following the date of the declaration of the state of alert, a period of one month shall be granted for the debtor to inform the court of the commencement of negotiations to modify the refinancing agreement or to reach a new one which, if carried out, shall be granted a period of three months to reach said agreement and present it to the court.

We hope the information is useful and of your interest. At **Andersen Tax & Legal** we have created a multidisciplinary team to attend to all the questions that may arise on this aspect or in relation to the COVID-19.

For more information please contact:

[Álvaro Gámez](#)

[alvaro.gamez@AndersenTaxLegal.es](mailto:alvaro.gamez@AndersenTaxLegal.es)

[Claudio Aguiló](#)

[claudio.aguiló@AndersenTaxLegal.es](mailto:claudio.aguiló@AndersenTaxLegal.es)