

5 Key Facts About Real Estate Leasing

Law No. 93 of October 4 of 1973

The lease is one of the most used law concepts and present in people's the day to day. It is an agreement of wills between the parties in which they can agree on things, works or services. In accordance with the Panamanian Civil Code, in the leasing of things, one of the parties (called a landlord) is requiree to give the other (called a tenant) the enjoyment or use of a thing for a certain time and a certain price.

The rules relating to the leasing and subleases of private real estate intended for housing, commercial establishments, professional use, industrial and teaching activities are of public order and are regulated by Law No. 93 of 4 october 1973.

Among the main topics of this regulation we highlight the following 5 key points :

1. Lease agreements must be in writing.
2. The lessor has the obligation to register leases with the Ministry of Housing and Land Use (MIVIOT).
3. Against the registration of the lease, the lessee has the obligation to enter in the MIVIOT a sum equal to the lease fee as a deposit. This sum is returned to the depositor at the end of the lease, except in the case of a claim by the lessor for fees owed or damages caused by the lessee other than those resulting from the normal use or wear of the goods, which must be verified.



4. The term and extension of the lease of real estate properties intended for habitation is mandatory for the landlord and waivable for the tenant at any time, no other obligation than to give the landlord prior written notice not less than thirty (30) calendar days prior to vacating the rented property.
5. Properties may be sublet in whole or in part, unless otherwise expressly agreed in the lease agreement. The total sublease falls on the entire property and can only be held with one person. While the partial sublease of one or more rooms or premises can be held with different people. In the case of subleases, the tenant must have the prior written consent of the landlord to be able to enter into such contracts. In the leasing contracts of commercial, professional, industrial and teaching premises, the clause prohibiting subletting is not valid.