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The payment of the rental debt can be deferred up to three years without it being possible to terminate the lease agreement during that period

Law n°2014-366 of March 24, 2014 on access to housing and town planning reform, commonly known as the "ALUR Law", has introduced significant changes in the relationships between landlords and tenants.

Since March 27, 2014, the modifications brought about by this Law apply to residential lease agreements entered into after said date. Lease agreements existing as of the date of entry into force of the Law remained subject to the provisions that applied to them before such date.

Yet, in an opinion dated February 16, 2015[1], the *Cour de Cassation* (French Supreme Court) decided that the new three-year time period that can be granted to tenants by the judge for the payment of the rental debt should also apply to residential lease agreements entered into prior to March 27, 2014 even though this was not provided for by the ALUR law.

In its opinion dated February 16, 2015, the *Cour de Cassation* requires the immediate application of the extension – up to three years – of the time-period allowed for the payment of the rental debt eligible to tenants who have entered into a residential lease agreement.

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The *Cour de Cassation* explained that the reasons for its position were as follows: (i) firstly, the spirit of the ALUR Law that is intended to prevent evictions and to deal with unpaid rents as far upstream as possible, and (ii) secondly, this payment extension is not a matter of contractual freedom but a power granted to the judge by law.

It should indeed be noted that this payment extension can even be automatically granted by the judge in order to enable the tenant to pay off the rental debt.

The immediate consequence of this provision of the ALUR Law is to paralyze for three years the effects of the termination clause included in lease agreements according to which landlords are entitled to go to court to request the termination of the lease and the eviction of his/her/its tenant.

On the other hand, if the tenant does not pay off the rental arrears within the timeline and according to the terms and conditions fixed by the judge, the termination clause included in the lease agreement will become fully effective again.

Furthermore, up to March 27, 2017, rental or service charge arrears accrued before March 27, 2014 can be claimed by the landlord within 5 years as from the date on which they became due.

Effective as from March 27, 2017, any and all rental or service charge arrears accrued before March 27, 2014 and not claimed by the landlord shall be time-barred, which means that the landlord will no longer be entitled to recover such sums from the tenant.

Arrears accrued after March 27, 2014 can be claimed by the landlord during a three year period.

Lastly this opinion of the *Cour de Cassation* applies both to lease agreements entered into before the date of entry into force of the ALUR Law and to lease agreements tacitly renewed after said date.

[1] *Cour de Cassation*, opinion n°15002 of February 16, 2015, JurisData n°2015-002800

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