



GOVERNMENT OF PUERTO RICO
Department of Housing

April 17, 2020

Hon. Manuel Laboy Rivera
Secretary
Puerto Rico Department of Economic Development and Commerce
PO Box 362350
San Juan, PR 00936-2350

manuel.laboy@ddec.pr.gov
jorge.l.morales@pridco.pr.gov

Re: Subrecipient Agreement Termination Notice

Dear Secretary Laboy Rivera:

On November 16, 2018, the Puerto Rico Department of Housing (**PRDOH**) and the Puerto Rico Department of Economic Development and Commerce (**Subrecipient** or **DDEC**, for its Spanish acronym) executed a Subrecipient Agreement (**SRA**), registered as contract number 2019-000061. The SRA allocated eighty-five million dollars (\$85,000,000) to DDEC for the administration and servicing of the Contractor Construction and Commercial Revolving Loan (**CCRL**) Program and the Small Business Financing (**SBF**) Program under Community Development Block Grant-Disaster Recovery Program (**CDBG-DR**) until November 16, 2024.

Pursuant to **Section VIII(B)(2)** of the SRA, PRDOH may terminate the SRA at any time with a written notice to DDEC. Thus, PRDOH, seeking to complement an existing program, will terminate the SRA effective April 27, 2020.

DDEC shall immediately discontinue all services under the SRA deliver to PRDOH all information, notes, drafts, documents, analysis, reports, compilations, studies, and other materials accumulated or generated in performing the services, whether completed or in process. Additionally, DDEC must deliver to PRDOH, within ten (10) days of receipt of this letter, sufficient records for PRDOH to demonstrate that all costs under the SRA met the requirements of the Federal award.

Note that DDEC must submit to PRDOH all pending requests for reimbursements within ten (10) days of this letter. PRDOH may withhold any payments to DDEC, as offset or partial payment, as the case may be, of amounts owed to PRDOH.

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

According to **Section IX(J)** of the SRA, DDEC's obligation to PRDOH shall not end until all close-out requirements are completed, such as making final payments, disposing of



program assets (including return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to PRDOH), reconciliation of account balances in DRGR, properly addressing program income, balances, and accounts receivable to PRDOH, determining the custodianship of records, and the DDEC's certification of compliance with the SRA terms. Also, the SRA terms shall remain in effect during any period that DDEC controls the CDBG-DR funds, including program income.

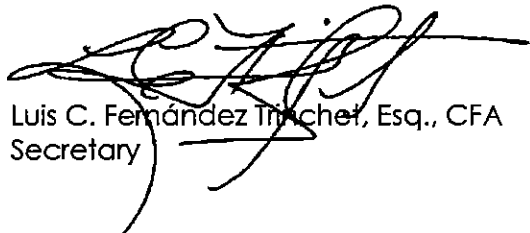
Notwithstanding the terms of 2 C.F.R. § 200.343, upon the SRA expiration, DDEC shall transfer to the PRDOH any CDBG-DR funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG-DR funds, any real property under the DDEC's control acquired or improved in whole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

Through this termination, DDEC is not relieved of liability to PRDOH for damage caused to CDBG-DR due to any DDEC's breach of the SRA, whenever it may be discovered.

The terms and conditions of the SRA related to the following subjects shall survive its termination: 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 and dissolution. Terms and conditions that, explicitly or by their nature, evidence the parties' intent that they should survive the termination of the SRA shall so survive.

If you have any questions, you may contact Maytte Texidor-López, Esq., CDBG-DR Legal Director, at mtexidor@vivienda.pr.gov.

Cordially,



Luis C. Fernández Trinchet, Esq., CFA
Secretary