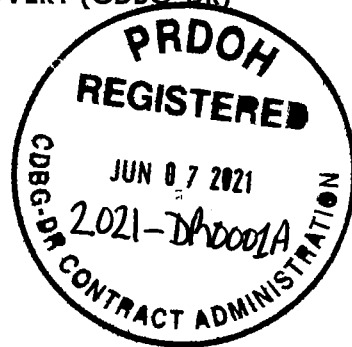




COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)

AMENDMENT A  
TO THE  
SUBRECIPIENT AGREEMENT BETWEEN THE  
PUERTO RICO DEPARTMENT OF HOUSING  
AND THE  
PUERTO RICO HOUSING FINANCED AUTHORITY  
FOR THE  
HOMEBUYER ASSISTANCE PROGRAM



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This Amendment A to the SUBRECIPIENT AGREEMENT (hereinafter, the "Amendment") is entered into this 4 day of June, 2021, by and between the **PUERTO RICO DEPARTMENT OF HOUSING** (the "PRDOH"), a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, 3 LPRA § 441 et seq., known as the "Department of Housing Organic Act" (the "**Organic Act**"), with principal offices at 606 Barbosa Ave., San Juan, Puerto Rico, represented herein by its Secretary, William O. Rodríguez Rodríguez, of legal age, attorney, single, and resident of Guaynabo, Puerto Rico; and the **PUERTO RICO HOUSING FINANCED AUTHORITY** (the "Subrecipient"), a public agency created under Act No. 103, of August 11, 2001, as amended, 7 LPRA § 924 et seq., known as the "Puerto Rico Housing Financing Authority Act" (the "**PRHFA Act**"), with principal offices at Colle Aldebaran 638, Urb. Altamira, San Juan, Puerto Rico represented herein by its Executive Director, Blanca P. Fernandez González, of legal age, married, and resident of San Juan, Puerto Rico, collectively the "**Parties**".

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I - RECITALS

**WHEREAS**, on July 2, 2020, the Parties entered into a Subrecipient Agreement for the Homebuyer Assistance Program (hereinafter, "**HBA**" or the "**Program**") for a period of **thirty-six (36) months** from the day of its execution, ending on July 1, 2023, for **one hundred fifty six million one hundred ninety two thousand six hundred twenty eight dollars (\$156,192,628.00)**, registered as Contract Number 2021-DR0001 (hereinafter, the "**Original Agreement**").

**WHEREAS**, as per Section IX(A) of the Agreement, the Agreement may be amended in writing and signed by a duly authorized representative of each party. Nonetheless, the amendment shall not invalidate the Agreement, nor release the Parties from their obligations under the Agreement;

**WHEREAS**, the Parties desire to conform the Agreement to the HBA Program Guidelines and programmatic requirements.

**WHEREAS**, it is the intention of the parties that this Amendment is not intended to effect nor does it constitute an extinctive novation of the obligations of the parties under the Agreement, but is rather a modification and amendment of certain terms and conditions under the Agreement, including any modified Exhibits.

**WHEREAS**, the PRDOH has the legal power and authority, in accordance with its enabling statute, the Organic Act, as amended, *supra*, the Federal laws and regulations creating and allocating funds to the CDBG-DR Program and the current Action Plan, to enter into this Amendment A; and

**WHEREAS**, the Subrecipient, in accordance with the PRHFA Act, has the legal power and authority to enter into this Amendment A with the PRDOH, and by signing this Amendment A, the Subrecipient assures PRDOH that Subrecipient shall comply with all the requirements described herein.

**NOW THEREFORE**, in consideration of the mutual promises and the terms and conditions set forth in the Agreement, the PRDOH and the SUBRECIPIENT agree to execute this Amendment A, with its corresponding exhibits, in order to replace the Original Agreement, and its corresponding exhibits, subject to the following:

## II - TERMS AND CONDITIONS

### A. SAVINGS CLAUSES

The information included in this Amendment A serves the purpose of conforming the Agreement to the HBA Program Guidelines and programmatic requirements as set forth in the sections below. The following statements, covenants, terms and conditions shall be superior to and shall modify or supplement the Agreement, and in the event of any inconsistency between this Amendment and the terms and conditions of the Agreement, the following covenants, terms and conditions shall control and prevail. This Amendment A shall not in any way constitute an extinctive novation of any of the obligations under the Agreement. Except as specifically amended hereby, the Agreement shall remain in full force and effect.

### B. SCOPE OF THE AMENDMENT

In considerations of the premises and mutual covenants and agreements herein contained, the Parties agree to enter into this Amendment A with the purpose of conforming the Agreement HBA Program Guidelines and programmatic requirements.

### C. AMENDMENTS

a. The following Exhibits are being replaced by a modified Exhibit:

- i. **Exhibit A** (Scope of Work) of the Agreement shall be deleted and replaced in its entirety by Exhibit A attached hereto and shall be incorporated by reference into the Agreement;
- ii. **Exhibit B** (Timeline and Performance Goals) of the Agreement shall be deleted and replaced in its entirety by Exhibit B attached hereto and shall be incorporated by reference into the Agreement;
- iii. **Exhibit C** (Key Personnel) of the Agreement shall be deleted and replaced in its entirety by Exhibit C attached hereto and shall be incorporated by reference into the Agreement;
- iv. **Exhibit D** (Budget) of the Agreement shall be deleted and replaced in its entirety by Exhibit D attached hereto and shall be incorporated by reference into the Agreement; and
- v. **Exhibit F** (HUD General Provisions and Other Federal Statutes, Regulations, and PRDOH Requirements) of the Agreement shall be deleted and replaced in its entirety by Exhibit F attached hereto and shall be incorporated by reference into the Agreement;
- vi. **Exhibit G** (Special Conditions) of the Agreement shall be deleted and replaced in its entirety by Exhibit G attached hereto and shall be incorporated by reference into the Agreement.

- b. The parties intend to include a new **Exhibit H** (Subrogation and Assignment Provisions) hereto incorporated by reference into the Agreement and made part of the Agreement.
- c. The **Original Agreement** is to be replaced as follows:

## I. RECITALS AND GENERAL AWARD INFORMATION

**WHEREAS**, on September 2017, Hurricanes Irma and María made landfall in Puerto Rico causing catastrophic island wide damage, knocking out power, water, and telecommunications for the entire island and its island municipalities. Hurricane María caused major structure and infrastructure damage to family homes, businesses and government facilities triggering the displacement of thousands of residents of the Island from their homes and jobs.

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**WHEREAS**, under the Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements Act, 2017, signed into law September 8, 2017 (Pub. L. 115-56), \$1.5 billion were allocated by the U.S. Department of Housing and Urban Development (**HUD**) for disaster recovery assistance to the Government of Puerto Rico under the CDBG-DR. These funds are intended to provide financial assistance to address unmet needs that arise and that are not covered by other sources of financial aid.

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**WHEREAS**, on February 9, 2018, a Notice was published in the Federal Register, Vol. 83, No. 28 (83 FR 5844), that allocated \$1.5 billion for disaster recovery assistance to the Government of Puerto Rico.

**WHEREAS**, under the Bipartisan Budget Act of 2018, signed into law February 9, 2018 (Pub. L. 115-123), Congress appropriated an additional \$8.22 billion for disaster recovery assistance to the Government of Puerto Rico under CDBG-DR.

**WHEREAS**, pursuant to a letter dated February 23, 2018, sent by the former Governor of Puerto Rico to the Hon. Benjamin Carson, Secretary of HUD, the PRDOH is the governmental agency designated as grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

**WHEREAS**, on August 14, 2018, an additional allocation of \$8.22 billion for recovery was allocated to Puerto Rico under Federal Register Vol. 83, No. 157, (83 FR 40314).

**WHEREAS**, on September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed Grant Agreement Number B-17-DM-72-0001; allowing PRDOH access to \$1,507,179,000 in CDBG-DR funding obligated under PL 115-56, as amended.

**WHEREAS**, under the Additional Supplemental Appropriations for Disaster Relief Act of 2019, signed into law June 6, 2019 (Pub. L. 116-20), an additional \$277 million were appropriated by Congress for disaster recovery assistance to the Government of Puerto Rico under CDBG-DR.

**WHEREAS**, on January 27, 2020, an additional allocation of \$277 million for unmet infrastructure recovery needs was allocated to Puerto Rico under Federal Register Vol. 85, No. 17, (85 FR 4681). With these allocations of funding, the PRDOH aims to lead a transparent, comprehensive recovery to benefit the residents of Puerto Rico. PRDOH

holds accountability and is committed to the responsible, efficient, and transparent administration of CDBG-DR grant funding.

**WHEREAS**, on February 21, 2020, the Governor of Puerto Rico and the Secretary of HUD signed Grant Agreement Number B-18-DP-72-0001; allowing PRDOH access to \$1,700,000,000 in CDBG-DR funding, obligated under PL 115-123, as amended.

**WHEREAS**, according to the approved current Action Plan, Puerto Rico intends to undertake the Homebuyer Assistance Program. The focus of the Program is to increase homeownership rates for income-eligible households that will support long-term economic viability of communities impacted by Hurricanes Irma and María across the Island. Through the provision of financial assistance to cover closing costs and down payment assistance, the Program lowers the home acquisition and carrying costs. The approved current Action Plan allocated a total budget of **three hundred million dollars (\$300,000,000)** to this Program. The PRDOH designated **one hundred fifty-six million one hundred ninety-two thousand six hundred twenty eight dollars (\$156,192,628.00)** to the Subrecipient who will serve as administrator and servicer for the services included in the Scope of Work (**SOW**) under this Agreement.

**WHEREAS**, on April 19, 2021, according to HUD Press Release No. 21-066, HUD announced the obligation of \$8.2 billion in Community Development Block Grant Mitigation (**CDBG-MIT**) funds for Puerto Rico, along with the removal of onerous restrictions unique to Puerto Rico that limited the island's access to CDBG-DR recovery funds that were allocated following Hurricane María in September 2017.

**WHEREAS**, as the Subrecipient strengthens its internal capacity it may submit requests for amendments to this Amendment.

**WHEREAS**, the Subrecipient will assist the PRDOH in utilizing CDBG-DR funds to carry out the Program, pursuant to this Amendment;

**WHEREAS**, the CDBG-DR funds made available for use by the Subrecipient under this Amendment constitute a Subaward of the PRDOH's Federal Award, the use of which must be in accordance with requirements imposed by Federal statutes, regulations, and the terms and conditions of the PRDOH's Federal Award;

**WHEREAS**, the PRDOH has the legal power and authority, in accordance with its enabling statute, the Organic Act, as amended, *supra*, the federal laws and regulations creating and allocating funds to the CDBG-DR program and the current Action Plan, to issue and award the subaward, enter and perform under this Amendment; and

**WHEREAS**, the Subrecipient, in accordance with the PRHFA Act, has the legal power and authority to enter into this Agreement and has agreed to undertake the corresponding administrative responsibilities under the Program. By signing this Agreement, the Subrecipient assures PRDOH that the Subrecipient shall comply with all the requirements described herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows.

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GENERAL AWARD INFORMATION

The Subaward from PRDOH to the Subrecipient contemplated hereunder is for carrying out a portion of the Federal Award described in **Section I** above; thus, a federal assistance relationship is created with the Subrecipient. This Agreement, as amended, shall be updated to reflect any changes to the Federal Award and the following award information.

CDBG-DR Grantee Federal Award Identification Number:	PRDOH DUNS #: 125967484
CDBG-DR Grantee Federal Award Date:	February 21, 2020
Federal Award project description:	See <b>Exhibit A</b> for <u>Scope of Work</u>
Subrecipient Contact Information:	Blanca P. Fernández González Executive Director Puerto Rico Housing Finance Authority 638 Calle Aldebarán Urb. Altamira San Juan, Puerto Rico 00917
Subrecipient Unique Identifier:	DUNS #090591801
Subaward Period of Performance:	Start Date: Effective Date, as defined in <b>Section V</b> of this Amendment. End Date: Thirty-Six (36) months from Start Date
Funds Certification:	Dated: May 8, 2020 Authorized Amount: <u>\$156,192,628.00</u> Funds Allocation: CDBG-DR "B-18-DP-72-0001" Account Number: R02H22HA-DOH-LM R02H22HA-DOH-UN See <b>Exhibit E</b> for <u>Funds Certification</u>

**NOW, THEREFORE**, in consideration of the need for recovery from Hurricanes Irma and María, and the premises and mutual covenants described herein, the Parties mutually agree to the terms described in this Amendment.

TERMS AND CONDITIONS

II. ATTACHMENTS

The following attachments are incorporated into this Amendment by reference and are hereby made part of this Amendment:

- Exhibit A
- Scope of Work
- Exhibit B
- Timelines and Performance Goals
- Exhibit C
- Key Personnel
- Exhibit D
- Budget
- Exhibit E
- Funds Certification
- Exhibit F
- HUD General Provisions and Other Federal Statutes, Regulations, and PRDOH Requirements
- Exhibit G
- Special Conditions
- Exhibit H
- Subrogation and Assignment Provisions

All Attachments hereto are fully incorporated herewith such that the terms and conditions of the Attachments shall be as binding as any terms and conditions of this executed written Amendment. Should any inconsistency appear between the Attachments and this Amendment, the Amendment shall prevail.

### III. SCOPE OF WORK

The Subrecipient shall be responsible for performing the activities detailed in **Exhibit A** (hereinafter, the "**Scope of Work**") of this Amendment, herein attached and made an integral part of this Amendment, which may be amended from time to time with the consent of both Parties. The Subrecipient shall complete the Scope of Work in a manner satisfactory to the PRDOH and consistent with the terms and conditions of this Amendment and applicable Federal and local statutes, laws and regulations.

#### A. Subrecipient Management Responsibilities

1. The Subrecipient shall submit to the PRDOH the required project application forms, in the format provided by PRDOH. The Project Application will consist of a project proposal submission that will be evaluated for compliance with Program eligibility requirements and available budget allocations. Following this evaluation and as authorized by the PRDOH, the Subrecipient may proceed in acquiring technical and advisory services for full project development following all established requirements for the Program.
2. As a condition of receiving this Subaward, the Subrecipient shall perform the procurement, management, monitoring and reporting of the services included in the **Exhibit A** for the Program.
3. All services shall be made in accordance with PRDOH guidelines, HUD guidelines and regulations, and other applicable state and federal laws and regulations.
4. The services contracts shall be subject to the previous written approval of PRDOH to become effective and will incorporate any clauses or dispositions required by PRDOH, including, but not limited to, the Contract termination for convenience of the PRDOH.
5. The Subrecipient shall prepare and submit to PRDOH all required project(s) documentation, such as compliance information, construction drawings, and specifications, construction permits and endorsements, cost estimate, property acquisition, right of ways, any related studies, etc., in accordance with the **Exhibit A**. The PRDOH reserves authority and discretion to review and require revisions before approving use of funds for project implementation.

#### B. General Administration

**Prohibited Activities:** The Subrecipient may only carry out the roles and responsibilities described in this Amendment and the activities related to the performance of the Scope of Work described in **Exhibit A** of this Amendment. Notwithstanding anything to the contrary in this Amendment, the Subrecipient shall not be obligated to perform any work or services outside the Scope of Work described in **Exhibit A** of this Amendment.

The Subrecipient is prohibited from charging to the PRDOH the costs of CDBG and/or CDBG-DR ineligible activities, including those described at 24 C.F.R. § 570.207, unless waived or made eligible by an applicable Federal Register Notice, from using funds provided herein or personnel employed in the administration of activities under this Amendment for political activities, inherently religious activities,

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or lobbying. The Subrecipient may be financially liable for the carry out of activities outside of the parameters of the Scope of Work of this Amendment

#### C. National Objectives

All activities funded with CDBG-DR funds must meet one of the CDBG-DR Program's National Objectives: (i) benefit low-and moderate-income persons; (ii) aid in the prevention or elimination of slums or blight, or; (iii) meet community development needs having a particular urgency, as defined in 24 C.F.R. § 570.208, as amended by waiver published in the Federal Register, Vol. 83, No. 28 (83 FR 5844) on February 9, 2018.

The Subrecipient certifies that the activities carried out under this Amendment shall meet the following notional objective(s) and satisfy the following criteria:

- Low- and Moderate-Income (**LMI**) Objective:
  - To provide homeownership assistance for LMI households (below 80% Area Median Family Income (**AMFI**) according to HUD Modified Income Limits for Puerto Rico under the CDBG-DR Program.
- Urgent Need (**UN**) Objective:
  - To meet the urgent need of improving the opportunities for homeownership for UN households (below 120% AMFI) according to HUD Modified Income Limits for Puerto Rico under the CDBG-DR Program, in order to reduce outmigration and maintain the sustainability and economic viability of communities across the Island.
- Slum and Blight Objective:
  - To aid in the prevention or elimination of slums or blight by incentivizing homeownership in designated redevelopment zones and urban centers.

The Subrecipient shall ensure that the services meet the applicable CDBG-DR National Objective(s) and that the subcontractor or third party complete the applicable forms to document the National Objective(s).

#### D. Levels of Accomplishment – Performance Goals and Timelines

The Subrecipient shall complete the activities required under the Scope of Work of this Amendment in accordance with the timeframes and performance goals set forth in **Exhibit B ("Timelines and Performance Goals")** of this Amendment, herein attached and made an integral part of this Amendment.

#### E. Nonperformance Standard

If at the end of the **six (6) months** from the Effective Date, as defined in **Section V** of this Amendment, the Program activity has not begun or at any time during the term the Program activity has not accomplished the performance objectives set forth by the PRDOH in **Exhibit B ("Timelines and Performance Goals")**, the PRDOH may, at its sole discretion, terminate this Agreement as amended, de-obligate funds made available under this Agreement as amended, and/or recapture funds previously expended by the Subrecipient under this Agreement as amended from non-federal funds. No contract extensions shall be granted unless the Subrecipient can document circumstances beyond its control that prevented start of the activity. The PRDOH shall review the properly filed and documented circumstances which are alleged to have prevented the initiation of activity and exclusively reserves the right to decide if an extension is warranted, relative to the reasons stated as well as the prevailing circumstances.

#### F. Staffing

The Subrecipient shall supervise and direct the completion of all activities under this Agreement as amended. Any changes in assigned key personnel (hereinafter, the "Key Personnel") assigned or their responsibilities under the activities are subject to the prior approval of the PRDOH. If possible, it is the best practice for the Subrecipient to provide

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PRDOH with ample written notice to the personnel changes and requests. Ample notice in this context shall be **ten (10) business days**. If that is not possible, then the Subrecipient shall make all reasonable efforts to notify PRDOH of changes.

At a minimum, the Subrecipient shall assign the staff with the identified responsibilities to the identified activities as described in **Exhibit C** ("**Key Personnel**") of this Amendment, herein attached and made integral part of this Amendment.

Depending on the needs of the Program activity, the Subrecipient shall provide staff and/or procure professional service contractors to assist with the compliance of said activities. The staff who will support the Program activities included in the Scope of Work, shall solely perform those tasks and shall be remunerated hourly.

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The Subrecipient shall monitor the performance of its staff, and contractors against the goals and performance standards as stated in the **Exhibit B** ("**Timelines and Performance Goals**").

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PRDOH has immediately authorized **twenty-eight (28)** of the total of **fifty-six (56)** proposed positions included in **Exhibit C** attached hereto. The authorization of the remaining positions listed in **Exhibit C** will be granted once the Subrecipient submits a complete staffing plan with projected timelines for personnel onboarding. PRDOH will evaluate said plan and issue a written notification for final approval.

#### G. Pre-Award Costs<sup>1</sup>

Pre-award costs applicable to the Subrecipient are strictly prohibited.

### IV. PERFORMANCE, MONITORING AND REPORTING

#### A. Monitoring

The PRDOH shall monitor the performance of the Subrecipient as necessary to ensure that the funds allocated to the Subrecipient are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of this Agreement as amended, including the timeframes and performance goals set forth in **Exhibit B** associated with the activities included in the Scope of Work (**Exhibit A**).

This review shall include: (1) reviewing financial and performance reports required by the PRDOH; (2) following-up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Subrecipient from the PRDOH detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this Federal award provided to the Subrecipient from the PRDOH as required by 2 C.F.R. § 200.521.

Substandard performance, defined as a performance that falls short of the standard expected of the Subrecipient, as specified in the Amendment's exhibits, shall constitute noncompliance with this Agreement as amended.

If action to correct such substandard performance is not taken by the Subrecipient within **fifteen (15) days** after being notified by PRDOH, PRDOH may impose additional conditions on the Subrecipient and suspend or terminate this Agreement as amended, disallow all or part of the cost of the activity or action not in compliance or initiate other remedies for noncompliance, as appropriate and permitted under 2 C.F.R. § 200.338.

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<sup>1</sup> Pre-award costs refer to the payment of any activity performed prior to the execution of this Agreement as amended. See 2 C.F.R. § 200.458.



B. Reporting

The Subrecipient shall submit regular monthly progress reports to the PRDOH, on the form and with the content to be specified and required by the PRDOH. The PRDOH shall later notify Subrecipient in writing the guidelines and requirements applicable to the submittal of the monthly progress reports, and such notification shall be deemed incorporated by reference to this Amendment.

**V. EFFECTIVE DATE AND TERM**

This Amendment shall be in effect and enforceable between the parties from the date of its execution. The performance period of this Agreement as amended is **thirty-six (36) months** from the date of its execution, ending in July 1, 2023.

The End of Term shall be the later of: (i) July 1, 2023, (ii) the date as of which the Parties agree in writing that all Close-Out Requirements<sup>2</sup> have been satisfied or, where no Close-Out Requirements are applicable to this Agreement as amended, the date as of which the Parties agree in writing that no Close-Out Requirements are applicable hereto; or (iii) such later date as the Parties may agree to in a signed amendment to this Agreement as amended.

The Subrecipient hereby acknowledges that this Agreement as amended is subject to the Grant Agreement between the Government of Puerto Rico or the PRDOH, and HUD (the "**Grant Agreement**"); and the availability of the allocated CDBG-DR funds. The Subrecipient also acknowledges and agrees that any suspension, cancellation, termination or otherwise unavailability of the CDBG-DR allocation(s) shall result in the immediate suspension, cancellation, or termination of this Agreement as amended, upon PRDOH's notice.

A. Contract Extensions:

PRDOH may, at its sole discretion, extend the Agreement's term for additional terms, upon mutual written agreement of the Parties. The term of this Agreement as amended shall not exceed the lifetime of the initial Grant Agreement between PRDOH and HUD, unless the term of the initial Grant Agreement is extended by HUD, in which case the term of this Agreement as amended cannot exceed the extension.

B. Notice to Proceed

The Subrecipient shall not, and shall not be obligated to, commence performance of the Scope of Work until PRDOH issues the notice to proceed (hereinafter, "**Notice to Proceed**" or "**NTP**") authorizing the same pursuant to the terms and conditions of this Agreement. Upon the Subrecipient receipt from PR DOH of the NTP, the Subrecipient shall promptly commence with the performance of the Work. The NTP shall be issued in the form attached hereto as **Exhibit A**. The Subrecipient agrees to acknowledge its receipt of the NTP by countersigning it and returning such acknowledged copy to PRDOH on the date the NTP is received by the Subrecipient. The Subrecipient shall timely provide copies of such notice of commencement to Subcontractors.

Any performance of the Scope of Work prior to the issuance of the NTP shall be considered by the PRDOH as an unapproved activity not subject to reimbursement.

**VI. BUDGET**

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<sup>2</sup> "Close-Out Requirements" means all requirements to be satisfied by each party in order to close-out this Agreement as amended and the CDBG-DR funds provided herein in accordance with applicable Requirements of Law, including the execution and delivery by one or more of the Parties of all close-out agreements or other legal instruments and the taking of any actions by one or more of the Parties in connection with such close-out, in any case as required under applicable Requirements of Law.

A. Budget

The Subrecipient shall complete all activities in the Scope of Work of this Amendment (**Exhibit A**) in accordance with the Budget (**Exhibit D**) attached herein and made integral part of this Amendment (the "**Budget**") as such Budget may be amended from time to time.

Any proposed budget to be managed by the Subrecipient shall clearly specify proposed funding for administrative costs and/or program delivery costs and/or planning costs, to the extent that such costs are considered applicable categories for funding.

The Budget may include a reserve of the Subaward for PRDOH's activity delivery costs and expenditures related to the Program. The Subrecipient may not access the reserve identified in the Budget without written consent from the PRDOH.

The PRDOH may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the PRDOH. Any amendments to the budget must be approved in writing and signed by the PRDOH and the Subrecipient.

B. Indirect Costs

Indirect costs invoiced, if any, must be consistent with the conditions set forth herein. Indirect costs may be charged to PRDOH under a negotiated indirect cost rate agreement with a federal cognizant agency, a de minimis indirect cost rate (for applicable entities), or an indirect cost proposal prepared in accordance with 2 C.F.R. part 200, subpart E, submitted to a federal cognizant agency, and as approved by PRDOH in accordance with written policies and procedures, which shall be included in the Budget (**Exhibit D**).

C. Program Income

PRDOH reserves the right to authorize the Subrecipient to retain Program Income<sup>3</sup> to be used in eligible program activities as described in this Agreement as amended. The Subrecipient shall notify PRDOH, within **twenty four (24) hours** of receipt, of any Program Income generated by activities carried out with CDBG-DR funds made available under this Agreement as amended. All Program Income (as defined at 24 C.F.R. § 570.500) generated by activities carried out with the CDBG-DR Funds must be returned to PRDOH if retention of such is not previously authorized by PRDOH. Program Income is subject to all applicable CDBG-DR laws, regulations and PRDOH's policies and procedures for so long as it exists. Any interest earned on cash advances from the U.S. Treasury or interest

<sup>3</sup> As defined in section VI(A)(19)(a) of the HUD Notice 83 Fed. Reg. 5844, 5856 (February 9, 2018, as may be amended by HUD), *Program Income* is:

[...] gross income generated from the use of CDBG-DR funds, except as provided in subparagraph (d) of this paragraph, and received by a State or a Subrecipient of a State."

[...]

Program income includes, but is not limited to, the following: (a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds; (b) Proceeds from the disposition of equipment purchased with CDBG-DR funds; (c) Gross income from the use or rental of real or personal property acquired by a State, local government, or Subrecipient thereof with CDBG-DR funds, less costs incidental to generation of the income (i.e., net income); (d) Net income from the use or rental of real property owned by a State, local government, or Subrecipient thereof, that was constructed or improved with CDBG-DR funds; (e) Payments of principal and interest on loans made using CDBG-DR funds; (f) Proceeds from the sale of loans made with CDBG-DR funds; (g) Proceeds from the sale of obligations secured by loans made with CDBG-DR funds; (h) Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account; (i) Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households not low- and moderate-income, where the special assessments are used to recover all or part of the CDBG-DR portion of a public improvement; (j) Gross income paid to a State, local government, or a Subrecipient thereof, from the ownership interest in a for profit entity in which the income is in return for the provision of CDBG-DR assistance.

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paid on CDBG funds held in a revolving fund account is not Program Income and shall be remitted promptly to the PRDOH for transmittal to the U.S. Treasury no less frequently than annually.

All Program assets, other than Program Income (property, equipment, etc.), if any, shall revert to PRDOH upon termination of this Agreement as amended in accordance with applicable Federal, laws, regulations, HUD Notices, policies, and guidelines.

PRDOH will later notify the Subrecipient in writing the applicable procedures for the return or reversion of Program Income and Program assets to the PRDOH, and such notification shall be deemed incorporated by reference to this Agreement as amended.

D. Reversion of Assets

**Use and Reversion of Assets.** The use and disposition of real property and equipment under this Agreement as amended shall be in compliance with the requirements of 24 C.F.R. part 84 and 24 C.F.R. §§ 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

The Subrecipient shall transfer to PRDOH any CDBG-DR funds on hand and any accounts receivable attributable to the use of funds under this Agreement as amended at the time of expiration, cancellation, or termination.

Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement as amended in excess of \$25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 C.F.R. § 570.208 until **five (5) years** after expiration of this Agreement as amended [or such longer period of time as PRDOH deems appropriate]. If the Subrecipient fails to use CDBG-DR assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay PRDOH an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG-DR funds for acquisition of, or improvement to, the property. Such payment shall constitute Program Income to the PRDOH. The Subrecipient may retain real property acquired or improved under this Agreement as amended after the expiration of the **five (5)-year period** or such longer period of time as PRDOH deems appropriate.

In all cases in which equipment acquired, in whole or in part, with funds under this Agreement as amended is sold, the proceeds shall be Program Income (prorated to reflect the extent to that funds received under this Agreement as amended were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement as amended shall be (a) transferred to the PRDOH for the CDBG-DR program or (b) retained after compensating the PRDOH an amount equal to the current fair market value of the equipment less the percentage of non-CDBG-DR funds used to acquire the equipment.

## VII. PAYMENT

A. Amount

This Agreement as amended is based on the reimbursement of funds to the Subrecipient expended on approved CDBG-DR items. Funding is contingent on a CDBG-DR award to PRDOH or a Grant Agreement between the Government of Puerto Rico or the PRDOH, and HUD, and PRDOH's receipt of CDBG-DR funds. It is expressly agreed and understood that the total funding amount to be paid by the PRDOH to the Subrecipient under this Agreement as amended shall not exceed the amount specified in the Budget

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(**Exhibit D**). Such payment shall be compensation for all allowable services required, performed and accepted under this Agreement as amended. However, PRDOH reserves the right to reduce the funding amount if CDBG-DR funding is not provided at the currently anticipated levels and/or if the actual costs for the approved activities are less than those set forth in the Budget (**Exhibit D**).

Any additional funds to complete the services requested by the PRDOH to the Subrecipient shall be subject to funds availability and shall require an amendment to this Agreement as amended.

#### B. Requests for Reimbursement

The Subrecipient shall submit to PRDOH requests for reimbursements of activities under this Agreement as amended and consistent with the approved Budget (hereinafter, the "Request for Reimbursement") and Scope of Work on a monthly basis. Each Request for Reimbursement shall be broken down into requested reimbursements against the Budget line items specified in **Exhibit D**.

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The Subrecipient shall submit Requests for Reimbursements to the PRDOH, on the form and with the content specified and required by the PRDOH. The Requests for Reimbursements must be submitted with all supporting invoices, bills, time sheets, monthly reports, and any other document necessary to justify the payment, or any other supporting document requested by PRDOH. The Request for Reimbursement must also be accompanied by documentation from the Subrecipient demonstrating that all procurements for which payment is requested have been made in accordance with this Agreement as amended.

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If PRDOH determines that the submitted Request for Reimbursement and supporting documents are acceptable, then the invoice shall be approved for payment. An authorized representative of the PRDOH shall review each Request for Reimbursement and, if adequate, shall approve and process its payment. Payments to the Subrecipient shall be made by check or electronic funds transfer (EFT). PRDOH reserves the right to conduct any audit it deems necessary.

In order for the Subrecipient to receive payment for any work performed hereunder, the following certification must be included in each Request for Reimbursement submitted to the PRDOH:

**"Under penalty of absolute nullity, I hereby certify that no public servant of the government entity is a party to or has an interest of any kind in the profits or benefits to be obtained under the contract which is the basis of this invoice, and should he be a party to, or have an interest in, the profits or benefits to be obtained under the contract, a waiver has been previously issued. The only consideration to provide the contracted goods or services under the contract is the payment agreed upon with the authorized representative of the government entity. The amount that appears in the invoice is fair and correct. The work has been performed, the goods have been delivered, and the services have been rendered, and no payment has been received therefor."**

The PRDOH shall pay to the Subrecipient CDBG-DR funds available under this Agreement as amended (See **Exhibit E, "Funds Certification"**) based upon information submitted by the Subrecipient for allowable costs permitted under this Agreement as amended and consistent with the approved Budget. Payments shall be made for eligible and allowed expenses actually incurred by the Subrecipient, and not to exceed actual cash

requirements. PRDOH reserves the right to adjust payments in accordance with program income balances available in Subrecipient accounts.

## VIII. NOTICES

All notices, requests, approvals, and consents of any kind made pursuant to this Agreement as amended shall be in writing and shall be deemed to be effective as of the date sent by certified mail, return receipt requested, or email. All notices and other written communications under this Agreement as amended shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice. Communication and details concerning this Agreement as amended shall be directed to the following contract representatives:

<u>BF</u> BF		William O. Rodríguez Rodríguez, Esq. Secretary Puerto Rico Department of Housing 606 Barbosa Avenue Juan C. Cordero Building Río Piedras, Puerto Rico 00918
<u>WORR</u> WORR	CDBG-DR Grantee:	
	Subrecipient:	Blanca P. Fernández González Executive Director Puerto Rico Housing Finance Authority 638 Calle Aldebarán Urb. Altamira San Juan, Puerto Rico 00907

## IX. AMENDMENT AND TERMINATION

### A. Amendments

This Agreement may be amended provided that such amendments make specific reference to this Agreement, comply with programmatic policies, procedures, and guidelines, are executed in writing and signed by a duly authorized representative of each party, and approved by PRDOH. Such amendments shall not invalidate this Agreement as amended, nor relieve or release the Parties from their obligations under this Agreement as amended. Unless specified, such amendments are not intended to effect nor will they constitute an extinctive novation of the obligations of the Parties under the Agreement and amendment.

This Agreement may be amended by the parties hereto, for the purpose of including any other CDBG-DR funded program included in the HUD-approved Hurricanes Irma and María current Action Plan.

The PRDOH may, in its discretion, amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications shall be incorporated only by written amendment signed by both the PRDOH and the Subrecipient.

However, PRDOH reserves the right to notify in writing, email or any other electronic methods to Subrecipient any applicable policies, procedures, regulations, requirements,

guidelines, or change in law, whether existing or to be established, as well as changes and/or amendments thereof, and the notified policies, procedures, regulations, requirements, guidelines and laws shall be deemed incorporated by reference to this Agreement as amended without the need of executing a separate written and signed amendment.

B. Suspension or Termination

1. Termination for Cause

The PRDOH may terminate this Agreement as amended, in whole or in part, upon **thirty (30) days'** notice, whenever it determines that the Subrecipient has failed to comply with any term, condition, requirement, or provision of this Agreement as amended. Failure to comply with any terms of this Agreement as amended, include (but are not limited to) the following:

- a. Failure to attend mandatory technical assistance and/or training, or comply with any of the rules, regulations, or provisions referred to herein, or such statutes, regulations, executive orders, HUD guidelines, PRDOH's Program Guidelines, as applicable, and policies or directives as may become applicable at any time;
- b. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement as amended.
- c. Ineffective or improper use of funds provided under this Agreement as amended; or,
- d. Submission of reports by the Subrecipient to the PRDOH that are incorrect or incomplete in any material respect.

The Subrecipient shall have up to **thirty (30) days** to resolve issues listed above to the satisfaction of PRDOH.

2. Termination for Convenience of the PRDOH

The PRDOH may terminate this Agreement as amended any time by a notice in writing from the PRDOH to the Subrecipient. If the Agreement is terminated by the PRDOH as provided herein, the Subrecipient shall be paid the total compensation as the allowable services actually performed up until the date of termination. Any compensation under this paragraph must be for documented costs that are CDBG-DR eligible, and allowable, allocable, and reasonable in accordance with Uniform Administrative Requirements.

This Agreement as amended may also be terminated in whole or in part by either the PRDOH or the Subrecipient, or based upon Agreement by both the PRDOH and the Subrecipient in accordance with the requirements in 2 C.F.R. part 200, subpart D.

3. Notification and Recoupment of Costs Incurred Prior to Termination

The PRDOH shall promptly notify the Subrecipient, in writing, of its determination and the reasons for the termination together with the date on which the termination shall take effect and any other notifications required under 2 C.F.R. part 200, subpart D. Upon termination, the PRDOH retains the right to recover any improper expenditures from the Subrecipient and the Subrecipient shall return to the PRDOH any improper expenditures no later than **thirty (30) days** after the date of termination. In the case of a Termination for Convenience only, the PRDOH may, at its sole discretion, allow the Subrecipient to retain or be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled provided that said costs meet the provisions of this Agreement as amended, 2 C.F.R. part 200, subpart E, Cost

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Principles, and any other applicable state or Federal statutes, regulations or requirements.

#### 4. Unilateral Termination

The PRDOH may terminate this Agreement as amended, in whole or in part, at PRDOH's sole discretion, with or without cause, at any time. The PRDOH will terminate this Agreement as amended by delivering to the Subrecipient a **thirty (30) day** notice of termination specifying the extent to which the performance of the work under this Agreement as amended is terminated, and the effective date of termination. Upon receipt of such notice, the Subrecipient shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. If the Subrecipient does not deliver to the PRDOH all information, studies, and other materials property of the PRDOH within the established timeframe, and the PRDOH invests any additional funds to reproduce the information, studies, and other materials not provided by the Subrecipient upon termination, then the PRDOH will disallow from payments to the Subrecipient under this Agreement as amended the funds expended for the PRDOH to reproduce such information, studies, and other materials. In the event of a termination by Notice, the PRDOH shall be liable only for payment of services rendered up to and including the effective date of termination.

#### 5. Suspension

The PRDOH may suspend this Agreement as amended in whole or in part at any time for the PRDOH's convenience. The PRDOH shall give the Subrecipient **five (5) days'** written notice of such suspension. Upon receipt of said notice the Subrecipient shall immediately discontinue all Services affected.

#### 6. Immediate Termination

In the event the Subrecipient is subjected to a criminal or civil action, suit, proceeding, inquiry or court of applicable jurisdiction, or any governmental agency, or the Subrecipient shall be subject to an order, judgment, or opinion, issued by any federal or local authority, a court of applicable jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the Subrecipient of this Agreement as amended or the Subrecipient of this Agreement has been noncompliant, breach, inaccuracy of any representation, warranties, covenants, or the certifications provided herein, whether the noncompliance, breach or inaccuracy takes place before or after the execution of this Agreement, the PRDOH shall have the right to the immediate termination of this Agreement as amended notwithstanding, any provisions to the contrary herein. This section will apply in the event of any judgment that may obligate the PRDOH to terminate the Agreement as amended pursuant to Act No. 2 of January 2, 2018, as amended, known as the "Anti-Corruption Code for the New Puerto Rico". The Subrecipient has a continuous obligation to report to PRDOH any proceedings which apply to the Subrecipient under this paragraph.

In the event that the grant of funds by HUD under any allocations of the CDBG-DR may be suspended, withdrawn or canceled, this Agreement as amended will be immediately terminated.

#### 7. Period of Transition.

Upon termination of this Agreement as amended, and for **ninety (90) consecutive calendar days** thereafter (the **Transition Period**), Subrecipient agrees to make himself available to assist the PRDOH with the transition of services assigned to Subrecipient by the PRDOH. Subrecipient shall provide to the PRDOH the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the Services to the PRDOH or a third party designated by the PRDOH. PRDOH reserves the right to provide

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for the execution of a Transition Services Agreement for the Transition Period. In such instance, the Subrecipient will be paid at a reasonable, agreed upon, hourly rate for any work performed for the PRDOH during the Transition Period. Moreover, during that Transition Period, all finished or unfinished records (files, data, work product) connected with this Agreement as amended will be turned over to PRDOH.

#### 8. Availability of Funds

This Agreement as amended is contingent upon the availability of funds from HUD. It is expressly understood and agreed that the obligation to proceed under this Contract is conditioned upon the receipt of Federal funds. If the funds anticipated for the continuing fulfillment of the Agreement are, at any time, not forthcoming or insufficient, either through the failure of the Federal government to provide funds or the discontinuance or material alteration of the program under which funds were provided, or if funds are not otherwise available to PRDOH, the PRDOH has the right upon **ten (10) working days** written notice to the Subrecipient, to terminate this Agreement as amended without damage, penalty, cost or expenses to PRDOH of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination.

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### **X. COMPLIANCE WITH FEDERAL STATUTES, REGULATIONS AND THE TERMS AND CONDITIONS OF THE FEDERAL AWARD AND ADDITIONAL PRDOH REQUIREMENTS**

The "HUD General Provisions and Other Federal Statutes, Regulations, and PRDOH Requirements", which are attached to, and made an integral part of this Amendment as **Exhibit F**, set forth certain requirements imposed by HUD with respect to the PRDOH's Federal award or CDBG-DR Grant. Furthermore, the **Exhibit G** ("**Special Conditions**"), attached herein and made an integral part of this Amendment, is reserved to cover particular circumstances, conditions or specific requirements as they arise from the demands of the Program.

The Subrecipient agrees to carry out its obligations under this Amendment in compliance with all the requirements described in the **Exhibit F**, as well as those set forth in the aforementioned **Exhibit G** attached to this Amendment.

### **XI. INSURANCE & BONDING**

The Subrecipient shall carry sufficient insurance coverage and bonding from insurers licensed to conduct business in the Government of Puerto Rico to protect all contract assets from loss due to any cause, including but not limited to theft, fraud, and/or physical damage. The Government of Puerto Rico, the Puerto Rico Department of Housing and the U.S. Department of Housing and Urban Development shall be named as additional insured on all such insurance. The Subrecipient shall meet all other insurance requirements as the PRDOH may impose from time to time. In addition, all insurance carriers and bonding companies shall meet minimum size and financial stability/financial rating requirements as may be imposed by the PRDOH from time to time. Certificates of insurance shall be provided to the PRDOH and full and complete copies of the policies and/or bonds shall be provided to the PRDOH upon its request for same.

Notwithstanding the above, for construction or facility improvement performed by the subcontractors or third parties, the Subrecipient shall ensure that the subcontractors or third parties, at a minimum, comply with the bonding requirements at 2 C.F.R. part 200, subpart D.

### **XII. CDBG-DR POLICIES AND PROCEDURES**



In addition to what is established in this Amendment, the Subrecipient shall comply with all CDBG-DR program specific and general policies and procedures, including, but not limited to, the Subrecipient Management Policy, OS&H Guideline, MWBE Policy, Procurement policies and procedures in accordance with the federal procurement rules and regulations found in 2 C.F.R. § 200.318 through § 200.327, Contractual Requirements, URA & ADP Guidelines, Cross Cutting Guidelines, AFWAM Policy, Section 3 Policy, Personally Identifiable Information, Confidentiality, and Nondisclosure Policy and Conflict of Interest and Standards of Conduct Policy, as found in the CDBG-DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)), which are herein included and made integral part of this Amendment, as they may be updated from time to time, and reporting requirements as established by the PRDOH.

### **XIII. FORCE MAJEURE**

In the event of a fire, flood, earthquake, natural disaster, hurricane, riot, act of governmental authority in its sovereign capacity, pandemic officially declared by the Government of Puerto Rico, strike, labor dispute or unrest, embargo, war, insurrection or civil unrest, any *Force Majeure* including inclement weather, herein collectively referred to as *Force Majeure* during the term of this Agreement as amended, neither the PRDOH nor the Subrecipient shall be liable to the other party for nonperformance during the conditions created by such event.

The Subrecipient shall notify, as soon as possible, the PRDOH of the occurrence of the *Force Majeure* event and describe in reasonable detail, the nature of the *Force Majeure* event.

### **XIV. INDEPENDENT CONTRACTOR**

Nothing contained in this Agreement as amended is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the Parties. The Subrecipient shall at all times remain an "independent contractor" with respect to the efforts to be performed under this Agreement as amended. The PRDOH shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as the Subrecipient is an independent entity.

### **XV. ASSIGNMENT OF RIGHTS**

The Subrecipient shall not assign or transfer any interest in this Agreement as amended without the prior written consent of the PRDOH.

### **XVI. SEVERABILITY**

If any provision of this Agreement as amended is held invalid, the remainder of the Agreement shall not be affected thereby, and all other parts of this Agreement as amended shall nevertheless be in full force and effect.

### **XVII. SECTION HEADINGS AND SUBHEADINGS**

The section headings and subheadings contained in this Agreement as amended are included for convenience only and shall not limit or otherwise affect the terms of this Agreement as amended, and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Amendment.

### **XVIII. CONSOLIDATIONS, MERGERS, CHANGE OF NAME, OR DISSOLUTIONS**

#### **A. Consolidation or Merger**

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement as amended with the PRDOH moves for a consolidation or merger with another entity (private or public), by its discretion or otherwise, written notice of such

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decision or event shall be delivered to the PRDOH **at least fifteen (15) days prior to the effective date** of the consolidation or merger. The notice shall include, but not limited to, a description of: the expected effective date of the consolidation or merger; name of each of the constituent entities moving to consolidate or merge into the single resulting or surviving entity; the proposed name of the resulting entity (in case of a consolidation) or the name of the surviving entity (in case of a merger) if necessary; reference to the projected capacity of the resulting or surviving entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Amendment as well as its Exhibits or Attachments; and a brief summary of the proposed plan to achieve the transition of duties (Scope of Work or Scope of Services), tasks, and performance goals or requirements to the resulting or surviving entity.

Upon the consolidation or the merger becoming effective, and supporting evidence of such event is notified to PRDOH, execution of an Amendment to the Agreement may follow. The Amendment would include, but not limited to, modifications to the clauses that refer to the identity, personal circumstances, address, and any other information related to the signing party deemed relevant by PRDOH for the execution of the Amendment. **No amendment to the Agreement will be necessary if the Subrecipient, Contractor, or Subcontractor becomes the surviving entity following a merger.**

Failure to comply with any of the before mentioned conditions, may result in the activation of the termination clauses provided in the Agreement as amended.

#### B. Change of Name

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement with the PRDOH initiates a change of name process, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) days** prior to the effective date of such event. The notice shall include, but not limited to, a description of: the expected effective date of the change of name; the proposed name; inform of any change of address; and reference of any change in the capacity of the entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Agreement as amended, as well as its Exhibits or Attachments.

Upon the change of name becoming effective, and supporting evidence of such event is notified to PRDOH, execution of an Amendment to the Agreement may follow. The Amendment would include, but not limited to, modifications to the clauses that refer to the identity, personal circumstances, address, and any other information related to the signing party deemed relevant by PRDOH for the execution of the Amendment.

Failure to comply with any of the before mentioned conditions, may result in the activation of the termination clauses provided in the Agreement as amended.

#### C. Dissolution

In the event that the signing party (e.g. Subrecipient, Contractor, or Subcontractor) of the Agreement as amended with the PRDOH moves for dissolution of the entity, written notice of such decision or event shall be delivered to the PRDOH **at least fifteen (15) days** prior to the effective date of such event. The notice shall include, but not limited to, a description of the expected effective date of the dissolution; and contact information of one or more of its directors, officials or agents. Upon dissolution becoming effective and supporting evidence of such event is notified to PRDOH, termination of the Agreement as amended will follow. Consequently, the signing party acknowledges and agrees to provide to the PRDOH, after termination of the Agreement as amended, the assistance reasonably requested to facilitate the orderly transfer of responsibility for performance of the tasks or services to the PRDOH or a third party designated by the PRDOH. Moreover, all finished or unfinished records (files, data, work product) connected with this

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Agreement as amended will be turned over to PRDOH following the Agreement termination.

#### **XIX. NON-WAIVER**

The PRDOH's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the PRDOH to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

#### **XX. BANKRUPTCY**

In the event that Subrecipient files for bankruptcy protection, the Government of Puerto Rico and PRDOH may deem this Agreement as amended null and void, and terminate this Agreement as amended without notice.

#### **XXI. GOVERNING LAW: JURISDICTION**

This Agreement as amended shall be governed by, interpreted and enforced in accordance with the laws of the Government of Puerto Rico and any applicable federal laws and regulations. The Parties further agree to assert any claims or causes of action that may arise out of this Agreement as amended in the Puerto Rico Court of First Instance, San Juan Part.

#### **XXII. COMPLIANCE WITH LAW**

It is the intention and understanding of the Parties hereto that each and every provision of law required to be inserted in this Amendment should be and is inserted herein. Furthermore, it is hereby stipulated that every such provision is deemed to be inserted and if, through mistake or otherwise, any such provision is not inserted herein or is not inserted in correct form, then this Agreement as amended shall forthwith, upon the application of any Party, be amended by such insertion so as to comply strictly with the law and without prejudice to the rights of any Party.

#### **XXIII. MEMORANDUM NO.2021-003; CIRCULAR LETTER 001-2021 OF THE OFFICE OF MANAGEMENT AND BUDGET (OFICINA DE GERENCIA Y PRESUPUESTO)**

**A. Interagency Services Clause:** Both contracting parties acknowledge and agree that services retained may be provided to any entity of the Executive Branch with which the contracting entity makes an interagency agreement or by direct provision of the Office of the Chief of Staff of the Governor (Secretaría de la Gobernación). These services will be performed under the same terms and conditions in terms of hours of work and compensation set forth in this Agreement. For purposes of this clause, the term "Executive Branch entity" includes all agencies of the Government of Puerto Rico, as well as public instrumentalities and corporations and the Office of the Governor.

**B. Termination Clause:** The Chief of Staff (Secretaría de la Gobernación) of the Governor shall have the power to terminate this Agreement at any time.

**C. Contract Review Policy of the Financial Oversight and Management Board for Puerto Rico:** The parties acknowledge that the contractor has submitted the certification entitled "Contractor Certification Requirement" required in accordance with the Contract Review Policy of the Financial Oversight and Management Board (**FOMB**) for Puerto Rico, effective as of November 6, 2017 as amended on October 30, 2020, signed by the Contractor's Executive Director (or another official with an equivalent position or authority to issue such certifications). A signed copy of the "Contractor's Certification Requirement" is included as an annex to this contract."

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#### **XXIV. SUBROGATION**

The Subrecipient acknowledges that funds provided through this Agreement as amended are Federal funds administered by HUD under the CDBG-DR Program and that all funds provided by this Agreement as amended are subject to audit, disallowance, and repayment. Any disagreement with adverse findings may be challenged and subject to Federal regulation, however, the Subrecipient shall promptly return any and all funds to the PRDOH, which are found to be ineligible, unallowable, unreasonable, a duplication of benefits, or non-compensable, no matter the cause. This clause shall survive indefinitely the termination of this Agreement as amended for any reason in accordance with **Exhibit H** ("Subrogation and Assignment Provisions").

#### **XXV. COMPTROLLER REGISTRY**

The PRDOH shall remit a copy of this Amendment to the Office of the Comptroller for registration within **fifteen (15) days** following the date of execution of this Amendment and any subsequent amendment hereto. The services object of this Amendment may not be invoiced or paid until this Amendment has been registered by the PRDOH at the Comptroller's Office, pursuant to Act No. 18 of October 30, 1975, as amended by Act No. 127 of May 31, 2004.

#### **XXVI. ENTIRE AGREEMENT**

The Subrecipient Agreement, as amended, constitutes the entire agreement among the parties for the use of funds received under the Subrecipient Agreement, as amended, and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written among the parties with respect to the Agreement, as amended.

#### **XXVII. FEDERAL FUNDING**

The fulfillment of this Agreement as amended is based on those funds being made available to the PRDOH as the lead administrative agency for Recovery. All expenditures under this Agreement as amended must be made in accordance with this Agreement as amended, the policies and procedures promulgated under the CDBG-DR Program, and any other applicable laws. Further, Subrecipient acknowledges that all funds are subject to recapture and repayment for non-compliance.

#### **XXVIII. RECAPTURE OF FUNDS**

PRDOH may recapture payments it makes to Subrecipient that (i) exceed the maximum allowable rates; (ii) are not allowed under applicable laws, rules, or regulations; or (iii) are otherwise inconsistent with this Agreement as amended, including any unapproved expenditures. Subrecipient must refund such recaptured payments within **thirty (30) days** after the PRDOH issues notice of recapture to Subrecipient.

#### **XXIX. OVERPAYMENT**

Subrecipient shall be liable to the PRDOH for any costs disallowed pursuant to financial and/or compliance audit(s) of funds received under this Agreement as amended. Subrecipient shall reimburse such disallowed costs from funds other than those Subrecipient received under this Agreement as amended.

#### **XXX. COUNTERPARTS**

This Agreement, and its amendments, may be executed in any number of counterparts, each of whom shall be deemed to be an original, however, all of which together shall constitute one and the same instrument. If the Agreement, and its amendments, is not

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executed by the PRDOH within **thirty (30) days** of execution by the other party, this Agreement, and its amendments, shall be null and void.

**XXXI. SURVIVAL OF TERMS AND CONDITIONS**

The terms and conditions of this Agreement as amended related to the following subjects shall survive the termination or expiration of this Amendment: interpretive provisions; consideration; warranties; general affirmations, federal assurances, federal and state certifications; CDBG-DR and state funding, recapture of CDBG-DR and/or state funds, overpayment of CDBG-DR and/or state funds; ownership and intellectual property, copyright; records retention methods and time requirements; inspection, monitoring and audit; confidentiality; public records; indemnification and liability; infringement of intellectual property rights; independent contractor relationship; compliance with laws; notices; choice of law and venue; severability; dispute resolution; consolidations, merger, change of name, and dissolution. Terms and conditions that, explicitly or by their nature, evidence the Parties' intent that they should survive the termination or expiration of this Agreement as amended shall so survive.

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**XXXII. HEADINGS**

The titles to the paragraphs of this Amendment A are solely for reference purposes and the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Amendment.

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**IN WITNESS THEREOF**, the Parties hereto execute this Amendment in the place and on the date first above written.

**PUERTO RICO DEPARTMENT OF HOUSING, CDBG-DR Grantee**

By: William O. Rodríguez Rodríguez  
William O. Rodríguez Rodríguez (Jun 4, 2021 18:00 EDT)  
Name: William O. Rodríguez Rodríguez, Esq.  
Title: Secretary

**SUBRECIPIENT**

By: Blanca Fernández  
Blanca Fernández (Jun 4, 2021 17:56 EDT)  
Name: Blanca P. Fernández González  
Title: Executive Director



# EXHIBIT A

## SCOPE OF WORK

### HOME BUYER ASSISTANCE PROGRAM

#### 1. Program Overview/Background

Outmigration and loss of population base due to disasters create a negative cycle for communities struggling to recover across the Island. Loss of population base post-disaster is a challenge that impacts communities of all sizes. When residents leave after a disaster and do not return, this creates ripple effects across the community, impacting schools, the economy through closure of businesses, loss of workforce, revenue declines, and reducing public financial capacity to provide services to the community.

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Availability of affordable housing options is part of the equation, but the financial stability and resources available to residents to purchase their own homes are also important parameters related to an individual or family's ability to secure long-term options and contributes to long-term community recovery. For individuals and families considering the option to return to their community or move, it is often a consideration of the ability to reestablish a firm foundation, whether to re-root themselves or seek a new opportunity elsewhere.

The Homebuyer Assistance Program (**HBA**) assists income eligible households purchase homes through a variety of support mechanisms, thereby increasing the level of homeownership in impacted communities, and contributing to long-term sustainability and viability of communities across the Island.

The HBA provides Low-and-Median Income and Urgent Need **AMFI** households, with financial assistance for closing cost and down payment of the first mortgage obtained from a lender or for the purchase price of a home.

The HBA will prioritize eligible households that contain members of the Critical Recovery Workforce (**CRW**). The Puerto Rico Department of Housing (**PRDOH**) recognizes and understands that these members of the workforce are instrumental in providing public safety, emergency support, education, and healthcare for families in communities working to recover and rebuild to ensure community

viability, and sufficient workforce in these critical sectors is vital in creating positive ripple effects across communities. |

2. National Objective

|All CDBG-DR funded activities must meet at least one (1) of the two (3) HUD National Objectives established in 24 C.F.R. § 570.483. It is anticipated that projects funded through the HBA will meet one of the following National Objectives:

- Benefit Low- and Moderate- Income (LMI);
- Benefit Urgent Need (UN)|

3. Program Description

|Program funding will support first time homebuyers with the purchase of an existing property by providing for closing cost and down payment up to a maximum of twenty five thousand dollars (\$25,000.00) per eligible LMI and Urgent Need households; and a maximum of thirty five thousand dollars (\$35,000.00) for eligible households with Critical Recovery Workforce members. The HBA will provide an additional redevelopment assistance of up to five thousand dollars (\$5,000.00) to eligible households who elect to purchase a home in a designated urban or redevelopment zone, as defined by the PRDOH.

The primary objectives of the Homebuyer Assistance Program are:

- To improve the opportunities for homeownership for Low- and Moderate-Income and Urgent Need households;
- To increase homeownership rates that will support long-term sustainability and economic viability of communities impacted by Hurricane Irma and María across Puerto Rico; and
- Provide stimulus for Critical Recovery Workforce members to continue to reside in communities, helping to reduce outmigration, and improve job retention and productivity.|

4. Tasks

|The Puerto Rico Housing Finance Authority (PRHFA), as the designated Subrecipient, will administer the Program. In this role, PRHFA shall manage all aspects of the Program, and execute the activities required for its successful implementation, including, but not limited to the following:

4.1 Project/ Agreement Management

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- 4.1.1** Work closely with PRDOH to ensure timely delivery of Program activities, in accordance with the agreed upon Program Schedule.
- 4.1.2** Ensure adequate staffing levels to support Program activities funded in whole or in part by CDBG-DR, in accordance to this Subrecipient Agreement and Exhibit C on Key Personnel, including human resources management.
- 4.1.3** Provide a dedicated Program Management team, to efficiently and effectively carry out Program activities.
- 4.1.4** Manage stakeholder and related communications.
- 4.1.5** Manage outreach activities including but not limited to, those included in the Program Guidelines.
- 4.1.6** Regularly communicate potential risks, issues, and statuses with PRDOH, in the manner they arise.
- 4.1.7** Implement the Program in a compliant manner, per the CDBG-DR regulations, policies, procedures, and all applicable state, local and federal regulations.
- 4.1.8** Monitor and control team performance (including all staff and vendors under the Subrecipient's direct and indirect supervision) in accordance with established performance goals, regulatory compliance, and quality standards and recommend corrective action and/or performance plan for underperforming team members, subcontractors, vendors, or other staff.
- 4.1.9** Lead and review all program monitoring activities to prepare and present reports, data, documents, or other information as required by PRDOH, HUD, the US Office of Inspector General (OIG), or other oversight entities.
- 4.1.10** Act as point of contact between PRDOH or its representative, applicant-entities, and elected officials for all Program issues. Lead, coordinate, and facilitate all necessary high profile, program-wide public presentations and meetings, applicant-entity meetings and government or non-government stakeholders' meetings.
- 4.1.11** Create, maintain, and control project plan which includes clear critical path, task dependencies, identified slack, resource allocation (including human and other resources), and activity status.
- 4.1.12** Deliver staff listed in Exhibit C (Key Personnel) promptly to support program demands, which may increase, decrease, or change throughout the program life cycle. Ensure sufficient staff is

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available at all times to support program operations in a timely and efficient manner.

- 4.1.13** Establish, communicate, and enforce standard, efficient, and streamlined processes and strategies to support delivery of program goals, risk management, quality assurance, stakeholder management, and change management; engage in total quality management practices to regularly evaluate effectiveness of established processes and implement change when needed. Processes may be subject to PRDOH review and approval.
- 4.1.14** PRDOH may provide additional resources or contracted professional services to assist the Subrecipient with the execution of any of the tasks, goals, or activities related to the Program. Such contracted services may entail tasks related to case management; quality control; collection of documentation; application intake; application submission; eligibility review; guidance related to HBA Program and CDBG-DR Program requirements; duplication of benefit analysis; coordination of complaint resolution procedures, underwriting, award and closeout process requirements, among other tasks. This list of tasks is not intended to be exhaustive.
- 4.1.15** The Subrecipient may carry out its obligations under the Agreement, via self-performed services, or via contracted professional services, either procured by the Subrecipient or by the PRDOH. The Subrecipient shall describe the tasks, goals, or activities expected to be carried out by the contractors on its behalf. In the event of underperformance or noncompliance attributed to the contractors, the Subrecipient shall resume the performance of its tasks, goals, activities, and obligations. If underperformance or noncompliance is attributed to PRDOH's procured professional services, the Subrecipient shall notify the PRDOH of such event. Corrective action or even termination of the contracted professional services may proceed. Procurement of professional service contractors and performance goals required from these contractors must be submitted to PRDOH and must be compliant with the rest of this Agreement.
- 4.1.16** The PRDOH and the Subrecipient will share responsibility for the management of the resources and contracted professional services procured by the PRDOH to assist the Subrecipient with the execution of any of the tasks, goals, or activities related to the Program.
- 4.1.17** The Subrecipient is responsible for executing the HBA Program. The Subrecipient is responsible for maintaining these program goals

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and for covering any shortfalls from the performance of all resources and contractors. The Subrecipient shall notify PRDOH of any shortfalls from the performance of all resources and contractors that may impact the execution of the Program or that may impact the timeline and performance goals of the Subrecipient. PRDOH will help the Subrecipient in dealing with the contractors' shortfalls while the Subrecipient shall provide alternative and corrective measures to mitigate such impact. Alternative and corrective measures may include, but are not limited to, the recommendation from Subrecipient that PRDOH suspend or terminate contractors and resources' agreements, including a corrective plan to mitigate the impact of the Program's goals by reason of such suspension or termination.

- 4.1.18** Ingrain transparent, regular reporting to ensure stakeholders of all levels and importance remain informed and empowered to make decisions and report on issues such as, but not limited to risk, program progress, milestones achieved, performance issues, program successes, compliance concerns, and program demographics.
- 4.1.19** Maintain a complete understanding of all applicable Program policies, requirements, procedures, guidelines; and shall possess knowledge of regulatory and statutory compliance requirements for CDBG-DR and similar programs/projects. Ensure all program participants, including applicants, lending institutions, vendors, and stakeholders are aware of all policy changes.
- 4.1.20** Manage day-to-day operations, improve processes for quality and efficiency, and recommend policy changes.
- 4.1.21** Implement the Program in a compliant manner, per the Program policies and procedures and all applicable state and federal regulations.
- 4.1.22** Follow monitoring policies and procedures as directed by PRDOH.
- 4.1.23** Comply with PRDOH directives that may arise during the Program implementation phase in order to meet Program progress goals and objectives.
- 4.1.24** Regularly communicate potential risks, issues, and statuses about the Program with the PRDOH.
- 4.1.25** Collaborate with the PRDOH by complying with information requests that aid to ensure that the media and the general public remain informed through media messages, community outreach, public relations, and public education efforts.
- 4.1.26** Coordinate Information Technology (IT) services when technical system needs arise.

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- 4.1.27** Notify Applicants once their application is complete and inform Applicants if their assistance has been approved or denied and the amount and terms of the assistance, if approved.
- 4.1.28** Ensure continuous review of Applications with a goal of maintaining a pace to award the total HBA Program budget set aside for assistance within the term of this Agreement, pending enough approved Applications are received.
- 4.1.29** Ensure consistent and timely treatment of all Applicants and Applications and take all precautions necessary to avoid delays in the processing of Applications, including management and corrective enforcement of Program requirements towards participating lending institutions.
- 4.1.30** Provide financing alternatives, as possible, for eligible Program Applications.

## **4.2 Program Design and Outreach**

- 4.2.1** Develop and implement Program policies and templates required for the implementation and administration of the Program (i.e. Program Guidelines, Standard Operating Procedures (SOP), Forms, Contracts, Correspondence, Applications, etc.).
- 4.2.2** Conduct procurement and/or provide assistance to PRDOH to perform procurement, as needed. RFP and other solicitation documents must be reviewed and approved by PRDOH prior to publication. All procurement must be done in accordance with 2 C.F.R. 200.318 through 2 C.F.R. 200.327.
- 4.2.3** Develop, manage and maintain Grant Management System in optimal conditions to successfully implement Program.
- 4.2.4** Publish programmatic information as determined by PRDOH and required by program needs (e.g. Program Guidelines, training material, outreach material, etc.).
- 4.2.5** Provide PRDOH with required documentation and information as specified in Federal Register Vol. 83, No. 28 (83 FR 5844) for posting on PRDOH Disaster Recovery Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)). Provision of non-essential information (when requested) such as bulletins, newsletters, or marketing materials for publication on PRDOH Disaster Recovery Website.

## **4.3 Program Implementation**

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PRHFA is responsible for implementing and administering the Program in a compliant manner, per the Puerto Rico Disaster Recovery Action Plan (**Action Plan**), Program Guidelines, CDBG-DR requirements, policies and all applicable state, local and federal regulations:

- 4.3.1** Implement the Program Outreach Plan and required outreach activities as agreed upon by PRDOH and PRHFA.
- 4.3.2** Work with participating lending institutions, to facilitate the intake process
- 4.3.3** and perform the Program eligibility review for each Applicant.
- 4.3.4** Conduct full application and verification documents review – verify that all required documentation for eligibility and underwriting requirements for households have been submitted, as established in the Program Guidelines;
- 4.3.5** Conduct referrals to Housing Counseling Agencies upon determination of Program eligibility.
- 4.3.6** Ensure consistent and timely treatment of all applications as defined in the Program Guidelines and take all precautions necessary to avoid delays in the processing of applications.
- 4.3.7** Inform, train and engage lending institutions of the Program Guidelines and applicable federal, state, and local laws and regulations.
- 4.3.8** Review and verify all Applicant(s) case files submitted by the lending institutions, including, but not limited to the underwriting, appraisals, and property inspections.
- 4.3.9** Deliver a complete and accurate CENST for every eligible property and assign to PRDOH for approval.
- 4.3.10** Assign eligible properties to PRDOH for determination and issuance of the redevelopment incentive.
- 4.3.11** Determine CDBG-DR Award and issue funding commitment letter for each qualified Applicant(s).
- 4.3.12** Ensure adequate and timely closing for each CDBG-DR Award.
- 4.3.13** Submit invoices to PRDOH in a timely manner, that is consistent with Program implementation and delivery.
- 4.3.14** Utilize the Grant Management System(s) to facilitate the Program and ensure that all case files are documented and complete.
- 4.3.15** Conduct issue resolution, consistent communication with stakeholders and applicants and administrative reconsideration process.

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**4.3.16** Coordinate with each applicant's lending institution or title company to ensure an adequate and timely closing for each CDBG-DR award. Submit an Acquisition Draw Request to PRDOH thirty (30) business days prior to the scheduled closing to ensure that the funds are available at the time of closing.

**4.3.17** Perform Program close-out.

**4.4 Program Invoicing and Accounting**

**4.4.1** PRHFA shall adhere to PRDOH's financial management policies and procedures as outlined in the manual, guidelines, or policies and procedures for this Program, including but not limited to:

**4.4.1.1** Follow PRDOH Finance policies and protocols for submitting and processing Request for Payments, including use of the PRDOH's CDBG-DR Finance System

**4.4.1.2** Review the Request for Payment, and submit to PRDOH; and

**4.4.1.3** Establish a separate bank account to receive payments from PRDOH of HUD CDBG-DR funds that provide the funding for disbursement and subsequently disburse payment from PRHFA to lending institutions for applicable allocation of funds to awarded residents mortgage loan.

**4.4.2** Account and reporting of uses of CDBG-DR funds, including but not limited to information on National Objectives met, beneficiary demographics, and project completion status.

**4.4.3** Maintain System of Records.

**4.4.4** Submit regular Monthly Progress Reports and ad-hoc reports, as necessary, to the PRDOH, in the form and with the content specified and required by PRDOH.

**4.4.5** Follow monitoring policies and procedures as directed by PRDOH.

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## EXHIBIT B

# TIMELINES AND PERFORMANCE GOALS

### 1. PROGRAM OBJECTIVE:

Homebuyer Assistance (HBA) Program funding will support first time homebuyers with the purchase of an existing property by providing for closing costs and/or down payment up to a maximum of twenty five thousand dollars (\$25,000.00) per eligible LMI and Urgent Need households; and a maximum of thirty five thousand dollars (\$35,000.00) for eligible households with Critical Recovery Workforce (CRW) members. The HBA Program could provide additional redevelopment funding, of up to five thousand dollars (\$5,000.00), to eligible households who elect to purchase a home in a designated urban or redevelopment zone, as defined by the PRDOH.

The primary objectives of the Homebuyer Assistance Program are:

- To improve the opportunities for homeownership for Low- and Moderate-Income and Urgent Need households;
- To increase homeownership rates that will support long-term sustainability and economic viability of communities impacted by Hurricane Irma and María across Puerto Rico; and
- Provide incentive for Critical Recovery Workforce members to continue to reside in communities, helping to reduce outmigration, and improve job retention and productivity.

### 2. TERMS:

- Key Objective – Assist eligible Program applicants in the purchase of the
- Key Activity – The activities necessary to carry out the Objective.
- Indicator – The quantitative method used to demonstrate that the Key Activities have been performed.
- Source of Verification – The documentation used to verify that the Indicators have been met, and thus the activities are complete.
- Target – The goal for each of the Indicators.
- Timeline- The expected completion date or timeframe.

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3. TIMELINES & PERFORMANCE GOALS

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KEY Outcomes# 1	KEY ACTIVITY	INDICATOR	SOURCE OF VERIFICATION	TARGET	TIMELINE
Assist Program applicants in the purchase of their first home	1.1 PRHFA ACHIEVES AGREEMENTS WITH LENDING INSTITUTIONS	# signed MOUs	Signed agreements	50 MOUs executed	Q3 - Q4 2020
	1.2 TRAINING LENDING INSTITUTIONS	# Orientations Sessions scheduled	Attendance Sheets Exit Surveys	50 Lending institutions trained yearly	Q3 2021, Q3 2022, Q3 2023
	1.3 OUTREACH <ul style="list-style-type: none"><li>Publish Outreach materials in media</li><li>Q/A's and other outreach activities open to public</li></ul>	#Outreach activities	Media Log/ Copy of ads published online and in press	Two outreach activities weekly	Q4 2020 – Q2 2021
		% Increase in applications per month	Monthly reports	30% applications increase in month after Outreach efforts start/continue <sup>1</sup>	Q4 2020 – Q2 2021
	1.4 BUYERS APPLY TO PROGRAM	# applications  # evaluated applications  % applications approved  #of households	Aggregated Weekly reports from Lending Institutions and submitted as supporting documentation in	400 applications  400 Evaluated applications  75% approved applications	Monthly Targets from Q3 2020 – Q2 2022

<sup>1</sup> Baseline is 920 applications, number of applications at the beginning of Q4 2020.

		# of LMI households  % LMI Single-family units  % Critical Recovery Workforce Members	weekly Reports from Subrecipient	#400 households At least 30% LMI Households  At least 33% Critical Recovery Workforce Members	
	1.5 APPLICATIONS GO THROUGH HUD REQUIRED REVIEWS: <ul style="list-style-type: none"><li>Property: Environmental</li><li>Property: HQS</li><li>Applicant: DOB</li></ul>	# applicants pending review  # reviews completed	Weekly reports  Approved certifications	75 reviews and approved certifications completed	Weekly from Q3 2020 – end of program
	1.6 APPLICATION APPROVED AND FUND DISBURSEMENT WHEN CASE CLOSED WITH LENDING INSTITUTION	# applications ready for closing/ awards approved  % applications closed/disbursed  \$ assisted/disbursed	Monthly progress report  Properties deed acquired through Program (deed)	400 awards approved monthly (ready for closing)  50% disbursed/closed applications monthly  \$5,000,000 disbursed monthly	Monthly Target Q4 2020- Q2 2023

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3.1.1. KEY ACTIVITY 1.1 PUERTO RICO HOUSING FINANCE AUTHORITY (PRHFA) ACHIEVES AGREEMENTS WITH LENDING INSTITUTIONS

The Homebuyer Assistance Program has been designed to have each applicant's intake be submitted at the participating lending institution of their choice, where they will acquire a loan to purchase their first home. Since each institution can have its own particularities, PRHFA has drafted a Memorandum of Understanding (MOU) that sets standard and uniform



program-based roles and responsibilities for all lending institutions as well as for PRHFA. In order to participate and receive applicants to the Program, a lending institution must sign and comply with all conditions of the MOU.

While this task is expected to be recurring throughout the life of the Program, to ensure geographic distribution of participating institutions and numerous alternatives for potential applicants as early in the Program as possible, the Program has set a target of achieving MOU agreements with **fifty (50)** different lending institutions **within the first six months**. Albeit hitting this target will mean accomplishing the Program goal, PRHFA is encouraged to continuously increase the number of lending institutions that participate in the Program throughout its duration.

### 3.1.2. TRAINING LENDING INSTITUTION PERSONNEL

As part of the roles and responsibilities that PRHFA has to comply with according to the aforementioned Memorandum of Understanding, is that of ensuring personnel from each lending institution are formally trained to implement the Program, including but not limited to tasks like offering Program outreach and information on Program requirements to interested public, submitting applications and managing the Program system. PRHFA must use part of its budget from this Subrecipient Agreement assigned to Staffing to ensure personnel is available to conduct and offer weekly training and orientation sessions to lending institutions throughout the island. As each lending institution that signs the MOU must receive formal training, the target for orientation sessions within the first six months of the Program is **50**, as well. Yet, this task is expected to be recurring throughout the life of the Program, since PRHFA must maintain all lending institution personnel up to date with any changes or updates to the Program.

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### 3.1.3. OUTREACH

With the potential to impact more than 10,000 households throughout the life of the Program, Homebuyer Assistance is one of the most public-faced Programs in the CDBG-DR portfolio. An essential component of the Program Outcome starts with a prepared outreach plan which targets the different households eligible to apply to the Program. The Outreach plan must also offer clear Program information about applicant requirements, property requirements and which lending institutions are available to apply.

PRHFA must hire Staff that not only dominates plans of outreach for media but also public relations. With each of the fifty target lending institutions being the equivalent of an intake center, the HBA Program will likely encounter many situations where Program information being offered to the public may be mistaken or confusing. It will be the responsibility of PRHFA not only to ensure compliance by the lending institutions but to alleviate any public situations in this regard that may have escalated.

PRHFA must also conduct periodic outreach activities, for example Q/A sessions, about the Program, both open to the general public and directed at specific communities or professionals. The objective being a Program well received by an informed public and a continuous increase in Program applications.

#### 3.1.4. HOMEBUYERS APPLY TO THE PROGRAM

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The Program goals can only be met by the PRHFA with a robust organizational chart on all areas of Program support, especially in the evaluation and processing of Program applications (please see proposed organizational chart in Exhibit C of this SRA). The PRHFA will adopt the organizational chart provided by PRDOH in order to manage the Program and implement goals.

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The PRHFA will have met half its monthly goals by receiving at least **400 monthly applications** that comply with Program requirements like 33% LMI households and 33% CRW members, respectively, but will only meet its full goals when prepared to evaluate, determine eligibility and process towards determining award for each of the received applications each month. This task will go in hand with ensuring the Program has and maintains a positive public face with applicants and participating lending institutions.

#### 3.1.5. APPLICATIONS GO THROUGH HUD-REQUIRED REVIEWS

As per requirements of the United States Department of Housing and Urban Development (HUD), each application to the CDBG-DR Homebuyer Assistance Program must comply with various assessments of both the applicant and the property to be purchased.

- **CENST Environmental Review:** After receiving the Appraisal Report, each property will undergo an a CENST Environmental Review to determine and certify three requirements in order to be eligible to be purchased with Program assistance:
    - **Special Flood Hazard Area:** the property must not be located within a Special Flood Hazars Area.
    - **Coastal Barrier Resources Area:** the property must not be located within a Coastal Barrier Resources Area.
    - **Runway Protection Zone or Clear Zone:** if the property is located within a Runway Protection Zone, the buyer must sign an acknowledgment statement stating that he or she understands the implications of such purchase.
  - **Duplication of Benefits (DOB):** The Stafford Disaster Relief and Emergency Assistance Act prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which they have received financial assistance under any other program, from private insurance, charitable assistance, or any other source. As such, the Program must consider disaster recovery aid received by applicants from any other federal, state, local or other source and determine if any assistance is duplicative. Assistance will be deemed duplicative when it is used for the same purpose as the assistance being applied for. Any assistance determined to be duplicative must be deducted from the Program's calculation of the applicant's total need prior to awarding assistance, mechanisms to this end will need to be implemented by subrecipient. The DOB review performed by PRHFA assures that federal resources are neither duplicated nor wasted when applied to the provision of homeownership assistance.
- To ensure that the Program does not provide a duplication of benefits, **PRHFA will follow the following process:**
- Identify the Applicant's total need;
  - Identify total assistance available;
  - Identify the Amount to Exclude as Non-Duplicative (Amounts used for a different purpose, or same purpose, different allowable use);
  - Identify Total DOB Amount (Total Assistance Minus Non-Duplicative Exclusions);
  - Calculate Maximum Award (Total Need Minus Total DOB Amount); and
  - Final Award (Program Cap = Final Award if Maximum Award is equal to or greater than the Program Cap).

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It is expected for PRHFA to complete at least 75 CENST Environmental Reviews and Duplication of Benefit reviews weekly, respectively. PRHFA must use its budget from this Subrecipient Agreement assigned to Staffing to ensure personnel is available to conduct the aforementioned reviews and/or provide the information of each application and property to the entity responsible of conducting each review and certifying the determination as required.

3.1.6. APPLICATION APPROVED AND FUNDS DISBURSED WHEN CASE CLOSED WITH LENDING INSTITUTION

Program goals regarding closed cases will be expected to go through stages, with the first goals set starting from the fourth quarter of 2020, a whole quarter after Program launch. It is acknowledged that for a case to close, not all factors will depend on the subrecipient, but it is expected that every role and responsibility from the subrecipient required in order for a case to close, including award determination, must be met timely, at not more than thirty (30) business days after an application has been submitted.

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Starting in the fourth quarter of 2020, PRHFA is expected to have **400 monthly cases with approved award determinations**, which would mean that if a case is ready to close in the loan transaction between the applicant and the lending institution it would be able to do so with the determined assistance.

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From Quarter 4 2020 to Quarter 2 2021, PRHFA is expected to **close 200 monthly cases and/or disburse \$5,000,000 in homeownership assistance monthly**. To meet said goals, PRHFA will allocate the necessary staff to evaluate and process Program applications and award determination.

Achieving these important and attainable Program goals is a condition of compliance with the Subrecipient Agreement.



# EXHIBIT C

## KEY PERSONNEL

### HOMEBUYER ASSISTANCE PROGRAM

Below is the Staffing Plan for the **CDBG-DR Homebuyer Assistance Program**, which reflects a combination existing employees or new hired employees dedicated for the **CDBG-DR Homebuyer Assistance Program**.

I. Personnel Breakdown

Position Titles	Qty. of Resources	Allocated Time
Assistant Executive Director for the CDBG-DR Funds Management Area	1	*
Office Administrator	3	*
Assistant to the Executive Director	2	*
Homebuyer Assistance Program Director	1	100%
Homebuyer Assistance Program Senior Officer	10	100%
Homebuyer Assistance Program Officer	20	100%
Report Filing Officer	1	100%
Legal Affairs Director for Disaster Recovery Funds	1	*
Legal Advisor	3	*
Programmatic Operations Director	1	*
Communications and Graphic Design Specialist	1	*
Database Specialist	1	100%
Information Systems Security Officer	1	100%
Systems Analyst	1	100%
Information Systems Technician	1	*
Programmer	2	100%

Housing Specialist (CDBG-DR Program)	2	*
Funds Administration Director	1	*
Funds and Billing Analyst	2	*
Accountant	1	*
Total Max. Quantity of Resources		56

II. Roles Description

Role	Description
Assistant Executive Director for the CDBG-DR Fund Management Area	Performs work at a professional level of considerable responsibility that consists of advising the Executive Director and other senior management executives regarding public policy, guidelines, and norms to be followed to establish and fulfill the mission, goals and objectives of the Puerto Rico Housing Finance Authority (PRHFA). Prepares or reviews regulations, procedures, administrative and mechanized systems, as well as general and fiscal controls. This, in order to safeguard assets and ensure that the business, operations, and administrative processes are carried out effectively and efficiently. Participates in the strategic planning of the human and economic resources necessary to operate the PRHFA, as well as in relation to financing services or the area under their responsibility.
Office Administrator	Performs work at a highly confidential professional level which main objective is to carry out and coordinate the administrative and secretarial aspects of the Office of the Executive Director and the Operational and Business Areas of the Puerto Rico Housing Financing Authority (PRHFA), as well as to serve as a liaison between the PRHFA and other government and private sector offices and agencies.
Assistant to the Executive Director	Performs work at a professional level of responsibility quite complex that consists of actively participating with the Executive Director and Area Directors in the formulation, development, and implementation of public policy for various administrative, programmatic, and operational services of the Puerto Rico Housing Financing Authority (PRHFA). Provides advice and guidance to the Executive Director and Area Directors on administrative and programmatic matters. Evaluates policies and procedures established to ensure efficiency and effectiveness in the programs. Analyzes the needs of operational and administrative systems or controls, regulations, procedures, new services, and necessary forms in the different areas of operations. Advises, plans, and directs the development of studies on the systems and procedures of the different Bank units, subsidiaries, and affiliates. Coordinates the writing of

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Role	Description
	operational procedures and design of forms. Prepares and evaluates program and service proposals and makes recommendations. Analyzes and investigates essential information that enables the Executive Director to make determinations regarding PRHFA guidelines or standards, as well as the impact on administrative and operational processes of changes that occur as a result of new laws, modifications, studies carried out, or recommendations of other units. Analyzes legislative projects and coordinates with the Legal Division the preparation of comments. Represents the Executive Director in public forums to assist in the communication of public policy. Serves as liaison with other departments, government agencies, and elected officials to public office when required. Supervises lower-ranking positions attached to the Office of the Executive Director, as they are delegated. Prepares reports and tables with viable recommendations.
Homebuyer Assistance Program Director	Performs work at a professional level that consists of directing, planning, coordinating, supervising and evaluating the services inherent to the attention of inquiries and guiding clients on the procedures, requirements and norms established to participate in the subsidies granted by the Homebuyer Assistance Program under the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the Puerto Rico Housing Financing Authority (PRHFA) as subrecipient of the funds. Actively participates with the Deputy Director and the Assistant Executive Director of the Disaster Recovery Funds Administration Area in the implementation of the public policy of the Government of Puerto Rico related to the CDBG-DR Program.
Homebuyer Assistance Program Senior Officer	Performs work at a professional level that consists of participating, coordinating, and serving as a group leader in the Homebuyer Assistance Program Department and actively participating in the analysis and evaluation of applications submitted to support home buyers under the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the Puerto Rico Housing Finance Authority (PRHFA) as subrecipient of the funds.
Homebuyer Assistance Program Officer	Performs professional level work that consists of analyzing subsidy applications, answering inquiries and guiding clients on the procedures, requirements and norms established to participate in the subsidies granted by the Homebuyer Assistance Program under the Community Development Block Grant – Disaster Recovery Program (CDBG-DR) administered by the Puerto Rico Housing Finance Authority as subrecipient of the funds.

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Role	Description
Report Filing Officer	Performs work at a professional and administrative level that consists of investigating, coordinating and developing responses and adequate mechanisms for the filling of reports and the distribution of information pertinent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the Puerto Rico Housing Finance Authority (PRHFA) as subrecipient of the funds.
Legal Affairs Director for Disaster Recovery Funds	Performs work at a professional level in the field of Law that consists of directing, planning, coordinating, supervising and evaluating the services inherent to carrying out studies, legal analysis and research, and other legal services, as well as advising and representing the Puerto Rico Housing Financing Authority (PRHFA) in matters inherent to the services offered by the Disaster Recovery Administration Area on funds and grants provided by the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program. Actively participates with the Deputy Director and Assistant Executive Director of the Disaster Recovery Funds Administration Area in the implementation of the public policy for the Government of Puerto Rico related to the CDBG-Dr Program.
Legal Advisor	Performs work at a professional level in the field of Law that consists of conducting legal studies, analysis and research, as well as advising and representing the Puerto Rico Housing Finance Authority (PRHFA) in matters inherent to the Community Development Block – Grant Disaster Recovery (CDBG-DR) Program.
Programmatic Operations Director	Performs work at a professional level that consists of directing, planning, coordinating, supervising and evaluating the services inherent to the analysis of the needs or problems of the information systems of the Disaster Recovery Funds Administration Area of the Puerto Rico Housing Finance Authority to provide manual or mechanized solutions to the business units. Makes sure that the requirements of the needs or problems of information systems are established in coordination with the divisions of the Area, through interviews or other information gathering techniques to present recommendations or solutions to be implemented. Directs and authorizes the development and implementation of business solutions integrated to information systems. Selects suppliers and authorizes the necessary coordination to offer business solutions for the PRHFA's Disaster Recovery Funds Administration Area. Reviews the analysis of the operational functions of the divisions of the Area and authorizes recommendations related to mechanization or changes in manual or mechanized processes. Directs and supervises the design and presentation of the operational design for the automated systems of the PRHFA's Disaster Recovery Funds

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Role	Description
	Administration Area. Directs and supervises the design of solutions to improve business operations, in Client/Server platforms, web that includes the design flowchart. Authorizes the definitions of the specifications of the solutions (documents, reports, forms, files, databases, among others), as well as their documentation and operational processes, for the Client/Server platforms and the web of the PRHFA's Disaster Recovery Funds Administration Area. Makes sure that the system's documentation is kept up to date according to the changes made. Reviews the technical documentation related to the applications, as well as documentation on the use of applications for users of the PRHFA's Disaster Recovery Funds Administration Area.
<u>BF</u> BF	Performs professional level work in the field of communications and graphic design consisting of researching, writing, and editing press releases, articles, newsletters, brochures, speeches, books, publications, magazines and other material of educational information inherent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the Puerto Rico Housing Finance Authority (PRHFA) as subrecipient of the funds. Coordinates activities related to CDBG-DR Program funds administered by PRHFA. Coordinates and performs graphic design technical services for PRHFA's Disaster Recovery Funds Administration Area. Verifies the information for the design of the publications and prepares the artistic design for the publications. Reads the material to be published in order to design the ideal art for the content. Responsible for the drawing and design of illustrations, graphic material, invitations, announcement, decorations and all art material that will be required through a computerized system or by manual methods. Coordinates the phase of production and printing of the publications inherent to the funds and grants of the CDBG-DR Program.
Communications and Graphic Design Specialist	
	Performs work at a professional and specialized level of responsibility and complexity that consists of offering leadership and strategic direction in the implementation of the data architecture and quality integration of the Disaster Recovery Funds Administration Area of the Puerto Rico Housing Finance Authority (PRHFA) inherent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program. Participates in the development and dissemination of the data model and security standards that must be applied. Ensures that the correct definition for data access control is established through the protection mechanisms established. Responsible for developing a "map" that describes the target architecture, the migration path of the current data management profile that the data follows, and the connection interfaces of the databases.
Database Specialist	

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Role	Description
	Develops, implements and communicates the data quality indicators and makes the recommendations to follow to maintain the quality levels. Manages the databases for the platforms and the products or applications used for the operations of the Disaster Recovery Funds Administration Area.
Information Systems Security Officer	Performs work at a professional and technical level that consists of monitoring and updating the security systems of the telecommunications network of information systems of the Disaster Recovery Funds Administration Area of the Puerto Rico Housing Finance Authority (PRHFA) inherent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program.
	Performs professional level work of a technical and specialized nature that consists of analyzing needs or problems of the information systems of the Disaster Recovery Funds Administration Area of the Puerto Rico Housing Finance Authority (PRHFA) inherent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program to provide manual or mechanized solutions. Establishes, in coordination with the divisions of the Area, the requirements of the needs or problems of information systems and defines the specifications of the programs. Provides orientation, advice and support on the services it offers, according to changes in technology or nre solutions that support the operations of the business. Documents operational requirements and processes for business solutions. Updates the documentation of the systems according to the changes made.
Systems Analyst	
Information Systems Technician	Performs work at a professional and technical level that consists of installing, configuring, maintaining and optimizing computers, products, operating systems and their components of the PRHFA's Disaster Recovery Administration Area inherent to the Community Development Block Grant – Disaster Recover (CDBG-DR) Program. It verifies and documents the structural changes in the Area, monitors its operation and provides technical support to the users of the network of said Area.
Programmer	Professional and specialized work of responsibility and complexity that consists in offering leadership and strategic direction in the implementation of data architecture and quality integration for the PRHFA's Disaster Recovery Funds Administration Area inherent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program.
Housing Specialist (CDBG-DR Program)	Performs professional and specialized work of responsibility and complexity that consists of offering technical and specialized assistance under the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program

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Role	Description
	administered by the Puerto Rico Housing Finance Authority (PRHFA), as subrecipient, with the purpose of assisting in the implementation of the programs and ensuring that the funds comply with the laws and regulations of the Fair Housing, Federal Accessibility Standards and other applicable regulations. Performs analysis of programs, evaluates guidelines, provides orientation regarding codes, laws, and regulations, and evaluates progress of activities.
	Performs work at a professional level that consists of directing, planning, coordinating, supervising and evaluating services inherent to the inputs of the management of the funds and subsidies, to the analysis, pre-intervention and processing of the disbursements of funds and subsidies, as well as the processing and pre-intervention of all invoices that are submitted to the federal government for the reimbursement of wages, benefits, operational expenses, indirect costs, among others, of the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the PRHFA as subrecipient of the funds. Actively participates with the Deputy Director and the Assistant Executive Director of the Disaster Recovery Funds Administration Area in the implementation of the public policy of the Government of Puerto Rico related to the CDBG-DR Program.
Funds Administration Director	
	Performs professional level work involving the management and accounting of funds and grants from the Homebuyer Assistance Program and the CDBG-DR Gap to Low Income Housing Tax Credits Program inherent to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the Puerto Rico Housing Finance Authority (PRHFA) as subrecipient.
Funds and Billing Analyst	
	Performs work at a professional level that consists of the application of generally accepted accounting principles to analyze, review and record in the books and accounting applications accounts, transactions and accounting and financial operations inherent to the accounting activities of the funds allocated by the Community Development Block Grant – Disaster Recovery (CDBG-DR) Program administered by the Puerto Rico Housing Finance Authority (PRHFA) as subrecipient.
Accountant	

**NOTE:** Positions identified with an asterisk (\*) belong to the CDBG-DR structure and, therefore, are dedicated to the CDBG-DR programs. Nonetheless, amount of time dedicated to a given CDBG-DR program on a monthly basis may vary based on current needs.

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PRDOH CDBG-DR Contract  
EXHIBIT D - SECTION 2 - BUDGET

Grant:	CDBG-DR
Contractor:	Puerto Rico Housing Finance Authority
Program Name:	Homebuyer Assistance Program
DRGR Activity Code:	R02H22HA-DOH

Cost Type	Chart of Accounts Code	Activity Description	CONTRACT Budget
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ADMINISTRATION			\$ -
Costs			
TOTAL COSTS			\$ -

PLANNING			\$ -
Costs			
TOTAL COSTS			\$ -

PROJECT			\$ 156,192,628.00
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Project			
Grant Funding		Program grant funds to provide homeownership assistance	\$ 143,050,715.09
TOTAL COSTS			\$ 143,050,715.09

PROJECT ACTIVITY DELIVERY COSTS			
Staffing		Staffing resources for the execution and implementation of the Program.	\$ 12,831,912.00
Professional Services		Procured services that will assist in delivery and implementation of the Homebuyer Assistance Program.	\$ 60,000.00
Other Operating			\$ -
Equipment		Equipment required for the implementation of the program.	\$ 250,000.91
TOTAL COSTS			\$ 13,141,912.91
GRAND TOTAL			\$ 156,192,628.00

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May 8, 2020

Maytte Texidor López, Esq.  
Legal Director CDBG-DR  
Puerto Rico Department of Housing

Félix Hernández Cabán, MBA, CFE, JD  
Director of Disaster Recovery Finance CDBG-DR  
Puerto Rico Department of Housing

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//Signed//  
César A. Candelario Candelario  
Budget Manager CDBG-DR  
Puerto Rico Department of Housing

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**CERTIFICATION OF FUNDS FOR PRDOH SUBRECIPIENT AGREEMENT WITH PUERTO RICO HOME FINANCE AUTHORITY FOR ADMINISTRATION OF THE HOMEBUYER ASSISTANCE PROGRAM RELATED TO THE CDBG-DR FUNDS**

As requested by the Deputy Director – Contract Administration, we certify the availability of funds for **\$156,192,628.00** corresponding to “PRDOH Subrecipient agreement with Puerto Rico Home Financing Authority for the administration of the Homebuyer Assistance Program”. These funds are part of the **CDBG-DR Grant “B-18-DP-72-0001”**.

The breakdown of the certified funds is as follows:

Activity Number	Category	Description	Total Funds Certified
R02H22HA-DOH-LM R02H22HA-DOH-UN	5001-2025	Program Grant Funds	\$149,261,637.09
	5001-2000	Staffing resources for program	1,897,138.35
	5001-2001		
	5001-2013	Professional Services	60,000.00
	5001-2068	Other Program Operating and Indirect Costs	1,850,000.00
	5001-2018	2% of total budget for PRDOH's Activity Delivery Costs	3,123,852.56
	5001-2062		
	5001-2063		
	5001-2064		
5001-2065			
Total			\$156,192,628.00

If you have any questions or comments, please call me at (787)274-2527.

Ave. Barbosa #606 Edificio Juan C. Cordero Dávila Río Piedras, PR 00918 | P.O. Box 21365 San Juan, PR 00928-1365  
Tel: (787)274-2527 | [www.vivienda.pr.gov](http://www.vivienda.pr.gov)





## EXHIBIT F

### HUD GENERAL PROVISIONS AND OTHER FEDERAL STATUTES, REGULATIONS, AND PRDOH REQUIREMENTS

#### HOMEBUYER ASSISTANCE (HBA)

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Given that the Subrecipient Agreement (SRA) involves funds for which the U.S. Department of Housing and Urban Development (HUD) is the oversight agency, the following terms and conditions may apply to this Subrecipient Agreement. In addition, SUBRECIPIENT shall comply with the Federal Labor Standards Provisions set forth in Form HUD-4010, available at <https://www.hudexchange.info/resource/2490/hud-form-4010-federal-labor-standards-provisions/>

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The SUBRECIPIENT (also referred to as the "Partner") shall include these terms and conditions in all subcontracts or purchase orders directly servicing the SRA.

These general provisions may be updated from time to time. It is the sole responsibility of the SUBRECIPIENT to be aware of any changes hereto, to amend and implement such changes and to ensure subcontracts terms and conditions are modified as necessary, if any.

#### General Provisions:

##### 1. PROVISIONS REQUIRED BY LAW DEEMED INSERTED

Each and every provision of law and clause required by law to be inserted in this SRA shall be deemed to be inserted herein and the SRA shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the SRA shall forthwith be physically amended to make such insertion or correction.

##### 2. STATUTORY AND REGULATORY COMPLIANCE

SUBRECIPIENT shall comply with all laws and regulations applicable to the Community Development Block Grant-Disaster Recovery funds appropriated by the Supplemental Appropriations for Disaster Relief Requirements, 2017 (Pub. L. 115-56), approved September 8, 2017 (Appropriations Act), as amended, including but not limited to the applicable Office of Management and Budget Circulars, which may impact the administration of funds and/or set forth certain cost principles, including if certain expenses are allowed.

##### 3. BREACH OF SUBRECIPIENT AGREEMENT TERMS

The PRDOH reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of this SRA, in instances where the SUBRECIPIENT or any of its subcontractors violate or breach any SRA term. If the SUBRECIPIENT or any of its subcontractors violate or breach any SRA term, they shall be subject to such sanctions and penalties as may be appropriate. The duties and obligations imposed by the SRA documents, and the rights and remedies available thereunder, shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law.

#### 4. REPORTING REQUIREMENTS

The SUBRECIPIENT shall complete and submit all reports, in such form and according to such schedule, as may be required by the PRDOH and/or the Government of Puerto Rico. The SUBRECIPIENT shall cooperate with all the PRDOH and/or the Government of Puerto Rico efforts to comply with HUD requirements and regulations pertaining to reporting, including but not limited to 2 C.F.R. § 200.328 and 24 C.F.R. § 570.507, when applicable.

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#### 5. SMALL AND MINORITY FIRMS, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

The SUBRECIPIENT will take necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used in subcontracting when possible. Steps include, but are not limited to:

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- (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
- (iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises; and
- (v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

Additionally, for contracts of \$10,000 or more, the SUBRECIPIENT shall file Form HUD 2516 (Contract and Subcontract Activity) with the PRDOH on a quarterly basis.

#### 6. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 C.F.R. Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements", and any implementing regulations issued by HUD.

#### 7. DEBARMENT, SUSPENSION, AND INELIGIBILITY

The SUBRECIPIENT represents and warrants that it and its subcontractors are not debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance programs subject to 2 C.F.R. Part 2424.

#### 8. CONFLICTS OF INTEREST

The SUBRECIPIENT shall notify the PRDOH as soon as possible if this SRA or any aspect related to the anticipated work under this SRA raises an actual or potential conflict of interest (as defined 2 C.F.R. § 200.318(c), if applicable). The SUBRECIPIENT shall explain the actual or potential conflict in writing in sufficient detail so that the PRDOH is able

to assess such actual or potential conflict. The SUBRECIPIENT shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The SUBRECIPIENT shall accept any reasonable conflict mitigation strategy employed by the PRDOH, including but not limited to the use of an independent subcontractor(s) to perform the portion of work that gives rise to the actual or potential conflict.

**9. SUBCONTRACTING**

When subcontracting, the SUBRECIPIENT shall solicit for and contract with such subcontractors in a manner providing for fair competition. Some of the situations considered to be restrictive of competition include, but are not limited to:

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- (i) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (ii) Requiring unnecessary experience and excessive bonding;
- (iii) Noncompetitive pricing practices between firms or between affiliated Companies;
- (iv) Noncompetitive awards to consultants that are on retainer contracts,
- (v) Organizational conflicts of interest;
- (vi) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement; and
- (vii) Any arbitrary action in the procurement process.

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The SUBRECIPIENT represents to the PRDOH that all work shall be performed by personnel experienced in the appropriate and applicable profession and areas of expertise, taking into account the nature of the work to be performed under this SRA.

The SUBRECIPIENT will include these HUD General Provisions in every subcontract issued by it, so that such provisions will be binding upon each of its subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors.

**10. ASSIGNABILITY**

The SUBRECIPIENT shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without prior written approval of the PRDOH.

**11. COPELAND "ANTI-KICKBACK" ACT  
(Applicable to all construction or repair contracts)**

Salaries of personnel performing work under this SRA shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the Copeland "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. § 874; and Title 40 U.S.C. § 276c). The SUBRECIPIENT shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under this Agreement to ensure compliance by subcontractors with such regulations, and shall be responsible for the submission of



affidavits required of subcontractors thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof.

## 12. CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

**(Applicable to construction contracts exceeding \$2,000 and contracts exceeding \$2,500 that involve the employment of mechanics or laborers.)**

The SUBRECIPIENT shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-330) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

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All laborers and mechanics employed by SUBRECIPIENTS or subcontractors shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act, and the SUBRECIPIENTS and subcontractors shall comply with all regulations issued pursuant to that act and with other applicable Federal laws and regulations pertaining to labor standards.

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## 13. DAVIS-BACON ACT

**(Applicable to construction contracts exceeding \$2,000 when required by Federal program legislation.)**

The SUBRECIPIENT shall comply with the Davis Bacon Act (40 U.S.C. §§ 276a to 276a-7) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by SUBRECIPIENTS or subcontractors, including employees of other governments, on construction work assisted under this SRA, and subject to the provisions of the federal acts and regulations listed in this paragraph, shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

On a semi-annual basis, the SUBRECIPIENT shall submit Form HUD 4710 (Semi-Annual labor Standards Enforcement Report) to PRDOH.

## 14. TERMINATION FOR CAUSE

**(Applicable to contracts exceeding \$10,000)**

If, through any cause, the SUBRECIPIENT shall fail to fulfill in a timely and proper manner his or her obligations under this SRA, or if the SUBRECIPIENT shall violate any of the covenants, agreements, or stipulations of this SRA, the PRDOH shall thereupon have the right to terminate this SRA by giving written notice to the SUBRECIPIENT of such termination and specifying the effective date thereof, **at least five (5) days** before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by the SUBRECIPIENT under this Agreement shall, at the option of the PRDOH, become the PRDOH's property and the SUBRECIPIENT shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the SUBRECIPIENT shall not be relieved of liability to the Government of Puerto Rico and PRDOH for damages sustained by the Government of Puerto Rico and/or PRDOH by virtue of any breach of the Agreement by the SUBRECIPIENT, and the Government of Puerto Rico and/or PRDOH may withhold any

payments to the SUBRECIPIENT for the purpose of set-off until such time as the exact amount of damages due to the Government of Puerto Rico and/or PRDOH from the SUBRECIPIENT is determined.

**15. TERMINATION FOR CONVENIENCE**  
**(Applicable to contracts exceeding \$10,000)**

The PRDOH may terminate this SRA at any time by giving **at least ten (10) days'** notice in writing to the SUBRECIPIENT. If the SRA is terminated by the PRDOH as provided herein, the SUBRECIPIENT will be paid for the time provided and expenses incurred up to the termination date.

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**16. SECTION 503 OF THE REHABILITATION ACT OF 1973**  
**(Applicable to contracts exceeding \$10,000)**

The SUBRECIPIENT shall comply with Section 503 of the Rehabilitation Act of 1973 (29 U.S.C. § 793), as amended, and any applicable regulations.

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Equal Opportunity for Workers with Disabilities:

- 1) The SUBRECIPIENT will not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The SUBRECIPIENT agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals with disabilities without discrimination based on their physical or mental disability in all employment practices, including the following:
  - (i) Recruitment, advertising, and job application procedures;
  - (ii) Hiring, upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff and rehiring;
  - (iii) Rates of pay or any other form of compensation and changes in compensation;
  - (iv) Job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
  - (v) Leaves of absence, sick leave, or any other leave;
  - (vi) Fringe benefits available by virtue of employment, whether or not administered by the SUBRECIPIENT;
  - (vii) Selection and financial support for training, including apprenticeship, professional meetings, conferences, and other related activities, and selection for leaves of absence to pursue training;
  - (viii) Activities sponsored by the SUBRECIPIENT including social or recreational programs; and
  - (ix) Any other term, condition, or privilege of employment.
- 2) The SUBRECIPIENT agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- 3) In the event of the SUBRECIPIENT's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules,

regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.

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- 5) The SUBRECIPIENT agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Deputy Assistant Secretary for Federal Contract Compliance Programs, provided by or through the contracting officer. Such notices shall state the rights of applicants and employees as well as the SUBRECIPIENT's obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The SUBRECIPIENT must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the SUBRECIPIENT may have the notice read to a visually disabled individual, or may lower the posted notice so that it might be read by a person in a wheelchair).
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- 6) The SUBRECIPIENT will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the SUBRECIPIENT is bound by the terms of Section 503 of the Rehabilitation Act of 1973, as amended, and is committed to take affirmative action to employ and advance in employment individuals with physical or mental disabilities.
- 6) The SUBRECIPIENT will include the provisions of this clause in every subcontract or purchase order in excess of \$10,000, unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the Act, as amended, so that such provisions will be binding upon each subcontractor or vendor. The SUBRECIPIENT will take such action with respect to any subcontract or purchase order as the Deputy Assistant Secretary for Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.

#### 17. EQUAL EMPLOYMENT OPPORTUNITY

##### (Applicable to construction contracts and subcontracts exceeding \$10,000)

The SUBRECIPIENT shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 C.F.R. chapter 60).

During the performance of this Agreement, the SUBRECIPIENT agrees as follows:

- 1) The SUBRECIPIENT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The SUBRECIPIENT shall take affirmative action to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

- 2) The SUBRECIPIENT shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by Contracting Officer setting forth the provisions of this non-discrimination clause. The SUBRECIPIENT shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 3) The SUBRECIPIENT will, in all solicitations or advertisements for employees placed by or on behalf of the SUBRECIPIENT, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- 4) The SUBRECIPIENT will send to each labor union or representative of workers with which he or she has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers representative of the SUBRECIPIENT's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- 5) The SUBRECIPIENT will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- 6) The SUBRECIPIENT will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.
- 7) In the event of the SUBRECIPIENT's non-compliance with the non-discrimination clause of this Agreement or with any of such rules, regulations or orders, this Agreement may be cancelled, terminated or suspended in whole or in part and the SUBRECIPIENT may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order 11246 and such other sanctions as may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.
- 8) SUBRECIPIENT shall incorporate the provisions of 1 through 7 above in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor so that such provisions shall be binding on such subcontractor. The SUBRECIPIENT will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance, provided, however, that in the event the SUBRECIPIENT becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States.

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**18. CERTIFICATION OF NONSEGREGATED FACILITIES**  
**(Applicable to construction contracts exceeding \$10,000)**

The SUBRECIPIENT certifies that it does not maintain or provide for its establishments, and that it does not permit employees to perform their services at any location, under its control, where segregated facilities are maintained. It certifies further that it will not maintain or provide for employees any segregated facilities at any of its establishments, and it will not permit employees to perform their services at any location under its control where segregated facilities are maintained. The SUBRECIPIENT agrees that a breach of this certification is a violation of the equal opportunity clause of this Agreement.

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As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or are, in fact, segregated on the basis of race, color, religion, or national origin because of habit, local custom, or any other reason.

The SUBRECIPIENT further agrees that (except where it has obtained for specific time periods) it will obtain identical certification from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the equal opportunity clause; that it will retain such certifications in its files; and that it will forward the preceding notice to such proposed subcontractors (except where proposed subcontractors have submitted identical certifications for specific time periods).

#### **19. CERTIFICATION OF COMPLIANCE WITH CLEAN AIR AND WATER ACTS (Applicable to contracts exceeding \$100,000)**

The SUBRECIPIENT and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, 42 U.S.C. § 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 C.F.R. Part 15 and 32, as amended, Section 508 of the Clean Water Act (33 U.S.C. § 1368) and Executive Order 11738.

In addition to the foregoing requirements, all nonexempt contractors and subcontractors shall furnish to the owner, the following:

- 1) A stipulation by the SUBRECIPIENT or subcontractors, that any facility to be utilized in the performance of any nonexempt contract or subcontract, is not listed on the Excluded Party Listing System pursuant to 40 C.F.R. 32 or on the List of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 C.F.R. Part 15, as amended.
- 2) Agreement by the SUBRECIPIENT to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. § 1857 c-8) and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. § 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

- 3) A stipulation that as a condition for the award of the Agreement, prompt notice will be given of any notification received from the Director, Office of Federal Activities, EPA, indicating that a facility utilized, or to be utilized for the Agreement, is under consideration to be listed on the Excluded Party Listing System or the EPA List of Violating Facilities.
- 4) Agreement by the SUBRECIPIENT that he or she will include, or cause to be included, the criteria and requirements in paragraph (1) through (4) of this section in every nonexempt subcontract and requiring that the SUBRECIPIENT will take such action as the government may direct as a means of enforcing such provisions.

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## 20. ANTI-LOBBYING

### (Applicable to contracts exceeding \$100,000)

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By the execution of this SRA, the SUBRECIPIENT certifies, to the best of his or her knowledge and belief, that:

- 1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the SUBRECIPIENT, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the SUBRECIPIENT shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- 3) The SUBRECIPIENT shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

## 21. BONDING REQUIREMENTS

### (Applicable to construction and facility improvement contracts exceeding \$100,000)

The SUBRECIPIENT shall comply with Puerto Rico bonding requirements, unless they have not been approved by HUD, in which case the SUBRECIPIENT shall comply with the following minimum bonding requirements:

- 1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his or her bid, execute such contractual documents as may be required within the time specified.
- 2) A performance bond on the part of the SUBRECIPIENT for one hundred percent (100%) of the Agreement price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the SUBRECIPIENT's obligations under such contract.
- 3) A payment bond on the part of the SUBRECIPIENT for one hundred percent (100%) of the Agreement price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

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**22. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968**  
**(As required by applicable thresholds)**

The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

- 1) The parties to this Agreement agree to comply with HUD's regulations in 24 C.F.R. Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- 2) The SUBRECIPIENT agrees to send to each labor organization or representative of workers with which the SUBRECIPIENT has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the SUBRECIPIENT's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- 3) The SUBRECIPIENT agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 C.F.R. Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 C.F.R. Part 135. The SUBRECIPIENT will not subcontract with any subcontractor where the SUBRECIPIENT has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 135.
- 4) The SUBRECIPIENT will certify that any vacant employment positions, including training positions, that are filled: (1) after the SUBRECIPIENT is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 C.F.R. Part 135 require employment opportunities to be directed, were not filled to circumvent the SUBRECIPIENT's obligations under 24 C.F.R. Part 135.
- 5) Noncompliance with HUD's regulations in 24 C.F.R. Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- 6) With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. § 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).
- 7) For contracts exceeding \$100,000, the SUBRECIPIENT shall submit Form HUD 60002 (Section 3 Summary Report) to PRDOH on a quarterly basis, notwithstanding the annual reporting requirement set forth in that form's instructions.
- 8) Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area of the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

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9) The Subrecipient agrees to submit, and shall cause its contractors and subcontractors to submit, quarterly reports to the PRDOH detailing the number of new employees hired, the number of new Section 3 employees hired, and any affirmative efforts made to direct hiring efforts to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing during the previous quarter.

10) Subrecipient certifies and agrees that no contractual or other legal impediment exists that would prevent compliance with these requirements.

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### **23. FAIR HOUSING ACT**

SUBRECIPIENT shall comply with the provisions of the Fair Housing Act of 1968, as amended. The Act prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, disability, or familial status. The Equal Opportunity in Housing Act prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.

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### **24. ENERGY POLICY AND CONSERVATION ACT**

SUBRECIPIENT shall comply with mandatory standards and policies relating to energy efficiency as contained in the Government of Puerto Rico's energy conservation plan, issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201 *et seq.*).

### **25. HATCH ACT**

SUBRECIPIENT agrees to comply with mandatory standards and policies relating to Hatch Act, Public Law 94-163, as amended.

The SUBRECIPIENT shall comply with the Hatch Act, 5 U.S.C. 1501 – 1508, and shall ensure that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

The Hatch Act applies to political activities of certain state and local employees. As a Puerto Rico Department of Housing SUBRECIPIENT, you may do any of the following activities: be a candidate in nonpartisan elections; attend political meetings and conventions; contribute money; campaign in partisan elections; and hold office in political parties.

The SUBRECIPIENT may not do the following activities: be a candidate in partisan elections; use official influence to interfere in elections; coerce political contributions from subordinates in support of political parties or candidates the office of special counsel operates a website that provides guidance concerning hatch act issues.

### **26. HEALTH AND SAFETY STANDARDS**

All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or dangerous to his or her health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies or materials or articles ordinarily available on the open market, or contracts for transportation.

## 27. PERSONNEL

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The SUBRECIPIENT represents that it has, or will secure at its own expense, all personnel required in performing the services under this Agreement. Such personnel shall not be employees of, or have any contractual relationship with, the contracting party. All the services required hereunder will be performed by the SUBRECIPIENT or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such services. No person who is serving sentence in a penal or correctional institution shall be employed on work under this SRA.

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## 28. WITHHOLDING OF WAGES

If in the performance of this Agreement, there is any underpayment of wages by the SUBRECIPIENT or by any subcontractor thereunder, the PRDOH may withhold from the SUBRECIPIENT out of payment due to him or her an amount sufficient to pay to employees underpaid the difference between the wages required thereby to be paid and the wages actually paid such employees for the total number of hours worked. The amounts withheld may be disbursed by the PRDOH for and on account of the SUBRECIPIENT or subcontractor to the respective employees to whom they are due.

## 29. CLAIMS AND DISPUTES PERTAINING TO WAGE RATES

Claims and disputes pertaining to wage rates or to classifications of professional staff or technicians performing work under this SRA shall be promptly reported in writing by the SUBRECIPIENT to the PRDOH for the latter's decision, which shall be final with respect thereto.

## 30. DISCRIMINATION BECAUSE OF CERTAIN LABOR MATTERS

No person employed on the services covered by this Agreement shall be discharged or in any way discriminated against because he or she has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable hereunder to his or her employer.

## 31. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS

The SUBRECIPIENT agrees to establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have a family, business, or other tie. The SUBRECIPIENT will be aware of and avoid any violation

of the laws of this State which prohibit municipal officers and employees from having or owning any interest or share, individually or as agent or employee of any person or corporation, either directly or indirectly, in any contract made or let by the governing authorities of such municipality for the construction or doing of any public work, or for the sale or purchase of any materials, supplies or property of any description, or for any other purpose whatsoever, or in any subcontract arising therefrom or connected therewith, or to receive, either directly or indirectly, any portion or share of any money or other thing paid for the construction or doing of any public work, or for the sale or purchase of any property, or upon any other contract made by the governing authorities of the municipality, or subcontract arising therefore or connected therewith.

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The SUBRECIPIENT will also be aware of and avoid any violation of the laws of this State which prescribe a criminal penalty for any public officer who has an interest in any contract passed by the board of which he or she is a member during the time he or she was a member and for one year thereafter.

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### **32. INTEREST OF CERTAIN FEDERAL OFFICERS**

No member of, or delegate to, the Congress of the United States and no Resident Commissioner shall be admitted any share or part of this Agreement or to any benefit to arise therefrom.

### **33. INTEREST OF SUBRECIPIENT**

The SUBRECIPIENT agrees that it presently has no interest and shall not acquire any interest, direct or indirect, in the above described project or any parcels therein or any other interest which would conflict in any manner or degree with the performance of the Work hereunder. The SUBRECIPIENT further agrees that no person having any such interest shall be employed in the performance of this Agreement.

### **34. POLITICAL ACTIVITY**

The SUBRECIPIENT will comply with the provisions of the Hatch Act (5 U.S.C. 1501 et seq.), which limits the political activity of employees.

### **35. RELIGIOUS ACTIVITY**

The SUBRECIPIENT agrees to abstain from using any funds related to this Agreement for inherently religious activities prohibited by 24 C.F.R. §570.200(j), such as worship, religious instruction, or proselytization.

### **36. FLOOD DISASTER PROTECTION ACT OF 1973**

The SUBRECIPIENT will ensure that procedures and mechanisms are put into place to monitor compliance with all flood insurance requirements as found in the Flood Disaster Protection Act of 1973, 24 C.F.R. § 570.605.

### 37. LEAD BASED PAINT

The SUBRECIPIENT must comply with the regulations regarding lead-based paint found at 24 C.F.R. Part 35 on LEAD-BASED PAINT POISONING PREVENTION IN CERTAIN RESIDENTIAL STRUCTURES with regards to all housing units assisted using CDBG-DR funds.

### 38. VALUE ENGINEERING

(Applicable to construction contracts exceeding \$2,000 when required by Federal program legislation.)

The SUBRECIPIENT must comply with the regulations regarding systematic and organized approach to analyze functions of systems, equipment, facilities, services, and materials to ensure they achieve their essential functions at the lowest cost consistent to life cycle in execution, reliability, quality, and safety, in accordance with 2 C.F.R. § 200.318.(g).

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### 39. GENERAL COMPLIANCE

The SUBRECIPIENT shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 C.F.R. § 570, as modified by the Federal Register notices that govern the use of CDBG-DR funds available under this Agreement. See Federal Register Notice 83 FR 5844 (February 9, 2018). Notwithstanding the foregoing, (1) the SUBRECIPIENT does not assume any of the PRDOH's responsibilities for environmental review, decision-making, and action, described in 24 C.F.R. part 58 and (2) the SUBRECIPIENT does not assume any of the PRDOH's responsibilities for initiating the review process under the provisions of 24 C.F.R. part 52. The SUBRECIPIENT shall also comply with all other applicable Federal, state and local laws, regulations, and policies that govern the use of the CDBG-DR funds in complying with its obligations under this Agreement, regardless of whether CDBG-DR funds are made available to the SUBRECIPIENT on an advance or reimbursement basis. This includes without limitation, applicable Federal Registers; 2 C.F.R. part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. § 35, 24 C.F.R. part 58, 24 C.F.R. part 135; National Historic Preservation Act, and any other applicable state laws or regulations, including the requirements related to nondiscrimination, labor standards and the environment; and Action Plan amendments and HUD's guidance on the funds.

Where waivers or alternative requirements are provided for in the applicable Federal Register Notice dated February 9, 2018, at 83 FR 5844 or any future Federal Register Notice published by HUD ("HUD Notices"), such requirements, including any regulations referenced therein, shall apply.

The SUBRECIPIENT also agrees to comply with all other applicable Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines, whether existing or to be established, provided the same are applied to activities occurring after the date the policy or guideline was established, governing the Grant Funds provided under this Agreement. In the event a conflict arises between the provisions of this Agreement and any of the foregoing, the Federal, State, and local laws, regulations, HUD Notices, policies, and guidelines shall control and this Agreement shall be interpreted in a manner so as to allow for the terms contained herein to remain valid and consistent with such Federal, State, and local laws, regulations, HUD Notices, policies and guidelines.

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The SUBRECIPIENT shall also comply with applicable PRDOH's policies and guidelines as established in Program Guidelines and their amendments, if any, as found in the CDBG-DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)) which are herein included and made integral part of this Agreement, as it may be updated from time to time.

#### 40. DUPLICATION OF BENEFITS

The SUBRECIPIENT shall not carry out any of the activities under this Agreement in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5155) and described in Appropriations Act. The SUBRECIPIENT must comply with HUD's requirements for duplication of benefits, imposed by Federal Register notice on the PRDOH, which are published in a separate notice entitled "Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees" (76 FR 71060, published November 16, 2011). The SUBRECIPIENT shall carry out the activities under this Agreement in compliance with the PRDOH's procedures to prevent duplication of benefits.

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#### 41. DRUG-FREE WORKPLACE

The SUBRECIPIENT must comply with drug-free workplace requirements in Subpart B of part 2429, which adopts the government wide implementation (2 C.F.R. part 182) of sections 5152-5158 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. §§ 701-707).

#### 42. HOLD HARMLESS

The SUBRECIPIENT shall and hereby agrees to hold harmless, defend (with counsel acceptable to the PRDOH) and indemnify the Government of Puerto Rico, PRDOH, HUD and each and all of its successors, affiliates, or assigns, and any of their employees, officers, directors, attorneys, consultants, agents, managers, and affiliates, from and against any and all damages, costs, attorneys' fees, claims, expenses, injuries, property damage, causes of action, violations of law, violations of this Agreement, and losses of any form or nature arising from or related to the conduct of the SUBRECIPIENT in the performance of the efforts called for in this Agreement. This indemnity shall expressly include, but is not limited to, the obligation of the SUBRECIPIENT to indemnify and reimburse the PRDOH for any and all attorneys' fees and other litigation or dispute resolution costs incurred or to be incurred in the PRDOH's enforcement of this Agreement or any portion thereof against the SUBRECIPIENT or otherwise arising in connection with the SUBRECIPIENT's breach, violation, or other non-compliance with this Agreement. This clause shall survive indefinitely the termination of this Agreement for any reason.

#### 43. PRDOH RECOGNITION

Unless otherwise directed by the PRDOH, the SUBRECIPIENT shall ensure recognition of the role of HUD and the PRDOH in providing funding, services, and efforts through this Agreement. Unless otherwise directed by the PRDOH, all activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to role of HUD and of the PRDOH. In addition, the SUBRECIPIENT shall include a reference to the support provided herein in all publications made possible with funds made available under this Agreement. The PRDOH reserves the right to direct specific reasonable

recognition requirements on a case-by-case basis, including but not limited, to the size and content, waiver, removal or addition of such recognition.

#### 44. LOGOS CLAUSE

The Parties hereto will not use the name of the other party, seals, logos, emblems or any distinctive trademark/ trade name, without the prior written express authorization of the other party.

#### 45. UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

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The SUBRECIPIENT shall comply with the applicable provisions in 2 C.F.R. part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. part 200.

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#### 46. FINANCIAL & PROGRAM MANAGEMENT

The SUBRECIPIENT shall expend and account for all CDBG-DR funds received under this Agreement in accordance with 2 C.F.R. part 200 subpart D §302 - §303 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

The SUBRECIPIENT shall administer its program in conformance with Cost Principles as outlined in 2 C.F.R. part 200 subpart E, as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

#### 47. DOCUMENTATION AND RECORD KEEPING

The SUBRECIPIENT shall maintain all records required by applicable law to be maintained, including but not limited to the Federal regulations specified in (1) 2 C.F.R. part 200; (2) 24 C.F.R. § 570.506; and (3) the applicable HUD Notices that are pertinent to the activities to be funded under this Agreement, as well as any additional records required by the PRDOH. Such records shall include but not be limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR programs, as modified by the HUD Notices;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvement, use, or disposition of real property acquired or improved with CDBG-DR funds;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG-DR program;
- f. Financial records as required by (1) 24 C.F.R. § 570.502; and (2) 2 C.F.R. part 200;
- g. Other records necessary to document compliance with Subpart K of 24 C.F.R. part 570.

#### 48. ACCESS TO RECORDS

The Government of Puerto Rico, the PRDOH, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have at any time and from time to time during normal business hours, access to any work product, books, documents, papers, and records of the SUBRECIPIENT which are related to this SRA, for the purpose of inspection, audits, examinations, and making excerpts, copies and transcriptions.

#### 49. RECORD RETENTION AND TRANSMISSION OF RECORDS TO THE PRDOH

The SUBRECIPIENT shall retain all official records on programs and individual activities shall be retained for the greater of **five (5) years**, starting from the closeout of the grant between PRDOH and HUD, or the end of the affordability period for each housing activity, whichever is longer. If any other laws and regulations as described in 24 C.F.R. § 570.490 applies to a project, the record retention period may be extended. All records involved in litigation, claims, audits, negotiations, or other actions, which have started before the expiration date of their retention, will be kept until completion of the action and resolution of all issues or the end of the regular **five (5) year period**, whichever is longer. (See 2 C.F.R. § 200.333 and 24 C.F.R. § 570.490(d).)

Records shall be made available to PRDOH upon request.

#### 50. CLIENT DATA AND OTHER SENSITIVE INFORMATION

In the event that the SUBRECIPIENT comes to possess client data and other sensitive information as a result of this Agreement, then the SUBRECIPIENT shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to PRDOH monitors or their designees for review upon request.

The SUBRECIPIENT must comply with 2 C.F.R. § 200.303 and shall take reasonable measures to safeguard protected personally identifiable information, as defined in 2 C.F.R. § 200.82, and other information HUD or the PRDOH designates as sensitive or the SUBRECIPIENT considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality. Additionally, the SUBRECIPIENT must comply with the *PRDOH CDBG-DR Personal Identifiable Information Policy*, as found in the CDBG-DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)), which is herein included and made integral part of this Agreement, as it may be updated from time to time

The SUBRECIPIENT shall comply with all State or local requirements concerning the privacy of personal records, consistent with 24 C.F.R. § 570.508 (local governments) and 570.490(c) (States).

#### 51. CLOSE-OUT

The SUBRECIPIENT's obligation to PRDOH shall not end until all close-out requirements are completed. Activities during this close-out period may include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the PRDOH), properly addressing Program Income (as that term is defined in section VI (A) (I) (a) of the HUD Notice 83 Fed. Reg. 5844, 5856

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(February 9, 2018, as may be amended by HUD)), balances, and accounts receivable to the PRDOH), determining the custodianship of records, and the SUBRECIPIENT certification of compliance with the terms of this Agreement. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the SUBRECIPIENT has control over CDBG-DR funds, including Program Income.

Notwithstanding the terms of 2 C.F.R. § 200.343, upon the expiration of this Agreement, the SUBRECIPIENT shall transfer to the recipient any CDBG-DR funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG-DR funds, further, any real property under the SUBRECIPIENT's control that was acquired or improved in whole or in part with CDBG-DR funds (including CDBG-DR funds provided to the SUBRECIPIENT in the form of a loan) shall be treated in accordance with 24 C.F.R. § 570.503(b)(7).

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## 52. AUDITS AND INSPECTIONS

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All SUBRECIPIENT records with respect to any matters covered by this Agreement shall be made available to the PRDOH, HUD, and the Comptroller General of the United States, or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the SUBRECIPIENT within **thirty (30) days** after receipt by the SUBRECIPIENT. Failure of the SUBRECIPIENT to comply with the above audit requirements shall constitute a violation of this Agreement and may result in the withholding of future payments and/or termination.

## 53. SINGLE AUDIT

The SUBRECIPIENT must be audited as required by 2 C.F.R. part 200, subpart F, when the SUBRECIPIENT's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 C.F.R. § 200.501 - Audit requirements. Once said threshold is reached or exceeded, the SUBRECIPIENT shall notify the PRDOH and shall report that event in the corresponding monthly progress report, as provided in Part VI - Performance, Monitoring, and Reporting, Subpart B (Reporting) of this Agreement.

The SUBRECIPIENT shall procure or otherwise arrange for the audit to be conducted for that year, as required in 2 C.F.R. § 200.501(a)-(b); moreover, that it is properly performed and submitted when due in accordance with provisions that include but are not limited to those set forth in 2 C.F.R. § 200.512 - Report submission, as stated in 2 C.F.R. § 200.508(a) – Auditee responsibilities.

Among other relevant provisions, the SUBRECIPIENT shall comply with: (a) the Electronic submission of data and reports to the Federal Audit Clearinghouse (FAC) (2 C.F.R. § 200.512(d)) and; (b) ensuring that reports do not include protected personally identifiable information as set forth in 2 C.F.R. § 200.512(a)(2)).

## 54. INSPECTIONS AND MONITORING

The SUBRECIPIENT shall permit the PRDOH and auditors to have access to the SUBRECIPIENT's records and financial statements as necessary for the PRDOH to meet the requirements of 2 C.F.R. part 200.



## 55. CORRECTIVE ACTIONS

The PRDOH may issue management decisions and may consider taking enforcement actions including but not limited to corrective actions in 24 C.F.R. § 570.910 if noncompliance is detected during monitoring and audits. The PRDOH may require the SUBRECIPIENT to take timely and appropriate action on all deficiencies pertaining to the Federal award provided to the SUBRECIPIENT from the pass-through entity detected through audits, on-site reviews, and other means. A timely and appropriate action shall be predicated on reasonable standard wherein the SUBRECIPIENT utilizes all available resources to correct the noted issue or issues. In response to audit deficiencies or other findings of noncompliance with this Agreement, the PRDOH may impose additional conditions on the use of the CDBG-DR funds to ensure future compliance or provide training and technical assistance as needed to correct noncompliance.

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## 56. PROCUREMENT AND CONTRACTOR OVERSIGHT

The SUBRECIPIENT shall ensure that every process of procurement of goods and services comply with federal procurement rules and regulations found in 2 C.F.R. §200.318 through §200.327, procurement requirements that include, but are not limited to: (a) providing full and open competition; (b) following required steps to ensure the use of small and minority businesses, women's business enterprises, and labor surplus area firms when possible; (c) performing a cost or price analysis; (d) evaluating and documenting contractor's integrity, compliance with public policy, record of past performance, and financial and technical resources; (e) ensuring that the contractor has not been suspended or debarred; (f) prohibiting the use of statutorily or administratively imposed state, local, or tribal geographic preferences in evaluating bids or proposal; (g) excluding contractors that may have an unfair competitive advantage, and; (h) maintaining records to detail the history of procurement considerations. PRDOH must obtain and maintain records to document how the procurement performed by the SUBRECIPIENT complied with the aforementioned federal procurement rules and regulations, as amended from time to time.

In regard to the provisions of the Procurement Manual for CDBG-DR Programs, as found in the CDBG-DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)) which is herein incorporated by reference and made integral part of this Agreement, as it may be updated from time to time, the SUBRECIPIENT shall comply with the provisions related to: minority, women, small, and Section 3 business participation; low and very low-income persons or firms participation.

The SUBRECIPIENT shall include all applicable PRDOH's conditions (as revised from time to time by the PRDOH in accordance with applicable law, rule or regulation) in any contract entered into under this Agreement. SUBRECIPIENT shall also require all contractors to flow down the PRDOH's Conditions, as well as termination for convenience of the PRDOH, to all subcontractors as well as the requirement to flow down such terms to all lower-tiered subcontractors. These Conditions include required terms for project contracts, HUD General Provisions, Participation by Minority Group Members and Women Requirements and Procedures for Contracts with Housing Trust Fund Corporation, Standard Clauses for Contracts with the PRDOH, and required diversity forms.

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The SUBRECIPIENT must comply with CDBG-DR regulations regarding debarred or suspended entities at 24 C.F.R. § 570.609 or 24 C.F.R. § 570.489(l) as appropriate. CDBG-DR funds may not be provided to excluded or disqualified persons.

The SUBRECIPIENT shall maintain oversight of all activities under this Agreement and shall ensure that for any procured contract or Agreement, as applicable, its contractors perform according to the terms and conditions of the procured contracts or Agreements, and the terms and conditions of this Agreement.

## 57. NONDISCRIMINATION

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The SUBRECIPIENT shall comply with 24 C.F.R. part 6, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (Title I) (42 U.S.C. § 5309). Section 109 provides that no person in the United States shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal financial assistance.

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The SUBRECIPIENT shall adhere to the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) (Section 504). Section 109 of the Housing and Community Development Act of 1974 makes these requirements applicable to programs or activities funded in whole or in part with CDBG-DR funds. Thus, the SUBRECIPIENT shall comply with regulations of 24 C.F.R. part 8, which implement Section 504 for HUD programs, and the regulations of 24 C.F.R. part 146, which implement the Age Discrimination Act for HUD programs.

The SUBRECIPIENT shall ensure that all CDBG-DR activities conducted by itself or its contractors are consistent with the applicable federal and local legal provisions, regulations, and policies that prohibit discrimination on the basis of race, creed, color, national origin, religion, sex, disability, familial status, actual or perceived sexual orientation or gender identity, marital status, or age, as established in the CDBG-DR Fair Housing and Equal Opportunity (FHEO) Policy for CDBG-DR Programs.<sup>1</sup>

## 58. ARCHITECTURAL BARRIERS ACT AND THE AMERICANS WITH DISABILITIES ACT

The SUBRECIPIENT shall ensure that its Activities are consistent with requirements of Architectural Barriers Act and the Americans with Disabilities Act.

The Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 C.F.R. § 40.2 or the definition of "building" as defined in 41 C.F.R. § 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. §§ 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 C.F.R. part 40 for residential

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<sup>1</sup> Follow the link for document access at the CDBG-DR Website: <https://cdbg-dr.pr.gov/en/download/fair-housing-and-equal-opportunity-fheo-policy-for-cdbg-dr-programs/>.

structures, and appendix A to 41 C.F.R. part 101-19, subpart 101-19.6, for general type buildings).

The Americans with Disabilities Act (42 U.S.C. § 12131; 47 U.S.C. § 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

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The SUBRECIPIENT agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 C.F.R. § 570.607, as revised by Executive Order 13279. The applicable non- discrimination provisions in Section 109 of the HCDA are still applicable.

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## **59. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 (24 C.F.R. PART 1)**

### **1) General Compliance:**

The SUBRECIPIENT shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended and 24 C.F.R. § 570.601 and § 570.602. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this Agreement. The specific nondiscrimination provisions at 24 C.F.R. § 1.4 apply to the use of these funds. The SUBRECIPIENT shall not intimidate, threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by title VI of the Civil Rights Act of 1964 or 24 C.F.R. part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 C.F.R. part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 2 C.F.R. part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

### **2) Assurances and Real Property Covenants:**

As a condition to the approval of this Agreement and the extension of any Federal financial assistance, the SUBRECIPIENT assures that the program or activities described in this Agreement shall be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided shall be operated and administered in compliance with all requirements imposed by or pursuant to this part 1.

If the Federal financial assistance under this Agreement is to provide or is in the form of personal property or real property or interest therein or structures thereon, the SUBRECIPIENT's assurance herein shall obligate the SUBRECIPIENT or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the SUBRECIPIENT for the

period during which Federal financial assistance is extended pursuant to the contract or application.

This assurance gives the PRDOH and the United States a right to seek judicial enforcement of the assurance and the requirements on real property.

In the case of real property, structures or improvements thereon, or interests therein, acquired with Federal financial assistance under this Agreement or acquired with CDBG-DR funds and provided to the SUBRECIPIENT under this Agreement, the instrument effecting any disposition by the SUBRECIPIENT of such real property, structures or improvements thereon, or interests therein, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

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If the SUBRECIPIENT receives real property interests or funds or for the acquisition of real property interests under this Agreement, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of this part 1 shall extend to any facility located wholly or in part in such space.

**3) Women- and Minority-Owned Businesses (W/MBE)**

The SUBRECIPIENT shall take the affirmative steps listed in 2 C.F.R. § 200.321(b)(1) through (5) to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible when the SUBRECIPIENT procures property or services under this Agreement. As used in this Agreement, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. § 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian- Americans, and American Indians. The SUBRECIPIENT may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

In compliance with the CDBG-DR Minority and Women-Owned Business Enterprise Policy (M/WBE Policy), the SUBRECIPIENT shall complete a utilization plan to identify how they plan on successfully achieving the contracting goals for MBE and WBE's. SUBRECIPIENT shall also complete quarterly reporting to provide information on contracting opportunities and payouts provided to WBE or MBE contractors or subcontractors. SUBRECIPIENT shall also document their efforts and submit those to PRDOH on a quarterly basis. See the M/WBE Policy, as found in the CDBG-DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)) which is herein included and made integral part of this Agreement, as it may be updated from time to time.

**4) Notifications**

The SUBRECIPIENT will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the SUBRECIPIENT's

commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

**5) Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement**

The SUBRECIPIENT shall, in all solicitations or advertisements for employees placed by or on behalf of the SUBRECIPIENT, state that it is an Equal Opportunity or Affirmative Action employer.

**60. LABOR STANDARDS**

The SUBRECIPIENT shall comply with the in labor standards in Section 110 of the Housing and Community Development Act of 1974, as amended, and ensure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this Agreement shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis Bacon Act, as amended (40 U.S.C. § 3141, et seq.), and 29 C.F.R. part 1, 3, 5, 6, and 7, provided, that this requirement shall apply to the rehabilitation of residential property only if such property contains not less than 8 units.

The SUBRECIPIENT agrees to comply with the (18 U.S.C. § 874) and it's implementing regulations of the U.S. Department of Labor at 29 C.F.R. part 3 and part 5. The SUBRECIPIENT shall maintain documentation that demonstrates compliance with applicable hour and wage requirements. Such documentation shall be made available to the PRDOH for review upon request.

The SUBRECIPIENT is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; or nepotism activities.

**61. CONDUCT**

**1) Contracts**

- a. Monitoring: As applicable, the SUBRECIPIENT will monitor all contracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.
- b. Content: The SUBRECIPIENT shall cause all of the provisions of this contract in its entirety to be included in and made a part of any contract executed in the performance of this Agreement, as applicable.
- c. Selection Process: The SUBRECIPIENT shall ensure that all contracts awarded after the execution of this Agreement and in the performance of such, follow the procurement policies and procedures described in paragraph 56 (Procurement and Contractor Oversight) of this Exhibit.
- d. Notification: The SUBRECIPIENT shall notify and provide a copy of any and all contracts related to this Agreement and CDBG-DR funds to the Contract Administration Area of the PRDOH CDBG-DR Legal Division within **three (3) days** of its execution. Additionally, the SUBRECIPIENT shall provide a copy of any and all subcontracts executed by its Contractors to the Contract Administration Area of the PRDOH CDBG-DR Legal Division within **three (3) days** of its execution.

2) Conflict of Interest

The SUBRECIPIENT agrees to abide by the provisions of 2 C.F.R. part 200, as applicable, and 24 C.F.R. § 570.611, which include (but are not limited to) the following:

- a. It is presumed that the SUBRECIPIENT is subject to state and local ethic laws and regulations related to the conduct of its officers, employees or agents engaged in the award and administration of this Agreement.
- b. In the event the SUBRECIPIENT is not, the SUBRECIPIENT shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of this Agreement. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would rise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the Parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or Parties to sub Agreements. However, recipients may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.
- c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-DR assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or Agreement with respect to the CDBG-DR assisted activity, or with respect to the proceeds from the CDBG-DR assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of **one (1) year** thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the PRDOH, the SUBRECIPIENT, or any designated public agency.
- d. Clause of Governmental Ethics Certification of Absence of Conflict of Interests - The SUBRECIPIENT certifies that: (1) No public servant of the PRDOH has pecuniary interest in this contract. (2) No public servant of the PRDOH has solicited or accepted, directly or indirectly, for him (her), for any member of his family unit or for any other person, gifts, allowances, favors, services, donations loans or any other thing of monetary value. (3) No public servant of the PRDOH related to this transaction, asked for or accepted any good of economic value, from any person or organization as payment for the duties and responsibilities of his employment. (4) No public servant of the PRDOH has solicited, directly or indirectly, for him (her), any member of his family unit, neither for any other person, business or organization, any good of economic value, including gifts, loans, promises, favors or services in exchange for his(her) obligations and performance of said public employment, to

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influence or favor any organization. (5) No public servant of the PRDOH has kinship relationship, within the fourth degree of consanguinity and second by affinity, with nobody in public employment that has faculty to influence and to participate in the institutional decisions of this Agreement.

## 62. CITIZEN GRIEVANCES

If the SUBRECIPIENT receives any complaint or grievance, it shall refer said complaint or grievance immediately to the PRDOH CDBG-DR Program so that PRDOH may respond appropriately.

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## 63. TECHNICAL ASSISTANCE AND TRAININGS

The SUBRECIPIENT shall attend any and all technical assistance and/or trainings that the PRDOH requires from time to time at its discretion. Failure to attend may be considered as cause for termination.

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## 64. DISASTER RELIEF ACCOUNT

Pursuant to Federal Register Vol. 85, No. 17, 85 FR 4681 (January 27, 2020), PRDOH must comply with an additional requirement imposed by an Order of October 26, 2017, granted by the United States District Court for the District of Puerto Rico, as may be amended from time to time. As required by the Order, grant funds or disaster relief funds received by the Commonwealth of Puerto Rico or other Non-Federal Entities (as defined by 2 C.F.R. § 200.69) shall be deposited solely into a Disaster Relief Account.

As a result thereof, under the terms of the beforementioned Court order and under the conditions of this Agreement, any and all CDBG-DR/MIT funds subawarded by PRDOH to its SUBRECIPIENTS shall be deposited into a new, separate, non-co-mingled, unencumbered account held in the name of the SUBRECIPIENT. The funds shall be used solely for eligible activities. Further, the SUBRECIPIENT shall provide and make available to PRDOH any and all documentation related to such account.

END OF DOCUMENT



# EXHIBIT G SPECIAL CONDITIONS

## HOMEBUYER ASSISTANCE PROGRAM (HBA)

### I- POLICIES AND PROCEDURES

1. Within **sixty (60) days** of the execution of this Subrecipient Agreement, the Puerto Rico Housing Finance Authority (PRHFA or "AFV", for its Spanish acronym) shall update all policies and procedures in compliance with PRDOH CDBG-DR policies and, state and federal regulations, including but not limited to:
  - i. Record retention policies and procedures in compliance with record retention and access policies in 2 C.F.R. § 200.333 through § 200.336, and local regulation.
  - ii. Financial Management (2 C.F.R. § 200.302), Financial Reporting (2 C.F.R. § 200.327), Payments (2 C.F.R. § 200.305), Cost Principles (2 C.F.R. Part 200 Subpart E), Internal controls (2 C.F.R. § 200.303) policies and procedures in compliance with state and federal requirements in applicable regulation.
  - iii. Citizen Complaints procedures in accordance with 24 C.F.R. § 570.431 (b) (5) of Citizen Participation.
  - iv. Monitoring related policies and procedures in compliance with 2 C.F.R. § 200.328 - Monitoring and Reporting Program Performance.
  - v. Policies to regulate access and use of systems and protecting Personally Identifiable Information (**PII**) according to the CDBG-DR PII Policy.

### II- STAFFING

1. Within **sixty (60) days** of the execution of this Agreement, AFV shall submit a detailed report that includes current and active staff positions, tasks, and hours dedicated to the HBA Program, to ensure that the organizational structure developed for the implementation and management of the federally funded CDBG-DR Programs, and staff assigned, provide an appropriate segregation of duties in compliance with Standards for Internal

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Control in the Federal Government, by the U.S. Government Accountability Office (GAO), and in compliance with 2 C.F.R. § 200.303. This report shall include positions that have yet to be filled in accordance to those included in **Exhibit C** – Key Personnel of this Agreement.

### III- TRAINING AND TECHNICAL ASSISTANCE

Within **sixty (60) days** after this Agreement is executed, PRHFA must participate in capacity building activities, to ensure PRHFA's employees are knowledgeable of the most recent rules and regulations applicable to the CDBG-DR Homebuyer Assistance Program and related requirements, to ensure compliant implementation and management of the CDBG-DR funded activities. Specifically, PRHFA's staff must participate in the following training and capacity building seminars as provided by PRDOH:

- i. Record Retention (2 C.F.R. § 200.333 - 200.336), and local regulation.
- ii. Financial Management (2 C.F.R. § 200.302), Financial Reporting (2 C.F.R. § 200.327), Payment (2 C.F.R. § 200.305), Cost Principles (2 C.F.R. Part 200 Subpart E), Internal controls (2 C.F.R. § 200.303).
- iii. Grant administration requirements (24 C.F.R. § 570.501).
- iv. Internal controls development and implementation.
- v. Monitoring procedures to ensure the effectiveness of internal controls.
- vi. Procurement requirements.
- vii. CDBG-DR Program invoicing requirements, format and methodology.
- viii. All applicable systems to manage CDBG-DR Program data.
- ix. Citizen complaints management and reporting.
- x. Protection of Personally Identifiable Information (PII).

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## EXHIBIT H

### SUBROGATION AND ASSIGNMENT PROVISIONS HOMEBUYER ASSISTANCE PROGRAM (HBA)

#### 1. General Provisions

a) The Parties acknowledge that the following provisions of this Exhibit are hereto incorporated by reference and made an integral part of the aforementioned Subrecipient Agreement as **Exhibit H**.

b) Changes in the provisions of this Exhibit will require an amendment to the Subrecipient Agreement. Such amendment would result in the incorporation by reference of a modified **Exhibit H** to the Subrecipient Agreement.

#### 2. Subrogation and Assignment Relating to Funds Received from the Puerto Rico Department of Housing Homebuyer Assistance Program

a) These provisions are incorporated into the Subrecipient Agreement in consideration of the commitment by PRDOH to evaluate Subrecipient's application for the award of disaster assistance funds (the "Application") or the Subrecipient's receipt of CDBG-DR disaster recovery funds (the "Grant Proceeds") under the Program being administered by PRDOH.

b) Subrecipient understands and acknowledges that the Program is subject to the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. §§ 5121-5207 (the "Act") and that, under such Act, the Subrecipient may only receive assistance to the extent that the Subrecipient has a disaster recovery need that is not fully met by insurance or other forms of disaster assistance. Subrecipient further acknowledges that these provisions are intended to ensure that Subrecipient does not receive duplicate benefits available to the Subrecipient from another source, for the same purposes as the Grant Proceeds provided under the Program, and that, any assistance determined to be duplicative must be deducted from the Program's calculation of the Subrecipient's total need prior to awarding assistance.

c) Subrecipient hereby subrogates and assigns to PRDOH any and all of Subrecipient's future rights to, and any interest Subrecipient may have in, any reimbursement and all payments received or subsequently received from any grant, loan, insurance policy or policies of any type (each individually, a "Policy" and collectively, the "Policies"), or under any subsidy, reimbursement or relief program related to or administered by the Federal Emergency Management Agency ("FEMA"), insurance payments, or any other federal, state or local government agency (each, individually, a "Disaster Program" and collectively, the "Disaster Programs") to the extent of all Grant Proceeds paid or to be paid under the Program and that are determined, in the sole discretion of PRDOH or its designated agent, to be a duplication of benefits ("DOB"). Any payments referred to in this paragraph, whether they are from Policies, FEMA, or any other source, and whether or not such amounts are a DOB, shall be referred to herein as "Proceeds," and any Proceeds that are determined to be a DOB shall be referred to herein as "DOB Proceeds."

d) Subrecipient agrees that, in the event that Subrecipient receives additional Proceeds related to disaster recovery that are not listed on the Duplication of Benefits Certification submitted in connection with the Application, Subrecipient will notify the

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PRDOH within **ten (10) working days** of receipt of the funds by sending a written notification to [cityrevCDBG@vivienda.pr.gov](mailto:cityrevCDBG@vivienda.pr.gov). PRDOH will, in turn determine, in its sole discretion, if such Proceeds constitute DOB Proceeds. If any of the Proceeds are determined to be DOB Proceeds, the Subrecipient shall pay PRDOH the DOB Proceeds, to be disbursed as provided in Section 3 of this Agreement.

**3. Cooperation and Further Documentation.**

a) If PRDOH elects to pursue any of the claims Subrecipient has or may have under any Policies, Subrecipient agrees to assist and cooperate with PRDOH. Subrecipient's assistance and cooperation shall include, but shall not be limited to, allowing suit to be brought in Subrecipient's name(s) and providing any additional documentation with respect to such consent, giving depositions, providing documents, producing records and other evidence, testifying at trial, and any other form of assistance and cooperation reasonably requested by the PRDOH. Subrecipient also agrees to assist and cooperate in the attainment and collection of any DOB Proceeds that the Subrecipient would be entitled to under any applicable Disaster Program.

b) If requested by PRDOH, Subrecipient agrees to execute such further and additional documents and instruments as may be requested to further and better subrogate and assign to PRDOH (to the extent of the Grant Proceeds paid to Subrecipient under the Program) the Policies, any amounts received under the Disaster Programs that are determined to be DOB Proceeds and/or any rights thereunder. Subrecipient further agrees to take, or cause to be taken, all actions and to do, or cause to be done, all things requested by the PRDOH to consummate and make effective the purposes of this Subrogation Agreement.

c) Subrecipient expressly allows and authorizes PRDOH to request information from any company with which Subrecipient holds or held any insurance policy or policies of any type, any other company or entity -public or private- from which the Subrecipient has applied for or is receiving assistance (such as FEMA, or others), or any non-public or confidential information determined by PRDOH, in its sole discretion, to be reasonably necessary to monitor/enforce its interest in the rights subrogated and assigned to it under this Agreement, and grant consent to such company or entity to release said information to the PRDOH.

**4. Agreement to Turn Over Proceeds; Future Reassignment.**

a) If Subrecipient (or, to the extent permitted by superior loan documents, any lender to which DOB Proceeds are payable) hereafter receives any DOB Proceeds, Subrecipient agrees to promptly pay such amounts to PRDOH, if Subrecipient received Grant Proceeds under the Program in an amount greater than the amount Subrecipient would have received if such DOB Proceeds had been considered in the calculation of Subrecipient's award.

b) In the event that Subrecipient receives or is scheduled to receive any Proceeds not listed on its Duplication of Benefits Certification ("Subsequent Proceeds"), Subrecipient shall pay such Subsequent Proceeds directly to the PRDOH, and PRDOH will determine the amount, if any, of such Subsequent Proceeds that are DOB Proceeds ("Subsequent DOB Proceeds"). Subsequent Proceeds shall be disbursed as follows:

- (i) If Subrecipient has received full payment of the Grant Proceeds, Subrecipient shall remit any Subsequent DOB Proceeds to PRDOH. PRDOH shall return to the Subrecipient any Subsequent Proceeds in excess of the Subsequent DOB Proceeds.
- (ii) If Subrecipient has received no payment of the Grant Proceeds, PRDOH shall reduce the payment of the Grant Proceeds to Subrecipient by the amount of the Subsequent DOB Proceeds and

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shall return all Subsequent Proceeds in excess of the Subsequent DOB Proceeds to Subrecipient.

- (iii) If Subrecipient has received a portion of the Grant Proceeds, the following shall occur: (A) PRDOH shall reduce the remaining payments of the Grant Proceeds and return Subsequent DOB Proceeds in such amount to the Subrecipient; and (B) Subrecipient shall remit any remaining Subsequent DOB Proceeds to PRDOH. PRDOH shall also return to the Subrecipient any Subsequent Proceeds in excess of the Subsequent DOB Proceeds.
- (iv) If the PRDOH makes the determination that Subrecipient does not qualify to participate in the Program or Subrecipient decides not to participate in the Program, PRDOH shall return the Subsequent Proceeds to Subrecipient, and the Agreement shall terminate.

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c) Once PRDOH has recovered an amount equal to the Grant Proceeds paid to Subrecipient, PRDOH will reassign to Subrecipient any rights given to PRDOH pursuant to this Subrogation Agreement.

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**5. Miscellaneous.**

a) Subrecipient hereby represents that all statements and representations made by Subrecipient regarding any Proceeds are true and correct, as of the date of the issuance of the Grant Proceeds.

b) In any proceeding to enforce these provisions, PRDOH shall be entitled to recover all costs of enforcement, including PRDOH's attorney fees.

c) The parties hereto each waive the right to have any judicial proceeding concerning any of the provisions hereof tried by a jury.

d) Neither these provisions nor any portion or provisions hereof may be changed, waived or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by all parties hereto and approved by PRDOH.

e) This Subrogation and the rights and obligations of the parties shall be governed and construed in accordance with federal law and the laws of the Government of Puerto Rico without giving effect to conflict of law provisions. Any action arising out of or related to this Subrogation shall be brought within the Government of Puerto Rico.

f) The captions of the various sections of this Subrogation have been inserted only for the purpose of convenience; such captions are not a part of the Agreement and shall not be deemed in any manner to modify, explain, enlarge or restrict any provisions of this Subrogation.

g) Subrecipient acknowledges that making a false, fictitious, or fraudulent statement or representation in this agreement is punishable under Federal and State law and shall constitute a separate criminal offense each time a public benefit is fraudulently received.

h) Subrecipient acknowledges that they have been informed and understand the penalties for making a materially false or misleading statement to obtain CDBG-DR funds under the Program or any other of the PRDOH's programs.

**END OF DOCUMENT**









# GM - SRA - HOUSING - HOMEBUYER ASSISTANCE PROGRAM (HBA) - PRHFA SUBRECIPIENT AGREEMENT AMENDMENT A

Final Audit Report

2021-06-04

Created:	2021-06-04
By:	Radames Comas Segarra (rcomas@vivienda.pr.gov)
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