

## Act for the Promotion of Residences with High Economic Impact

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### PRACTICE AREAS

- Housing Development
- Real Estate, Hospitality & Finance

### An McV Real Estate Alert

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On August 1, Governor Jenniffer Gonzalez signed into law Act No. 101-2025, known as the “Act for the Promotion of Residences with High Economic Impact” (“Act 101-2025”), which creates a new legal framework available to developers of residences with high economic impact that choose to opt out of most of the provisions of Act No. 130 of June 13, 1967, as amended, known as the “Act of the Office of the Construction Officer Attached to the Department of Consumer Affairs” (“Act 130-1967”) or any successor law and its regulations, as well as the provisions of Article 31(11) of Act No. 10-1994, as amended, known as the “Act to Regulate the Real Estate Business and the Profession of Real Estate Broker, Salesperson or Companies in Puerto Rico” (“Act 10-1994”).

#### Applicability

The provisions of Act 101-2025 are available to persons or companies engaged in the development of projects consisting of residences with high economic impact (“HEI Residential Projects”). It defines residences with high economic impact (“HEI Residences”) as single or multifamily residences with a sales price to the first purchaser of the residence exceeding the limit set by the Federal Housing Administration (“FHA”) for the corresponding municipality.

For 2025, the FHA mortgage limit for single family residential properties in Puerto Rico ranges from \$524,225 to \$690,000. Specific FHA mortgage limit in all municipalities of Puerto Rico can be found [here](#).

Moreover, Act 101-2025 is available for HEI Residences that, at the time this law was approved, (i) have not started construction, or (ii) have started construction but are still not subject to an option or purchase agreement. It is important to note, that an HEI Residential Project cannot opt out of the provisions of Act 130-1967 requiring that a bond be procured to guarantee repairs resulting from construction defects.

#### Licensing Requirements and Benefits

## Act for the Promotion of Residences with High Economic Impact

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Pursuant to Article 4(a) of Act 101-2025, no person or company may engage in the business of development and/or construction of HEI Residences projects in Puerto Rico, without first having obtained a high economic impact developer license (“HEID License”).

To obtain an HEID License, developers must complete and file an application with the Department of Consumer Affairs (“DACO”, by its Spanish acronym), which will have thirty (30) business days to review the application. If DACO does not reject the application within the aforementioned review period, the application shall be deemed approved, and the developer may require DACO to issue the HEID License within ten (10) days thereafter.

Under Act 101-2025, developers with an HEID License who have opted out of the applicable provisions of Act 130-1967 and Act 10-1994, may use deposits obtained as part of a reservation or purchase and sale agreement for expenses related to the development of an HEI Residential Project, but DACO may require delivery of a bond prior to the use of the deposits.

Furthermore, under Act 101-2025 reservation and purchase and sale agreements between purchasers and HEID Licensed developers for an HEI Residential Project shall be governed by the terms and conditions of the contract. Except for matters where DACO retains jurisdiction under Act 101-2025, any controversy arising out of an agreement between a purchaser and an HEID Licensed developer regarding an HEI Residential Project shall be subject to the jurisdiction of the courts of Puerto Rico or subject to arbitration, mediation, or any other dispute resolution mechanism agreed to by the parties.

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