STATUTORY EXTENSION, TACIT EXTENSION AND TACIT RENEWAL: THREE KEY MOMENTS IN YOUR LEASE AGREEMENT

When a residential lease agreement is signed, people usually focus on the essentials: how much is paid each month and for how long the contract is in force. However, from a legal standpoint, a lease agreement can go through three different stages, each with its own specific rules, effects and obligations:

1. Statutory extension
2. Tacit extension
3. **Tacit renewal**

Knowing which of these stages your contract is in is key, as it determines:

- The minimum duration guaranteed to the tenant.
- The legal position of the landlord and the tenant.
- And, above all, whether we are dealing with the same contract or already with a new one.

WHAT IS THE STATUTORY EXTENSION?

The statutory extension is the mandatory extension of a lease agreement when the duration initially agreed is shorter than the minimum periods established by the **Urban Leases Act (LAU).**

What does the LAU provide?

Article 9 of the LAU states that the contract lasts for the period freely agreed by the parties. However, if that period is shorter than the legal minimum, the contract is automatically extended on a yearly basis until that minimum is reached.

At present, as a general rule:

- **5 years**, if the landlord is a natural person.
- **7 years**, if the landlord is a legal entity.

In the case of a community of owners, as it does not have its own legal personality, it is considered equivalent to a natural person, and therefore the minimum duration is **5 years**.

What does this mean in practice?

- The contract remains the same as the one initially signed.
- When the agreed expiry date is reached, if the legal minimum has not yet been met, the contract is automatically extended.
- During this period, the landlord may not refuse the extension.

In summary, the statutory extension acts as a protection mechanism for the tenant, guaranteeing minimum stability even if the initial contract was shorter.

WHAT IS THE TACIT EXTENSION?

Once the statutory extension has been exhausted (that is, when the contract has reached 5 years if the landlord is a natural person, or 7 years if the landlord is a legal entity), the tacit extension comes into play, regulated by Article 10 of the Urban Leases Act (LAU).

How does it work?

The tacit extension applies once the minimum legal duration has been reached and neither of the parties has notified (within the statutory notice period) their intention not to renew. In that case, the contract is automatically extended on a yearly basis, up to a maximum of three years, depending on the wording of the LAU in force on the date the contract was signed.

What happens during this period?

- The contract remains the same: no new contract is created.
- The same terms and clauses remain in force.
- Both the landlord and the tenant must respect this period, unless proper notice is given within the required timeframe. According to Article 10 of the LAU, the notice periods are:
    - **Landlord**: must notify their intention not to renew at least **4 months** in advance.

- **Tenant**: must notify their intention not to renew at least **2 months** in advance.

How does it differ from the statutory extension?

Both extend the original contract, but the statutory extension brings the contract up to the mandatory minimum period. By contrast, the tacit extension operates after that minimum has been reached, provided that neither party has expressed their intention to terminate the contract within the statutory notice period (4 months for the landlord, 2 months for the tenant).

WHAT IS TACIT RENEWAL?

When the initial contractual term, the statutory extension and the tacit extension come to an end, we enter into tacit renewal. Unlike extensions, in this case the same contract is not extended. From a legal standpoint, tacit renewal entails the **creation of a new contract**.

Tacit renewal is regulated by Article 1566 of the Civil Code, which establishes that tacit renewal exists when:

- The contract has ended.
- The tenant remains in the dwelling for 15 days.
- This occurs without the landlord objecting or requesting that the tenant vacate the property.
- And no prior formal request has been made by the landlord for the tenant to vacate.

In other words, tacit renewal occurs when:

1. The contract has fully expired (including extensions — statutory and tacit).
2. The tenant does not return the keys.
3. The landlord does not demand their return within those 15 days.

In this scenario, the law understands that the parties "renew" the relationship, but this is no longer a simple extension: it is a new contract. So, what duration does the new contract have?

Article 1581 of the Civil Code clarifies this:

- If the original rent was annual, the renewal will be for years.
- If the rent was monthly, the renewal will be for months.
- If it was daily, it will be for days.

For example: If the rent is paid monthly, tacit renewal implies a new contract that is renewed month by month.

The Supreme Court has repeatedly stated that tacit renewal does not extend the previous contract, but rather creates a new contract, even though the same economic and usage conditions are maintained, except for the duration.

This detail is essential because, as it is a new contract, the following may be affected:

- In areas where price limits apply, these rules usually apply to new contracts, so tacit renewal may fall within their scope.
- It may also affect the use of the reference index if the regulations require its application when a new contract is signed or begins.
- And, in general, any obligation or requirement that the law specifically establishes for contracts that start anew may be applicable.

CONCLUSION

Understanding which stage a lease agreement is in is essential for both landlords and tenants. Expiry dates, timely communications and the conduct of both parties can determine whether the contract remains in force, has been automatically extended, or has given rise to an entirely new contract through tacit renewal.

In the event of any specific doubts regarding dates, renewals, notifications or legal effects, it is advisable to review the original contract, verify the applicable regulations based on the date of execution and, if necessary, seek specialised legal advice.