

Amendments to the Puerto Rico Condohotel Act

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On January 6, 2026, Governor Jenniffer González signed into law Act No. 11-2026 (the “Amendment”), which amends Act No. 249-2008, known as the Puerto Rico Condohotel Act, to modernize its framework, enhance flexibility in the development and management of Condohotel properties, and bolster the tourism sector.

The Amendment refines key definitions, administrative powers, and operational procedures to better align with current market needs and financing structures.

McV's **Real Estate, Hospitality & Finance Practice Group** and **Government Affairs & Public Policy Practice Team** played an integral role in the conception, drafting and approval of the Amendment.

A core theme of the Amendment is increased flexibility in the Condohotel structure, development and operation, as it allows partial dedication of properties or even non-contiguous properties (including structures, single-family homes, buildings or units thereon) to be dedicated to the Condohotel regime. Condohotels can now consist of a mix of commercial, residential, and/or lodging units. Further, the mandatory rental program yearly commitment for a unit has been reduced from nine (9) to six (6) months. Moreover, the Amendment enables the creation of Condohotels made up exclusively of commercial units provided they form part of an integrated development which contains at least one traditional tourism development.

The Amendment also clarifies and expands the role and powers of the Condohotel Administrator. It clarifies that the Administrator has the authority to amend the Condohotel Master Deed for general purposes, although specific owner protections for financial and property rights are concurrently expanded. New explicit powers for the Condohotel Administrator include the ability to impose fines for violations, order the suspension of utility services for non-payment of assessments, and act as the sole legal representative of property owners in all Condohotel-related matters. The Administrator's authority over common property administration, acquisition, and disposition is also clarified, and its remedies for collecting assessments are enhanced by formally incorporating provisions of the Residential Tourism Projects Lien Act, Act No. 172-2009, as amended.

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Finally, the Amendment introduces new mechanisms to modernize Condohotel operations and governance. Expense categories are redefined to give the Administrator more discretion and cover a broader range of costs. Procedures for altering units (division or grouping) and common areas, including the ability for the Condohotel Administrator to sell non-essential common property with requisite approvals, are streamlined. Most notably, new articles provide (i) formal processes for the expansion, contraction, or merger of Condohotel regimes; (ii) a clear pathway for existing Horizontal Property Regimes (condominiums) to convert to the Condohotel Regime; (iii) the ability for owner decisions to be made via written consent without formal meetings; and (iv) for the Administrator to be the sole signatory on documents once decisions are duly approved.

Collectively, these changes aim to create a more dynamic, efficient, and attractive legal environment for Condohotel development and operation in Puerto Rico, while notably enhancing the administrative authority within these regimes.

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