

June 30, 2025
SBP-DS-FECI-CIRCULAR-2025-0064

Messrs.
General Manager

Ref.: Amendment to FECI Interpretation Criteria Nos. 19 and 21 on Principal Housing and Home Renovation Loans

Dear General Manager:

We refer to the provisions of Article 3 of the Consolidated Text of Law 4 of May 17, 1994, which state, among other things:

“Article 3: ...

The establishment of criteria for the application of this Law shall be the responsibility of a commission, known as the FECI Commission, composed of the Minister of Economy and Finance, the Minister of Agricultural Development, and the Superintendent of Banks, or their designees...”

In light of the above, and in response to inquiries submitted to this Superintendency, the FECI Commission has amended Interpretation Criteria Nos. 19 and 21, regarding the exemption from the 1% FECI withholding for principal housing loans and home renovation loans, respectively. The criteria shall now read as follows:

“FECI Interpretation Criterion No. 19:

Only loans granted for the acquisition of a principal residence—understood as a property used permanently by its owner for residential purposes—are exempt from the 1% FECI withholding. This exemption applies to a single loan that meets these conditions. It is not permitted to have two or more exempt facilities under the premise that they qualify as housing loans.

It should be noted that this limitation should not apply in cases where additional facilities qualify as housing loans solely for the purpose of renovating the debtor’s principal residence. In such cases, the new facilities may benefit from the withholding exemption, provided they are duly classified in accordance with item 4 of Article 13 of Law 4 of 1994.”

“Solidez y confianza: garantes de los derechos de los consumidores bancarios”

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“FECI Interpretation Criterion No. 21:

Loans granted for the renovation of a principal residence may qualify for exemption from the 1% FECI withholding only when appropriate documentation proves that: (i) the property being renovated constitutes the borrower’s principal residence, and (ii) the loan is used exclusively for that purpose.

The classification must adhere to the criteria established under Article 28, subsection D of Executive Decree No. 29 of 1996. It shall be the responsibility of the financial institution to document that the purpose of the loan falls within the activities exempt under this regime.

Acceptable supporting documentation includes but is not limited to: Construction permits issued by the relevant Municipality, Invoices for materials, Proof of labor payments, among others.

These criteria shall take effect as of the date this FECI Circular is communicated to banks and financial institutions.

Extensions, payment arrangements, refinancing, or renewals of existing loans as of this date shall remain subject to the provisions of the previous criteria.

We kindly request the General Manager to instruct the relevant staff to ensure compliance with this Circular.

Sincerely,

(Signed)
Milton Ayón Wong
Superintendent