



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

## AMENDMENT B

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

#### AMENDMENT B TO THE SUBRECIPIENT AGREEMENT

BETWEEN THE  
PUERTO RICO DEPARTMENT OF HOUSING  
AND THE  
PUERTO RICO HOUSING FINANCE AUTHORITY



BF  
BF

WRR  
WRR

This **AMENDMENT B TO THE SUBRECIPIENT AGREEMENT** (hereinafter, "**Amendment B**") is entered into this 30 day of September, 2021, by and between the **PUERTO RICO DEPARTMENT OF HOUSING** (hereinafter, the "**PRDOH**"), a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, 3 LPR § 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, Hon. William O. Rodríguez-Rodríguez, Esq., of legal age, attorney, single, and resident of San Juan, Puerto Rico; and the **Puerto Rico Housing Finance Authority** (hereinafter, the "**Subrecipient**" or "**PRFHA**"), a public agency created under Act. 103, of August 11, 2001, as amended, 7 LPR § 924 *et seq.*, known as the "Puerto Rico Finance Authority Act", with principal offices at 638 Aldebarán St., Urb. Altamira San Juan, Puerto Rico 00920, represented herein by its Executive Director, Blanca P. Fernández-González, of legal age, married, and resident of San Juan, Puerto Rico, collectively the "**Parties**".

#### **I RECITALS AND GENERAL AWARD INFORMATION**

**WHEREAS**, on November 29, 2018 the Parties entered into a Subrecipient Agreement for the CDBG-DR Low Income Housing Tax Credits Program (hereinafter, "**LIHTC**" or the "**Program**") for a period of **thirty-six (36) months** from the day of its execution, ending on November 29, 2021, for **one hundred million dollars (\$100,000,000)**, registered as **Contract Number 2019-000062** (hereinafter, the "**Agreement**").

**WHEREAS**, on September 18, 2019 the PRDOH and LIHTC executed the **Amendment A (2019-000062A)** of the original Agreement to: modify and replace subsections to the Agreement; also, to replace Exhibit B (Timelines and Performance Goals), Exhibit C (Key Personnel) and Exhibit D (Budget) of the Agreement by a modified Exhibit B (Timelines and Performance Goals), Exhibit C (Key Personnel) and Exhibit D (Budget). Also incorporated into the Agreement was an Exhibit E HUD General Provisions.

**WHEREAS**, as per **Section VIII(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**, it is the intention of the Parties to conform the Subrecipient Agreement, as amended, to the LIHTC Program Guidelines and Programmatic Requirements.

**WHEREAS**, this Amendment is not intended to affect 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 B; and

**WHEREAS**, the Subrecipient, in accordance with its enabling statute, Act. 103, of August 11, 2001, as amended, 7 LPRA § 924 *et seq.*, 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 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 B, with its corresponding exhibits, in order to replace the Original Agreement, and its corresponding exhibits, subject to the following:

BF  
BF

## **A. II - TERMS AND CONDITIONS**

### **A. SAVINGS CLAUSES**

The information included in this Amendment B serves the purpose of conforming the Subrecipient Agreement, as amended, to the LIHTC 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 B 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.

The PRDOH and the Subrecipient have agreed to enter into this Amendment B with the purpose of conforming the Interagency Agreement to the LIHTC Program Guidelines and programmatic requirements.

### **B. AMENDMENTS**

- a. The "Amount of funds obligated" item under the General Award Information section of the Agreement is hereby amended as follows:

**\$953,000,000.00**

- b. The "Subaward Period of Performance" item under the General Award Information and the "IV. Effective Date and Time" section is hereby amended to extend the performance period of the Agreement for **twenty four (24) months**, ending in **November 29, 2023**.

- c. 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;

WRR  
WRR

- 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;
- v. **Exhibit E** (HUD General Provisions) 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; and

d. The parties intend to include the following Exhibits to the Agreement:

- i. **Exhibit E** (Certification of Funds) hereto incorporated by reference into the Agreement and made part of the Agreement;
- ii. **Exhibit G** (Special Conditions) hereto incorporated by reference into the Agreement and made part of the Agreement;
- iii. **Exhibit H** (Subrogation and Assignment) hereto incorporated by reference into the Agreement and made part of the Agreement.

e. 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.

**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 Program. 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.

**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 Pub. L. 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.

BF  
BF

WRR  
WRR

**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**, pursuant to Public Law 115-56 (the "**Appropriations Act**") and the Federal Register Notice dated February 9, 2018, at 83 FR 5844, HUD has awarded \$1,507,179,000 in Community Development Block Grant Disaster Recovery (**CDBG-DR**) funds (also referred to as "**Federal Award**") to the PRDOH for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 U.S.C. § 5301 *et seq.*) and described in the PRDOH's "Puerto Rico Disaster Recovery Action Plan" (the "**Action Plan**") approved by HUD on July 29, 2018.

**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**, according to the approved Action Plan, Puerto Rico intends to undertake a CDBG-DR GAP TO LOW INCOME HOUSING TAX CREDITS (**LIHTC**) program (the "**Program**") that will result in an increase of affordable rental properties across Puerto Rico through providing grant gap financing and coupled with loans when needed for otherwise shovel-ready projects. The program has a designated total budget of **nine hundred sixty-three million dollars (\$963,000,000)** to be funded by CDBG-DR (the "**Subaward**") in accordance to the Housing Construction, Acquisition, Green Building Standards (Section 105(a)(18) of HCDA) as described in the PRDOH's approved Action Plan.

**WHEREAS**, a total amount of **nine hundred fifty-three million dollars (\$953,000,000)** will be utilized by the Subrecipient who will serve as administrator and servicer for the services included in the Scope of Work under this Agreement;

**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 Agreement;

**WHEREAS**, the CDBG-DR funds made available for use by the Subrecipient under this Agreement 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 Agreement; and

**WHEREAS**, the Subrecipient has duly adopted the Resolution dated May 2, 2019 and with Identification No. 2019-18, authorizing the Subrecipient to enter into this Agreement with the PRDOH, and by signing this Agreement, the Subrecipient assures PRDOH that Subrecipient shall comply with all the requirements described herein.

BF  
BF

WRR  
WRR

**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.

**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.

**REMAINDER OF PAGE INTENTIONALLY LEFT IN BLANK**

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 shall be updated to reflect any changes to the Federal Award and the following award information.

Subrecipient Contact Information:	Blanca P. Fernández-González Executive Director Puerto Rico Housing Finance Authority 638 Aldebarán St., Urb. Altamira San Juan, Puerto Rico 00920
CDBG-DR Grantee Federal Award Identification Number:	PRDOH DUNS #: 125967484
CDBG-DR Grantee Federal Award Date:	September 20, 2018
Indirect Cost Rate for the Federal Award:	Indirect Cost Rate applicable to the Subaward to the Subrecipient: See Section V(A) of this Agreement.
Federal Award project description:	See <b>Exhibit A</b> for <u>Scope of Work</u>
Subrecipient Unique Identifier:	PRHFA DUNS number: 090591801
Subaward Period of Performance:	<b>Start Date:</b> Effective Date, as defined in Section IV of this Agreement. <b>End Date:</b> Sixty (60) months from Start Date
Total Amount of Federal Award committed to the Subrecipient.	\$953,000,000.00 for GAP to Low Income Housing Tax Credits

Indirect Cost Rate applicable to the Subaward to the Subrecipient: See Section V(A) of this Agreement.

**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 Agreement.

III SCOPE OF WORK

The Subrecipient will be responsible for performing the activities detailed in **Exhibit A** (the "**Scope of Work**") of this Agreement, which may be amended from time to time. The Subrecipient shall complete the Scope of Work in a manner satisfactory to the PRDOH and in accordance with the terms and conditions of this Agreement and applicable Federal and local statutes and regulations.

A. DESIGNATED PROJECTS AND WORK AGREEMENTS WITH DEVELOPERS:

The Subrecipient shall only perform the activities detailed in the Scope of Work with respect to the projects identified in writing by the PRDOH (a "**Designated Project**" or the "**Designated Projects**"). With the prior written approval of PRDOH, Designated Projects shall be carried out in pursuant to a written agreement (each such agreement, a "**Work Agreement**") between the Subrecipient and the governmental or non-profit/for-profit entity (each such entity, a "**Developer**") that shall perform or cause to be performed all of the design, construction and related work required to complete the Designated Project.

The Work Agreement shall specify that CDBG-DR funds or Grant Funds destined for reimbursement payments to Developers will be disbursed by PRDOH to the Subrecipient. The Subrecipient shall open and have available a separate bank account in which only

the CDBG-DR funds or Grant Funds destined to the reimbursement payments to Developers will be deposited. The Subrecipient shall not commingle these funds with any other funds and will assure that PRDOH has access to monitor this bank account.

After receipt of CDBG-DR funds or Grant Funds for reimbursement payments to Developers, the Subrecipient shall have no more than **forty-eight (48) hours** to disburse such funds to Developers. Any interests earned by CDBG-DR funds will be considered Program Income and shall be retained by the Subrecipient for use in the same activity, as established in Section VI(B) of this Agreement. The Work Agreement shall specify and incorporate the above Grant Funds disbursement parameters and requirements, as well as any other parameter requested by PRDOH, for the disbursement of Grant Funds to the Subrecipient and from the Subrecipient to Developers, to assure compliance with all applicable Federal and local statutes and regulations.

Each Developer shall submit a separate project application form (each a "**Project Application**") that shall be provided and completed by the Developer for each Designated Project after the execution of and under this Agreement. The Project Applications shall address the housing, infrastructure, and/or economic recovery and/or revitalization needs, as applicable, of the area for which the Designated Project has been proposed.

The Parties agree that the designation of the Designated Projects and approval of the Project Applications shall be made in accordance with PRDOH guidelines (hereinafter the "**Policy**"), HUD guidelines and regulations, and other applicable state and federal laws and regulations.

The Work Agreements shall be subject to the previous written approval of PRDOH to become effective, and shall incorporate the above dispositions and any other clauses or provisions required by PRDOH, including, but not limited to, the termination of the Work Agreement for convenience of the PRDOH.

#### *B. PROJECT APPLICATION ACCEPTANCE AND FUNDING*

The designation of a Designated Project does not commit PRDOH to provide any CDBG-DR or other funding to a project. PRDOH shall only commit to provide funding to a Designated Project upon the approval of a Project Application, and confirmation of the availability of CDBG-DR funds.

Project Applications submitted to the PRDOH shall set forth the proposed scope, budget, and schedule for all or part of the work contemplated with respect to the Designated Project.

Any proposed budget set forth in the Project Application will clearly specify proposed funding for administrative costs and/or program delivery costs and/or design or planning costs, and/or construction costs, to the extent that such costs are considered applicable categories for funding.

The amount of CDBG-DR funds for a Designated Project, under this Agreement and/or the Work Agreement to be executed, is expressly conditioned upon PRDOH's receipt of CDBG-DR funds. PRDOH reserves the right to reduce the CDBG-DR funds for a Designated Project if HUD funds are not provided at currently anticipated levels and/or if the actual costs for the approved activities are less than those set forth in the proposed budget.

#### *C. PROJECT APPLICATION APPROVAL*

PRDOH reserves the right to: (i) approve the proposed Project following PRHFA's response to the satisfaction of PRDOH of any comments or request of information, or (ii) reject the Project Application due to non-compliance with Program Guidelines, HUD guidelines and regulations, and other applicable state and federal laws and regulations, or (iii) reject the project application and, notwithstanding anything to the contrary contained in the Agreement, unilaterally reduce the Grant Funds by an amount equal to the amount

BF  
BF

WARR  
WARR

otherwise allocated to construction or other implementation phase of the Designated Project.

#### D. PROJECT PHASE AND ENVIRONMENTAL REVIEW

Following the completion of the Environmental Review and approval of the Project Application for a Designated Project, PRDOH will notify the Subrecipient in writing ("**Clearance Letter**") that PRDOH intends to commit funds for implementation of a Designated Project.

If construction/implementation is authorized by PRDOH in the Clearance Letter, the Subrecipient must ensure that the Developer complies with any and all required conditions or mitigation set forth in any Environmental Review document and shall retain, on behalf of PRDOH's, an independent environmental monitor to document compliance with such measures, as well as any permit requirements, or other applicable requirements of federal and state environmental laws, including worker health and safety requirements. The independent environmental monitor must be approved in writing by PRDOH prior to the commencement of any construction activities. The Subrecipient shall, by contract, ensure that the independent environmental monitor provides monthly reports to PRDOH to document compliance with the requirements referenced above for the entirety of the construction phase.

The Developer may not commence any work, including design work, without adhering to the proposed project schedule set forth in the PRDOH's approval of the Project Application. Additionally, the Developer and its design contractor shall provide any analysis or information reasonably requested by the Subrecipient to conduct the environmental review for a proposed project. The Developer is required to comply and cooperate with PRDOH and the Subrecipient in meeting all terms and conditions under this Agreement, the Project Application and PRDOH's approval thereof.

As a reimbursement-based program,<sup>1</sup> tasks and deliverables contained in the Project Application and in the PRDOH's approval thereof must be conducted in a manner satisfactory to PRDOH and in compliance with applicable federal and state requirements, laws, and regulations. The Subrecipient will monitor the performance of Developers against the goals and performance standards stated in the Project Application and in the PRDOH's approval thereof. While PRDOH may consider additional costs, as they arise, Developer must be prepared to perform (and document to PRDOH) the Designated Project's compliance with the Project Application and the PRDOH's approval thereof even if the funds provided hereunder do not cover 100% of the costs of performance. In the event PRDOH's funds do not cover 100% of the agreed upon budget, Developer must demonstrate that it has committed supplemental funding.

The PRHFA, as the designated Subrecipient of the CDBG-DR Gap to LIHTC Program, must ensure that the Developer complies with any and all conditions or required mitigation set forth in any Environmental Review documents. Further, the Developer may not commence any work, without receipt of the Authorization to Use Grant Funds (**AUGF**).

---

<sup>1</sup> By "reimbursement" the PRDOH means that typically costs must be actually incurred before the PRDOH will make payment to the Subrecipient. However, this does not mean that the Subrecipient must have previously paid these costs. Rather, these costs can be passed along to PRDOH in the form of an invoice(s) (or similar document) and appropriate supporting information as required by the terms of this Agreement for payment of such invoice(s) per the payment terms of this Agreement.



A. General Administration

**Prohibited Activities**

The Subrecipient may only carry out the activities described in the Scope of Work of this Agreement. 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, as may be amended from time to time, and from using funds provided herein or personnel employed in the administration of activities under this Agreement for political activities, inherently religious activities, 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 Agreement.

**Subrecipient Management Responsibilities:**

1. As a condition of receiving this Subaward, the Subrecipient shall assist the PRDOH in procurement, management, monitoring and reporting of the services in the **Exhibit A** for the Program.
2. All services shall be made in accordance with PRDOH guidelines, HUD guidelines and regulations, and other applicable state and federal laws and regulation.
3. The service contracts will 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 or convenience of the PRDOH.
4. The Subrecipient will develop plans in accordance with the **Exhibit A**. The PRDOH reserves authority and discretion to review and approve such plans.

B. Program Delivery (CDBG-DR Eligible Activities)

Housing Construction, Acquisition, Green Building Standards (Section 105(a)(4) of HCDA).

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.

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

- Low-and moderate-income {LMI} Housing

The Subrecipient shall ensure that the Designated Projects meet the applicable CDBG-DR National Objective(s) and that the Developers 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 Agreement in accordance with the timeframes and performance goals established in **Exhibit B** of this Agreement.

E. Nonperformance Standard

If at the end of the **two (2) years** the program activity has not begun or has not accomplished the performance objectives set forth by the PRDOH, the PRDOH, may, at its discretion, terminate this Agreement and recapture allocated funds. No contract extensions will be granted unless the Subrecipient can document circumstances beyond its control that prevented the commencement of the activity. The PRDOH will review the properly filed and documented circumstances which allegedly prevented the initiation

BF  
BF

WRR  
WRR

of activity and exclusively reserves the right to make a decision 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. Any changes in the assigned Key Personnel 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 the PRDOH with ample written notice of the personnel changes and requests. In this context, ample notice shall be **five (5) business days**. If this is not possible, the Subrecipient shall make every reasonable effort to notify the PRDOH of the changes.

At a minimum, the Subrecipient shall assign the personnel with the identified responsibilities (the "**Key Personnel**") to the identified activities as described in **Exhibit C** of this Agreement.

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 personnel who will support the Program activities included in the Scope of Work shall solely perform those tasks and will be remunerated on an hourly basis.

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

IV **PERFORMANCE, MONITORING & REPORTING**

A. Monitoring

The PRDOH shall monitor the performance of the Subrecipient as necessary to ensure that funds allocated to the Subrecipient are used for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of this Agreement 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) monitoring and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies relating 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 relating to this Federal award provided to the Subrecipient from the PRDOH as required by 2 C.F.R. § 200.521.

Prior to issuing the management decision, the PRDOH may request additional information or documentation from the Subrecipient, including a request for auditor assurance regarding the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the Subrecipient. Although not required, the PRDOH may also issue a management decision on findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards (**GAGAS**).

If action to correct such substandard performance is not taken by the Subrecipient within **fifteen (15) days** after being notified by PRDOH, which term may be extended if a reasonable request is submitted by the Subrecipient, PRDOH may impose additional conditions on the Subrecipient and suspend or terminate this Agreement, 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. § 200.339.

B. Reporting

The Subrecipient shall submit monthly periodic progress reports to the PRDOH, on the form and with the content to be specified and required by the PRDOH. The PRDOH will later

BF  
BF

WOB  
WOB

notify the 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 Agreement.

## **V EFFECTIVE DATE AND TERM**

The Subrecipient hereby acknowledges that this Agreement is subject to the execution of a 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 or termination of the CDBG-DR allocation(s) will result in the immediate suspension, cancellation, or termination of this Agreement, upon PRDOH's notice.

### **A. Effective Date:**

Accordingly, this Agreement shall become effective and the Parties shall become bound by all provisions applicable to them under this Agreement on the date on which the conditions set forth below have been fully satisfied or waived by the Parties (the "**Effective Date**"): BF  
BF

- (i) this Agreement has been fully executed and delivered; and
- (ii) the Grant Agreement has been fully executed and delivered and shall have become effective. WORR  
WORR

The PRDOH authorizes the Subrecipient to incur costs for activities undertaken in accordance with this Agreement prior to the Effective Date of this Agreement, including costs incurred in compliance with 24 C.F.R. § 570.200(h)(1) and HUD's CDBG-DR Allocation Rules contained in the February 9, 2018 Federal Register Notice, as further established in Section VI of this Agreement.

### **B. Term:**

The term of this Agreement (the "**Term**") commences on the Effective Date and expires on the later of: (i) November 29, 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 there are no Close-Out Requirements applicable to this Agreement, 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 document.

### **C. 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 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 cannot exceed the extension 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 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 cannot exceed the extension

## **VI BUDGET**

The Subrecipient shall complete all activities in the Scope of Work of this Agreement (**Exhibit A**) in accordance with the Budget herein incorporated as **Exhibit D** (the "**Budget**").

---

<sup>2</sup> Close-Out Requirements" means all requirements to be satisfied by each party in order to closeout this Agreement 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.

The Budget shall include a reserve of one percent (1%) of the Subaward for PRDOH's activity delivery costs and expenditures related to the Program.

The PRDOH may require a more detailed budget breakdown than that contained herein, and the Subrecipient shall provide such supplemental 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.

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.

Ineligible costs will not be reimbursed by the PRDOH. It is impossible to compile an exhaustive list of costs that will not be reimbursed by PRDOH; therefore, in considering whether or not incur on an expense, the Subrecipient should first assume that a cost will not be reimbursed unless the **Exhibit D** (Budget) clearly indicates that it is allowable.

Payments made for costs determined to be unallowable by the PRDOH, either as direct or indirect costs, must be reimbursed (including interest) to the PRDOH. See 2 C.F.R. § 200.410.

#### A. 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 approved by PRDOH in accordance with its written policies and procedures, which shall be included in the Budget (**Exhibit D**).

#### B. 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. 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. All Program Income (as defined at 24 C.F.R. § 570.500) generated by activities carried out

<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.

BT  
BF

WRR  
WRR

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 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 in accordance with applicable Federal, laws, regulations, HUD Notices, policies, and guidelines.

Thereafter, PRDOH shall 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 into this Agreement.

C. Reversion of Assets

**Use and Reversion of Assets**

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements set forth in 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:

1. 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 at the time of expiration, cancellation, or termination.
2. Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement 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 [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 after the expiration of the **five (5) years** 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 is sold, the proceeds shall be Program Income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall either (a) be transferred to the PRDOH for the CDBG-DR program or (b) be 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**

This Agreement will include the reimbursement of funds to the Subrecipient expended on approved CDBG-DR items. Funding is contingent upon the award of CDBG-DR 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 amount of funding to be paid by the PRDOH to the Subrecipient under this Agreement shall not exceed the amount specified in the Budget (**Exhibit D**). Such payment shall be compensation for all services required, performed and accepted under this Agreement. However, PRDOH reserves the right to reduce the funding amount if CDBG-DR funds are 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**).

BF  
BF

WARR  
WARR

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.

#### **Requests for Payments:**

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

The Requests for Payments 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 the PRDOH. The Request for Payment form 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.

If PRDOH determines that the submitted Request for Payment and supporting documents are acceptable, then the invoice will be approved for payment.

An authorized representative of the PRDOH will review each Request for Payment and, if adequate, will 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 Payment submitted to the PRDOH:

**"Under penalty of absolute nullity, I certify that no public servant of the government entity is a party to or has an interest in the profits or benefits that are the product of the contract subject of this invoice, and to be a party to or have an interest in the profits or benefits of resulting from the contract, under this invoice a prior dispensation has been issued. The sole consideration to furnish the contracted goods or services subject of the contract is the payment agreed upon with the authorized representative of the Parties. The amount that appears in the invoice is fair and correct. The work has been performed, the products have been delivered and the services rendered, and no payment has been received for them."**

The PRDOH shall pay to the Subrecipient CDBG-DR funds available under this Agreement based upon information submitted by the Subrecipient for allowable costs permitted under this Agreement and consistent with the approved Budget. With the exception of advances, payments will 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 advance fund and Program Income balances available in Subrecipient accounts.

#### **Pre-agreement costs are eligible for payment under the terms and conditions of the Action Plan and this Agreement.**

Subrecipient may submit for reimbursement those costs incurred for activities undertaken in accordance with this Agreement prior to the Effective Date of this Agreement, and in compliance with 24 C.F.R. § 570.200(h), 2 C.F.R. Part 200 and HUD CDBG-DR Allocation Rules contained in the February 9, 2018 Federal Register Notice and subsequent notices

BF  
BF

WARR  
WARR

as applicable. Specifically, pre-agreement costs may include the following activities: supporting program development, action plan development and stakeholder involvement support, and other qualifying eligible costs incurred in response to an eligible disaster covered under Public Law 115-56. These costs include the cost for salary, employer fringe benefits, and direct operating cost for each employee based on their individual percentage of time spent on the planning of the CDBG-DR program during a pay period.

Any cost associated with the disaster recovery efforts will be allocated based on the total time spent on CDBG-DR activities versus other duties for a particular month. PRDOH may allow the reimbursement of pre-agreement costs associated with eligible disaster recovery activities dating back to the date of the disaster(s) for Subrecipients with appropriate documentation.

**VIII NOTICES**

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

CDBG-DR Grantee: William O. Rodríguez-Rodríguez, Esq.  
Secretary  
Puerto Rico Department of Housing  
606 Barbosa Avenue  
Juan C. Cordero Building  
Rio Piedras, Puerto Rico 00918

Subrecipient: Blanca P. Fernández-González  
Executive Director  
Puerto Rico Housing Finance Authority  
638 Aldebarán St. Urb. Altamira  
San Juan, Puerto Rico 00920

**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, nor relieve or release the Parties from their obligations under this Agreement. Unless specified, such amendments are not intended to affect 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 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 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, in whole or in part, upon **sixty (60) days** prior notice, whenever it determines that the Subrecipient has failed to comply with any term, condition, requirement, or provision of this Agreement. Failure to comply with any terms of this Agreement, 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;
- c. Ineffective or improper use of funds provided under this Agreement; 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 **sixty (60) days** to resolve issues listed above to the satisfaction of PRDOH.

2. Termination for Convenience of the PRDOH

The PRDOH may terminate this Agreement 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 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 **sixty (60) 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, 2 C.F.R. Part 200, subpart E, Cost Principles, and any other applicable state or Federal statutes, regulations or requirements.

BF  
BF

WARR  
WARR



#### 4. Unilateral Termination

The PRDOH may terminate this Agreement, in whole or in part, at PRDOH's sole discretion, with or without cause, at any time. The PRDOH will terminate this Agreement by delivering to the Subrecipient a **sixty (60) day** prior notice of termination specifying the extent to which the performance of the work under this Agreement 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 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 in whole or in part at any time for the PRDOH's convenience. The PRDOH shall give the Subrecipient **sixty (60) days** prior 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 subject to a final decision or determination in a criminal or civil action, suit, proceeding, or inquiry conducted by a court of competent 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 competent jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the Subrecipient of this Agreement or the Subrecipient is in default in the performance and observance of any material obligation of this Agreement, or of any material representation, warranty, covenant, or in connection with 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 notwithstanding, any provisions to the contrary herein; provided, however that PRDOH must provide the Subrecipient with written notification of the event of default or noncompliance with the opportunity to cure such default or noncompliance within a **sixty (60) days** period, and further provided that such period may be extended if PRDOH reasonably understands that additional time is needed to solve the situation. This section will apply in the event of any judgment that may obligate the PRDOH to terminate the Agreement pursuant to Act No. 2 of January 4, 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 will be immediately terminated.

#### 7. Period of Transition.

Upon termination of this Agreement, 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 for the

BF  
BF

WRR  
WRR

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 will be turned over to PRDOH.

#### 8. Availability of Funds

This Agreement is contingent upon the availability of funds from HUD. It is expressly understood and agreed that the obligation to proceed under this Agreement 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 have the right upon **ten (10) working days** written notice to the Subrecipient, to terminate this Agreement 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.

BF  
BF

WORR  
WORR

### **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 Subrecipient's contactors, subcontractors, or third parties, the Subrecipient shall ensure that its contractors, 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 Agreement, the Grantee 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 Manual for CDBG-DR Programs, 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 Agreement, 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 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

BF  
BF

WRR  
WRR

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 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.

BF  
BF

WRR  
WRR

**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.

**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")**.

BF  
BF

WRR  
WRR

## **XXV     COMPTROLLERS 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**

This Amendment B to the Subrecipient Agreement, 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, or the amendment, is not executed by the PRDOH within **thirty (30) days** of execution by the other party, this Agreement, or the amendment, 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,

BF  
BF

WRR  
WRR

evidence the Parties' intent that they should survive the termination or expiration of this Agreement as amended shall so survive.

**XXXII COMPLIANCE WITH THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO (FOMB) POLICY**

As part of the PRDOH contract process, and pursuant to Section 204(b)(2) of the "Puerto Rico Oversight, Management, and Economic Stability Act," 48 U.S.C. §2101, et seq., also known as "PROMESA", the Financial Oversight and Management Board for Puerto Rico (FOMB) require approval of certain contracts and amendments to assure that they "promote market competition" and "are not inconsistent with the approved fiscal plan." For the approval process, the FOMB requests, among other information, the Contractor Certification Requirement for its evaluation.

BF  
BF

In compliance with the above, the Subrecipient represents and warrants that the information included in the Contractor Certification Requirement is complete, accurate and correct, and that any misrepresentation, inaccuracy or falseness in such Certification will render the contract null and void and Subrecipient will have the obligation to reimburse immediately to the Commonwealth any amounts, payments or benefits received from the Commonwealth under the proposed Amendment and original Agreement.

WORR  
WORR

**IN WITNESS THEREOF**, the Parties hereto execute this Amendment B 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 (Sep 30, 2021 17:54 EDT)

Name: William O. Rodríguez-Rodríguez, Esq.

Title: Secretary

**PUERTO RICO HOUSING FINANCE AUTHORITY, CDBG-DR Subrecipient**

By: Blanca Fernandez  
Blanca Fernandez (Sep 24, 2021 18:00 EDT)

Name: Blanca P. Fernández-González

Title: Executive Director



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

## AMENDMENT B - EXHIBIT A

### SCOPE OF WORK

#### CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS PROGRAM

#### PUERTO RICO HOUSING FINANCE AUTHORITY

##### 1. Program Overview/Background

Thousands of homes suffered damage from Hurricanes Irma and María; rental properties are no exception.

The CDBG-DR Gap to Low-Income Housing Tax Credits Program (hereinafter referred to as 'LIHTC' or the 'Program') as approved in the Puerto Rico Disaster Recovery Action Plan (**Action Plan**) will provide the incentive required to spur development and replenish the current inventory of new or rehabilitated, resilient, and affordable rental housing.

The Program will use CDBG-DR funds as gap funding to assist eligible LIHTC Projects; Developers will be tasked with the development of new construction and/or rehabilitation of low-income rental housing properties in Puerto Rico.

The Program's objective is to leverage LIHTC to extend the impact of CDBG-DR funding with the aim of increasing the inventory of affordable rental units. To accomplish this, PRDOH intends to optimize the use of CDBG-DR funds by providing necessary gap funding as Grant and/or Loan to develop, or rehabilitate affordable rental housing. All developments funded through this Program will benefit Low and Moderate Income (**LMI**) populations.

##### 2. National Objective

The National Objective of this Program is to benefit Low- and Moderate-Income (**LMI**) persons (below **eighty percent (80%)** Area Median Family Income (**AMFI**) according to the HUD Modified Income Limits for CDBG-DR Puerto Rico). See 24



C.F.R. § 570.483(b)(3). The National Objective will be realized when each Project is affordable to and occupied by at least **fifty-one percent (51%)** LMI households as defined by the adjusted income limits for Puerto Rico.

### 3. Program Description

Puerto Rico receives millions of dollars each year in Low Income Housing Tax Credits (LIHTC). Under a typical LIHTC Program, a Developer secures a construction and/or permanent loan from a private lender or public agency, gap financing from a public or private source, and equity from private investors in exchange for LIHTCs. The Puerto Rico Housing Finance Authority (PRHFA) is the state allocating agency for LIHTCs in Puerto Rico.

As the allocating agency, PRHFA, has been designated as the Subrecipient for the CDBG-DR Gap to LIHTC Program, and accordingly, will administer the CDBG-DR funds to encourage the construction and/or rehabilitation of multifamily and/or elderly affordable rental housing by providing gap funding to augment other public and/or private financing for the affordable rental housing units under the LIHTC Program administered by PRHFA. This CDBG-DR funding will meet any capital shortfalls (gaps) and expedite the pace of qualified, new construction and/or rehabilitation projects, which are shovel-ready.

### 4. Tasks

The PRHFA, as the designated Subrecipient, will implement and administer the Program. In this role, PRHFA shall manage all aspects of the Program, and perform the Program activities required to implement this Program, including, but not limited to:

#### 1. Program Operational Support

- 1.1 Work with PRDOH to submit in a timely manner the Program activities in accordance with the agreed upon Project Plan for all phases of the Program;
- 1.2 Responsible to maintain adequate staffing levels to support Program activities funded in whole or in part by CDBG-DR, including human resources management;

- 1.3 Prepare and update day-to-day operations, improve processes for quality and efficiency, establish policy changes, and develop the Program Close-out process;
- 1.4 Provide adequate internal support to efficiently and effectively carry out Program activities, including Program management support;
- 1.5 Manage the Program budget and report to PRDOH any variance which would cause significant impacts on the Program, thus taking the corresponding recommended measures;
- 1.6 Report on the Program's progress and deliverables in terms and frequency as specified by PRDOH (e.g. monthly, quarterly) including ad-hoc reports when requested by PRDOH, or its designee(s);
- 1.7 Coordinate stakeholder and related communications; and
- 1.8 Develop outreach activities and draft related materials.

## 2. Program Design and Outreach

- 2.1 Develop and implement Program policies and templates required for the Program (i.e. Notice of Funding Award (**NOFA**), Qualified Allocation Plan (**QAP**), Program Guidelines, Standard Operating Procedures, Forms, Contracts, Correspondence, Applications, etc.);
- 2.2 Translation of Program documents. All Program documents publicly available, at minimum, in Spanish and English. If requested, subrecipients must make reasonable efforts to provide Program documents in languages other than Spanish or English;
- 2.3 Request for Proposal(s) (**RFP**) development and Procurement. RFP and other solicitation documents must be reviewed and approved by PRDOH, prior to publication. All procurement must be done in accordance with procurement policies and procedures in accordance with the federal procurement rules and regulations found in 2 C.F.R. § 200.318 through §200.327;
- 2.4 Work with PRDOH, and its designees, to provide Program requirements and specifications required to develop the Grant Management System (Canopy) to successfully facilitate the Program;
- 2.5 Publish programmatic information as necessary (e.g. Program Guidelines, training material, outreach material, etc.); and
- 2.6 Provide PRDOH with required documentation and information as specified in Federal Register Vol. 83, No. 28 issued on February 09, 2018 (83 FR 5844) for posting on PRDOH Disaster Recovery Website. Provision of non-essential information (when requested) such as bulletins, newsletters,

BF  
BF

WRR  
WRR

or marketing materials for publication on PRDOH Disaster Recovery Website.

### 3. Program Implementation

#### 3.1 Pre-Construction Phase

3.1.1 Review Program application submissions and verify that the LIHTC Project(s) comply with all applicable laws and regulations governing the use of CDBG-DR funds. This review should include, but not be limited to, the following activities:

3.1.1.1 Conduct intake and threshold review of CDBG-DR Project application submissions to determine Program eligibility;

3.1.1.2 Work with PRDOH to ensure that Projects are environmentally reviewed and cleared;

3.1.1.3 Conduct Technical Feasibility and Cost Evaluation Review of each Application and sufficiently document by means of a Technical Feasibility Study and Cost Evaluation Report demonstrating compliance with the Program's technical requirements and cost reasonableness requirements;

3.1.1.4 Conduct Financial Feasibility Review of each Application and sufficiently document the Underwriting and Subsidy Layer Review Analysis;

3.1.1.5 Determine the capital shortfall (e.g. unmet need) for each Project and issue funding commitment letters to eligible projects upon completion of the technical and financial review of each project;

3.1.1.6 Develop Grant and/or Loan Agreement templates;

3.1.1.7 Gather, review, coordinate and execute closing agreements for each awarded Project including submission and preparation of contractual packages to the Fiscal Oversight Management Board for Puerto Rico (**FOMB**), (including the review of insurance specifications); and

3.1.1.8 Verify insurance specifications and bond requirements.

#### 3.2 Construction Phase

BF  
BF

WORR  
WORR

- 3.2.1 Coordinate and facilitate pre-construction meetings for each project;
- 3.2.2 Prepare a Monthly Inspection Report, and certify the Draw Request submitted by the Developer in a timely manner;
- 3.2.3 Ensure execution of monthly inspection(s), and keep record of the documentation for each phase of construction;
- 3.2.4 Conduct pre-intervention process and make determinations regarding monthly Draw Requests submitted by Developers, including monthly site and hard construction payments and approval of construction retainage payment (as part of this review, the PRHFA shall ensure that the Developer has met all of the prerequisites outlined in the CDBG-DR Program Guidelines and the Executed Agreement);
- 3.2.5 Disburse CDBG-DR funding for approved Draw Requests;
- 3.2.6 Evaluate all requests for all submitted Change Orders;
- 3.2.7 Coordinate compliance monitoring of Davis Bacon Act and all applicable CDBG-DR, federal and state regulations and rules;
- 3.2.8 Monitor compliance with the Uniform Relocation Act;
- 3.2.9 Work with PRDOH to ensure environmental monitoring, as necessary; and
- 3.2.10 Complete Punch List Inspection.

### 3.3 Close-Out

- 3.3.1 Submit Certification of Completion of Construction;
- 3.3.2 Verify and confirm PRHFA and PRDOH closing conditions are fulfilled; and
- 3.3.3 Perform close-out of Grant(s) and/or Loan(s).

## 4. Monitoring

- 4.1 Monitor and enforce provisions in the grant and/or loan agreements for instances of non-performance or insufficient performance. Any such instances should be reported to PRDOH along with suggested corrective action.
- 4.2 Perform and complete affordability period monitoring in compliance with the CDBG-DR Program Guidelines.

## 5. Program Invoicing and Accounting

BF  
BF

WRR  
WRR

- 5.1 Revise and analyze the accounting and reporting of uses of CDBG-DR funds, including but not limited to: information on national targets met, demographics of beneficiaries, and project completion status; and
- 5.2 Maintain order and organize System of Record. |

## 5. Time Performance

[The Program shall be completed in a **twenty-eight (28) month** period from Agreement execution.]

BF  
BF

**End of Document**

WRR  
WRR



## EXHIBIT B

# TIMELINES AND PERFORMANCE GOALS

## CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS PROGRAM (LIHTC 4%)

### PUERTO RICO HOUSING FINANCE AUTHORITY

#### 1. PROGRAM OBJECTIVE:

The CDBG-DR Gap to Low-Income Housing Tax Credits (**LIHTC**) Program will provide the incentive required to spur development and replenish the current inventory or new or rehabilitated, resilient, and affordable rental housing. The Program's objective is to leverage LIHTC to extend the impact of CDBG-DR funding with the aim of increasing the inventory of affordable multifamily and elderly rental units. The Puerto Rico Department of Housing (**PRDOH**) intends to optimize the use of CDBG-DR funds by providing gap funding – by means of either a grant or loan – to leverage available LIHTC's to develop or rehabilitate affordable rental housing.

The National Objective of this Program is to benefit Low- to Moderate Income (**LMI**) populations (below **eighty percent (80%)** Area Median Family Income (**AMFI**) according to the HUD Modified Income Limits for CDBG-DR Puerto Rico). 24 C.F.R. § 570.483(b)(3). The objective will be realized when each Project is affordable to, and occupied by, at least **fifty one percent (51%)** LMI households, as defined by the adjusted income limits for Puerto Rico.

#### 2. TERMS:

- **Developer:** Any individual, association, corporation, joint venture, or partnership undertaking a LIHTC development under this Program. When referring to the operational aspect of a project the applicable entity may actually be the Owner.
- **Key Objective** – The major objectives the Programs wants to achieve.
- **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.

3. TIMELINES & PERFORMANCE GOALS

3.1 OBJECTIVE 1: DEVELOPMENT OF RENTAL HOUSING UNITS TO LMI BENEFICIARIES

KEY OBJECTIVE #1	KEY ACTIVITY	INDICATOR	SOURCE OF VERIFICATION	TARGET	TIMELINE
Development of rental housing units to LMI beneficiaries	1.1 Developer applies to the LIHTC Program	# of applications submitted	Received, Reviewed and Approved applications	33 applications received	Q4 2020
	1.2 Evaluation of the proposed projects and complete award process	% of applications that received a Funding Commitment Letter	Funding Commitment Letter Sent	100% of the applications that received a Funding Commitment Letter	August 31 <sup>st</sup> , 2021

BF  
BF

WORR  
WORR

KEY OBJECTIVE #1	KEY ACTIVITY	INDICATOR	SOURCE OF VERIFICATION	TARGET	TIMELINE
	1.3 Execution of CDBG-DR Agreement	% of executed agreements	Grant/Loan Agreement Signed	100% of the applications that execute a Grant/Loan Agreement	Q4 2021
	1.4 Unit Construction	# units throughout the duration of the construction and completed	Inspections performed and approved by the governmental authorities with jurisdiction	TBD within workplan	Q3 2026

BF  
BF

WORR  
WORR



KEY OBJECTIVE #1	KEY ACTIVITY	INDICATOR	SOURCE OF VERIFICATION	TARGET	TIMELINE
	1.5 Construction End and Project Closeout	% Certificates of Occupancy	Certification of Occupancy <sup>1</sup> ("Permiso de Uso")	100% of units with a Certificate of Occupancy	<b>Within ten (10) days</b> of receipt
		# of closeout packages as per closeout requirements	Approved closeout package	1 per completed project	<b>Within sixty (60) days</b> upon completion up to <b>Q3 2026</b>
	1.6 Affordability Period	# of units occupied	PRHFA	# as established in approved workplan	<b>Q1 2024</b>

BF  
BF

WORR  
WORR

<sup>1</sup> Certification must be from a qualified registered architect or professional engineer stating that the units constructed are in full compliance with construction documents and federal and state applicable regulations.

KEY OBJECTIVE #1	KEY ACTIVITY	INDICATOR	SOURCE OF VERIFICATION	TARGET	TIMELINE
		% of LMI occupancy		100% of units that remain affordable and occupied	Annually until 2040

BF  
BF

WORR  
WORR

### 3.1.1. DEVELOPERS APPLY TO THE LIHTC PROGRAM.

As part of the application process, all applicants must submit a complete application and all required supporting documentation required for PRHFA to perform the project evaluation as outlined in the Program Guidelines.

PRHFA will provide PRDOH with copies of all required documentation and information as specified in Federal Register Vol. 83, No. 28 issued February 09, 2018 (83 FR 5844) for posting on PRDOH Disaster Recovery Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)).

### 3.1.2. APPLICATIONS GO THROUGH THE REVIEW AND AWARD PROCESS

PRHFA will diligently review all Program applications submitted and will verify that the LIHTC project(s) comply with all applicable laws and regulations governing the use of CDBG-DR funds. Furthermore, to determine that the project meets the Program's eligibility, PRHFA must conduct the following:

1. Intake, Threshold Review and Ranking Underwriting and Subsidy Layering of project(s) submissions.
2. Work with PRDOH to ensure that Projects are environmentally reviewed and cleared.
3. Complete Technical Feasibility and Cost Evaluation Review of each Application, and sufficiently documented.
4. Facilitate tax-exempt financing.
5. Create Grant or Loan Agreement templates.
6. Verify insurance specifications and bond requirements.

Upon completion of the Technical Feasibility and Cost Evaluation Review and Financial Review for each project, PRHFA will issue Funding Commitment Letters to eligible projects. Additional duties include but are not limited to:

- Gather, review, coordinate and execute closing agreements for each awarded Project, including submission of contractual packages to Financial Oversight and Management Board (**FOMB**) for Puerto Rico. Any information request from the FOMB must be responded **within three (3) business days**.
- Provide percentage (%) of applications sent to Legal and FOMB.
- Develop and track budget.
- Create tracking systems and evaluate expenditure rates.
- Ensure CDBG-DR Awards meet LIHTC's rent and income limits, use, and compliance monitoring limitations.

### 3.1.3. EXECUTION OF CDBG-DR AGREEMENT

The CDBG-DR Agreement is executed between the Puerto Rico Housing Finance Authority (**PRHFA**) and the Developer for the use of CDBG-DR funds. Prior to execution of

BF  
BF

WRR  
WRR

the CDBG-DR Agreement, PRDOH must evaluate and certify the Environmental Review of each project.

All projects are expected to begin construction **within forty-five (45) to sixty (60) days** after the CDBG-DR Agreement is signed.

Developers receiving CDBG-DR funds must ensure compliance with all applicable requirements according to the respective funding sources.

#### 3.1.4. UNIT CONSTRUCTION

The completion period will vary depending the type of LIHTC approved for each project:

- **New construction projects with 4% LIHTC and tax-exempt financing:** Section 42 of the Internal Revenue Code does not require a specific period for construction completion (placed-in-service in PR). Project owners will request the issuance of the **four percent (4%)** LIHTC allocation certificate after the construction is finalized.
- **All LIHTC Acquisition & Substantial Rehabilitation projects (4%-Tax Exempt):** 24-month period the project owner selects and placed-in-service at the end of such period (or shorter period at the project owner's election).

CDBG-DR funds, as per Federal Register must be expended within the term of the SRA, **which ends in September 20, 2026.**

Prior to the commencement of any construction activities, PRHFA shall coordinate pre-construction meetings with each Developer to ensure that the project plans and expectations are clearly established and communicated. The Developer must provide all required documentation prior to the commencement of construction.

Upon commencing construction, PRHFA will provide PRDOH with monthly progress reports as part of the submitted invoice packages from the Developer.

Submitted invoice packages must include all required supporting documents, e.g. monthly reports, timesheets, invoice and photo evidence, expense plan, work projections, etc. If PRHFA determines that the submitted invoice and supporting documents are acceptable, then the invoice will be approved for payment.

PRHFA will work with PRDOH to ensure the completion of periodic environmental monitoring. Upon completion of each Project, PRHFA will perform a final survey of the premises and submit to PRDOH for each Project.

#### 3.1.5. CONSTRUCTION END AND PROJECT CLOSEOUT

For the Project(s) to be considered "complete", the following milestones must be achieved;

- Perform close-out of Grants and/or Loans.
- Submit Certificate of Occupancy ("Permiso de Uso").

Developers will be responsible for providing proof that PRHFA's and PRDOH's closing conditions have been fulfilled.

The Project is considered complete upon issuance of the Notice of Completion. This document demonstrates satisfactory completion of construction and adherence to applicable closing conditions.

#### 3.1.6. AFFORDABILITY PERIOD

Projects funded through this Program must maintain affordable housing in accordance with the affordability period and levels required by 83 FR 40314, or the affordability period and levels upon which their LIHTC award was conditioned, whichever are more stringent. Affordability periods outlined in 83 FR 40314 are as follows:

- Rehabilitation or reconstruction of multi-family rental projects with **eight (8)** or more units must remain affordable for a period of no fewer than **fifteen (15) years**.
- New construction of multi-family rental projects with **five (5)** or more units must remain affordable for a period of no fewer than **twenty (20) years**.

LIHTC compliance periods and affordability levels are specified in the property's Carryover Allocation Agreement with PRHFA and are specific to each property.

To be considered an eligible housing activity under CDBG-DR funding, rental housing must be occupied by LMI households. The rents must be considered "affordable" to meet this criterion. PRHFA will monitor compliance with the affordability period and enforce provisions of the CDBG-DR Agreement. In the case of noncompliance, PRDOH will take appropriate measure to address the noncompliance as outlined in the Program Guidelines and the executed CDBG-DR Agreement.

**End of Document**

BF  
BF

WORR  
WORR

# AMENDMENT B - EXHIBIT C

## KEY PERSONNEL

### CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS PROGRAM

#### PUERTO RICO HOUSING FINANCE AUTHORITY

Below is the Staffing Plan for the **CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS (LIHTC) PROGRAM**, which reflects a combination existing employees or new hired employees dedicated for the **CDBG-DR Gap to LIHTC Program**.

##### I. Personnel Breakdown

Position Titles	FTE	Estimated Percentage of Time Allocated <sup>1</sup>
Executive Director/Director Ejecutivo Auxiliar, Área de Administración de Fondos de Recuperación de Desastres CDBG-DR *	1	*
Operations Assistant/Administradora de Oficina *	3	*
Assistant to the Executive Director/Ayudante del Director Ejecutivo *	2	*
Program Director/Director del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Ingresos Bajos	1	100%
Lead Underwriter/Oficial Senior del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	3	100%
Underwriter/Oficial del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	3	100%
Reporting Analyst/Oficial de Radicación de Informes	1	*
Legal Director/Director de Asuntos Legales de Fondos de Recuperación de Desastres *	1	*
Legal Support/Asesor Legal *	3	*

<sup>1</sup> The estimated percentage of time allocated is a projection based on the expected workload and, therefore, should not prevent staff from exceeding the allocated time when required to facilitate the successful implementation of the Program.

Operations Director/Director de Operaciones Programáticas *	1	*
Communications and Outreach Specialist/Especialista en Comunicaciones y Diseño Gráfico *	1	*
System Analyst/Técnico de Sistemas de Información *	1	*
Engineer/Técnico de Asistencia de Programas *	2	*
Finance Director/Director de Administración de Fondos *	1	*
Invoice and preintervention Analyst/Analista de Preintervención y Facturación *	2	*
Accountant/Contador *	1	*
Technical Assistance/Director Ejecutivo Auxiliar Multifamiliar**	1	30%
Financial Support/Director Contabilidad y Pre-intervencion	1	40%
Legal Support/Director de Servicios Legales**	1	30%
Operations Assistant/Secretaria**	1	50%
Lead Underwriter/Oficial Financiamiento y Crédito Contributivo Senior**	2	80%

**Total Employees [33]**

**II. Roles Description**

Positions	Role	Description
Director Ejecutivo Auxiliar, Área de Administración de Fondos de Recuperación de Desastres CDBG-DR *	Executive Director	This role is responsible for the directing, supervising, coordinating, and delivering the CDBG-DR Program portfolio for the Puerto Rico Housing Finance Authority.
Administradora de Oficina *	Operations Assistant	This role provides operational and administrative support required for the activity delivery of this Program.
Ayudante del Director Ejecutivo *	Assistant to the Executive Director	This role supports the Executive Director with overseeing the delivery of the CDBG-DR Program portfolio for the Puerto Rico Housing Finance Authority.
Director del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Ingresos Bajos*	Program Director	This role is responsible for overseeing the activity delivery for this Program as defined in the Program Guidelines and all other duties as required.
Oficial Senior del Programa Brecha de CDBG-DR de los	Lead Underwriter	This role is responsible for coordinating and supervising the financial evaluation of affordable

Positions	Role	Description
Créditos Contributivos de Vivienda de Bajos Ingresos*		housing proposals under this Program and any other duty as outlined in the job description.
	Underwriter	This role is responsible for ensuring that proposed developments meet the Program requirements, coordinating the technical, financial, and environmental reviews, providing support with closings, supporting invoicing and compliance monitoring, and other duties as outlined in the job description.
Oficial del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos*		
	Reporting Analyst	This role is responsible for managing the reporting for this Program, ensuring adequate and timely information distribution, complying with all federal and local reporting requirements, and other duties as defined in the job description.
Oficial de Radicación de Informes *		
	Legal Director	This role coordinates, plans, and supervises all legal activities related to legal representation of the CDBG-DR Programs on behalf of the Puerto Rico Housing Finance Authority.
Director de Asuntos Legales de Fondos de Recuperación de Desastres *		
	Legal Support	This role is responsible for providing legal and advisory services, including but not limited to legal analysis and research, drafting legal opinions, compliance review of contracts and program documents, legal representation, and any other legal matters inherent to the Program.
Asesor Legal *		
	Operations Director	This role is responsible for directing, planning, coordinating, and supervising the IT system, communications and outreach, inspections and environmental reviews, and any other duties as required to facilitate the Program.
Director de Operaciones Programáticas *		

BF  
BF

WRR  
WRR



Positions	Role	Description
Especialista en Comunicaciones y Diseño Gráfico *	Communications and Outreach Specialist	This role is responsible for managing all aspects of the communications and outreach activities required for this Program, as well as, ensuring that the Program's communication efforts comply with applicable federal and local regulations.
Técnico de Sistemas de Información *	System Analyst	This role is responsible for the configuration, maintenance and optimization of the IT operating systems and equipment,
Técnico de Asistencia de Programas *	Engineer	This role provides engineering and inspection services to ensure that the developments are technically feasible, costs reasonable, and comply with applicable federal and local laws and regulations. This role also provides invoicing and reporting support as required by the Program.
Director de Administración de Fondos *	Finance Director	The role is responsible for overseeing and coordinating the fiscal management of the CDBG-DR Programs, including but not limited to: preintervention, accounting, invoicing, budget management, financial reporting, compliance monitoring, and all other duties as defined in the job description.
Analista de Preintervención y Facturación *	Invoicing and Preintervention Analyst	This role is responsible for performing pre-intervention on all invoicing and disbursement requests, ensuring compliance with all federal and local regulations and laws, financial reporting and maintenance of systems, and all other duties as defined in the job description.
Contador *	Accountant	This role is responsible for ensuring that all financial transactions, records, and statements are in line with federal and local laws, regulations, and generally accepted accounting principles.

BF

WORR

Positions	Role	Description
Director Ejecutivo Auxiliar Multifamiliar**	Technical Assistance	This role provides technical assistance to the Executive Director and oversees the coordination of joint LIHTC and CDBG-DR activities.
Director Contabilidad y Pre-intervencion**	Financial Support	This role provides pre-intervention support to the Finance Director and technical assistance as required.
Director de Servicios Legales**	Legal Support	This role provides technical assistance and legal support for the CDBG-DR Programs and is also responsible for the legal representation of the Puerto Rico Housing Finance Authority.
Secretaría**	Operations Assistant	This role provides operational assistance for this Program and other duties as required.
Oficial Financiamiento y Crédito Contributivo Senior**	Lead Underwriter	This role is responsible for overseeing and coordinating the financial evaluation and analysis of projects under this Program and other duties as required.

BF  
BF

WORR  
WORR

**NOTES:**

- \*Positions identified with an asterisk (\*) belong to the CDBG-DR structure and, therefore, are entirely dedicated to the CDBG-DR programs. Nonetheless, amount of time dedicated, monthly, to a given program may vary, based on current needs. Thus, while fully dedicated to CDBG-DR, these employees may not be only dedicated to the CDBG-DR Gap to LIHTC Program.
- \*\*Positions identified with two asterisks (\*\*) are not fully dedicated to the CDBG-DR Program but share their time with other programs administered by the Puerto Rico Housing Finance Authority.

**End of Document**



AMENDMENT B

EXHIBIT D – SECTION 1

BUDGET

CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS  
PROGRAM (LIHTC 4%)

PUERTO RICO HOUSING FINANCE AUTHORITY

BUDGET DETAIL

The budget for project development costs, staffing, professional services, operating costs, travel, outreach activities, and related expenses for the \$963 million CDBG-DR Gap to Low Income Housing Tax Credits (LIHTC) Program is \$705 million over the agreement period. This budget does not include any additional funds that can be used for Administration and/or Activity Delivery Costs, such as new Program Income. The summary below captures the full program budget, and the following sections provide additional detail on line items in the summary below.

Project		
Project Development Costs		\$ 693,974,688
Project Development Costs - Set-aside (AVP)		\$ 250,000,000
TOTAL COSTS		\$ 943,974,688

PROJECT ACTIVITY DELIVERY COSTS		
Staffing	Staffing resources for the implementation of the program.	\$ 5,515,412
Professional Services	Procured services that will assist in the delivery and implementation of the program.	\$ 2,754,100
Other Operating	Cost related to travel, office materials, conferences, etc.	\$ 755,800
TOTAL COSTS		\$ 9,025,312
GRAND TOTAL		\$ 953,000,000

STAFFING

Position	Total Cost for Monthly Salary and Benefits	Estimated Percenta ge of Time Allocated	Estimated Monthly Cost	Department
Director Ejecutivo Auxiliar, Área de Administración de Fondos de Recuperación de Desastres CDBG-DR *	\$ 10,070.98	40%	\$ 4,029.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR
Administradora de Oficina*	\$ 5,074.43	50%	\$ 2,538.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR
Administradora de Oficina*	\$ 5,074.43	50%	\$ 2,538.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR
Administradora de Oficina*	\$ 5,074.43	50%	\$ 2,538.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR
Ayudante del Director Ejecutivo*	\$ 9,387.49	50%	\$ 4,694.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR
Ayudante del Director Ejecutivo*	\$ 9,387.49	50%	\$ 4,694.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR
Director del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Ingresos Bajos	\$ 9,387.49	100%	\$ 9,388.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos
Oficial Senior del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	\$ 6,574.15	100%	\$ 6,575.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de

BF  
BF

WORR  
WORR

				Vivienda de Bajos Ingresos
Oficial Senior del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	\$ 6,574.15	100%	\$ 6,575.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos
Oficial Senior del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	\$ 6,574.15	100%	\$ 6,575.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos
Oficial del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	\$ 55,640.69	100%	\$ 55,641.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos
Oficial del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	\$ 5,640.69	100%	\$ 5,641.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos

BF  
BF

WORR  
WORR

Oficial del Programa Brecha de CDBG-DR de los Créditos Contributivos de Vivienda de Bajos Ingresos	\$ 5,460.69	100%	\$ 5,461.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos
Oficial de Radicación de Informes	\$ 3,576.30	100%	\$ 3,577.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR- Departamento del Programa Brecha de CDBG-DR de los Creditos Contributivos de Vivienda de Bajos Ingresos
Director de Asuntos Legales de Fondos de Recuperación de Desastres *	\$ 9,387.49	50%	\$ 4,694.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Asuntos Legales y Regulatorios de Fondos de Recuperacion de Desastres CDBG-DR
Asesor Legal *	\$ 7,449.81	50%	\$ 3,725.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Asuntos Legales y Regulatorios de Fondos de Recuperacion de Desastres CDBG-DR
Asesor Legal *	\$ 7,449.81	50%	\$ 3,725.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Asuntos Legales y Regulatorios de Fondos de Recuperacion de Desastres CDBG-DR

BF  
BF

WRR  
WRR

Asesor Legal *	\$ 7,449.81	50%	\$ 3,725.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Asuntos Legales y Regulatorios de Fondos de Recuperacion de Desastres CDBG-DR
Director de Operaciones Programáticas *	\$ 9,384.03	50%	\$ 4,693.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Operacionese Programaticas
Especialista en Comunicaciones y Diseño Gráfico *	\$ 5,471.05	35%	\$ 1,915.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Operacionese Programaticas
Técnico de Sistemas de Información *	\$ 4,096.84	50%	\$ 2,049.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Operacionese Programaticas
Técnico de Asistencia de Programas *	\$ 9,041.78	100%	\$ 9,042.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Operacionese Programaticas
Técnico de Asistencia de Programas *	\$ 9,041.78	100%	\$ 9,042.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Operacionese Programaticas
Director de Administración de Fondos *	\$ 9,384.03	50%	\$ 4,693.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de

BF  
BF

WRR  
WRR

				Administracion de Fondos CDBG-DR
Analista de Preintervención y Facturación *	\$ 9,442.90	50%	\$ 4,722.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Administracion de Fondos CDBG-DR
Analista de Preintervención y Facturación *	\$ 9,442.90	50%	\$ 4,722.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Administracion de Fondos CDBG-DR
Contador *	\$ 4,721.45	50%	\$ 2,361.00	Area de Administracion de Fondos de Recuperacion de Desastres CDBG-DR - Departamento de Administracion de Fondos CDBG-DR
Director Ejecutivo Auxiliar Multifamiliar	\$ 8,129.00	30%	\$ 2,439.00	Ofic. Multifamiliar
Director Contabilidad y Pre-intervencion	\$ 6,407.33	40%	\$ 2,563.00	Ofic. Contabilidad y Preintervencion
Director de Servicios Legales*	\$ 8,047.00	30%	\$ 2,415.00	Oficina de Asesoramiento Legal
Secretaria*	\$ 2,814.22	50%	\$ 1,408.00	Dept. Financiamiento y Credito Contributivo
Oficial Financiamiento y Crédito Contributivo Senior	\$ 5,363.00	80%	\$ 4,291.00	Dept. Financiamiento y Credito Contributivo
Oficial Financiamiento y Crédito Contributivo Senior	\$ 5,363.00	80%	\$ 4,291.00	Dept. Financiamiento y Credito Contributivo
Total per month			\$ 196,979.00	
Total for 28 month period			\$ 5,515,412.00	

BF  
BF

WRR  
WRR



PROFESSIONAL SERVICES

Services Name	Services Description	Budget
Legal Services	To assist with multifamily financing counseling, closings, bonds issuance, refunds, defeasances, redemptions, award agreement drafting and execution of legal documents.	\$ 1,000,000.00
Expert Advisory Services	To assist with the program design, implementation, and compliance.	\$ 800,000.00
Inspection Services	To assist with relocation plan monitoring, monthly inspection of construction work, approval of monthly site and hard construction payments, approval of construction retainage payment, certification of completion of construction and technical engineer's report (pre-closing).	\$ 359,100.00
Environmental Services	To assist with compliance of Davis Bacon, environmental review and clearance and environmental monitoring.	\$ 595,000.00
Total Budget for Services to be Contracted:		\$ 2,754,100.00

OTHER OPERATING

Item Name	Item Description	Budget
Other Operating	Supplies/Materials	\$ 68,000.00
	IT and Telephone Equipment	\$ 50,000.00
	Multifunctional Printers (Printer,Scanner,Copier)	\$ 10,800.00
	Office Furniture	\$ 15,000.00
	Office Space and Utilities	\$ 342,000.00
Travel	Mileage	\$ 10,000.00
Communications and Outreach	Communications, postage, marketing events	\$ 260,000.00
Total Expenses Budget:		\$ 755,800.00

**Budget Re-distribution**

- a) The Subrecipient may request in writing to the PRDOH a re-distribution of the Maximum Authorized Budgets shown above without exceeding the Total Authorized Budget.
- b) The PRDOH will evaluate the re-distribution request to validate purpose and balance of funds, and if determined the re-distribution is in benefit for the Program and the balance of funds is validated, the PRDOH will provide written authorization to the Subrecipient. Until the written authorization is submitted by the PRDOH, the re-distribution cannot be considered as authorized.
- c) This re-distribution of funds as described here shall be considered binding and will not require an amendment to this SRA.

**END OF DOCUMENT**

BF  
BF

WORR  
WORR



August 19, 2021

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

Félix Hernández Cabán, MBA, C.F.E., J.D.  
Director Disaster Recovery  
CDBG-DR Finance Division  
Puerto Rico Department of Housing

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

**CERTIFICATION OF FUNDS FOR THE AMENDMENT TO SUBRECIPIENT AGREEMENT WITH PUERTO RICO HOUSING FINANCE AUTHORITY (PRHFA) FOR THE GAP TO LOW INCOME HOUSING TAX CREDIT PROGRAM RELATED TO CDBG-DR**

As requested by the Deputy Director - Contract Administration CDBG-DR, we certify the availability of funds for **\$853,000,000.00** corresponding to "the amendment to Subrecipient Agreement with Puerto Rico Housing Finance Authority (PRHFA) for the Gap to Low Income Housing Tax Credit Program". These funds are part of the **CDBG-DR Grants "B-17-DM-72-0001 and B-18-DP-72-0001"**.

The breakdown of the certified funds is as follows:

Activity	Account	Description	Original Funds Certified	Amendment	Total Amount Certified
R01H13LIH-AFV-LM	6090-01-000	Program Funds	\$100,000,000.00	\$3,000,000.00	\$103,000,000.00
R02H13LIH-AFV-LM			-	850,000,000.00	850,000,000.00
Total:			\$100,000,000.00	\$853,000,000.00	\$953,000,000.00

The General Ledger account is provisional and will be revised when the agreement is executed and with the final distribution.

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

Yardi #cc5420-1

FHC/CCC/ac



## EXHIBIT F

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

#### CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS PROGRAM

#### PUERTO RICO HOUSING FINANCE AUTHORITY

BF  
BF

WRR  
WRR

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/>

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.

#### 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:

- (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

BF  
BF

WRR  
WRR

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:

- (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.

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).

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.

BF  
BF

## 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.

WRR  
WRR

## 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.

## 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.

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.

BF  
BF

WORR  
WORR



BF  
BF

WRR  
WRR

- 4) 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).
- 5) 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 the 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.

#### **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.

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).

BF  
BF

## 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.

## 20. ANTI-LOBBYING

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

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

WRR  
WRR

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.

- BF*  
BF
- 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.
- WRR*  
WRR
- 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.

## 22. SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

**(As required by applicable thresholds)**

The work to be performed under this contract 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 contract agree to comply with HUD's regulations in 24 C.F.R. part 75, which implement Section 3. As evidenced by their execution of this contract, the Parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with part 75 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; 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 75 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 75. 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 75.
- 4) The Subrecipient acknowledges that subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 C.F.R. 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.
- 5) 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 75 require employment opportunities to be directed, were not filled to circumvent the Subrecipient's obligations under 24 C.F.R. part 75.
- 6) Noncompliance with HUD's regulations in 24 C.F.R. part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- 7) 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 contract. 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

BF  
BF

WRR  
WRR

Economic Enterprises. Parties to this contract 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).

- 8) The Subrecipient agrees to submit, and shall require its subcontractors to submit to them, quarterly reports to the PRDOH detailing the total number of labor hours worked on the Section 3 Project, the total number of labor hours worked by Section 3 Workers, and the total number of hours worked by Targeted Section 3 Workers, and any affirmative efforts made during the quarter to direct hiring efforts to low- and very low-income persons, particularly persons who are Section 3 Workers and Targeted Section 3 Workers.

BF  
BF

### **23. UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT (URA)**

WRR  
WRR

Every project funded in part or in full by Community Development Block Grant – Disaster Recovery (CDBG-DR) funds, and all activities related to that project, are subject to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq., and section 104(d) of the Housing and Community Development Act of 1992, as amended (HCDA), 42 U.S.C. § 5304(d), except where waivers or alternative requirements have been provided by the U.S. Department of Housing and Urban Development (HUD). The implementing regulations for URA are at 49 C.F.R. Part 24, and the regulations for section 104(d) are at 24 C.F.R. Part 42, subpart C. Additionally, HUD has established regulations specific to CDBG-funded housing activities at 24 C.F.R. § 570.606. PRDOH has also established the Uniform Relocation Assistance Guide & Residential Anti-Displacement and Relocation Assistance Plan (URA & ADP Guide) which provides guidance and requirements regarding URA compliance and minimizing displacement that are applicable to all CDBG-DR programs. The primary purpose of these laws and regulations is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects.

When CDBG-DR funds are planned, intended, or used for any activity or phase of a project and the phases are interdependent, URA applies to that activity or project. This includes any property acquisition, even if CDBG-DR funds are not used to fund the purchase, if the contract to acquire property is executed with the intention of seeking CDBG-DR funds to complete the project or an interdependent phase of the project. Subrecipients are responsible for ensuring URA compliance throughout the design, proposal, and implementation of any project that includes real property acquisition or displacement of residential or business occupants.

### **24. 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.

### **25. 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).

## 26. 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.

BF  
BF

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.

WRR  
WRR

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.

## 27. 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.

## 28. PERSONNEL

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.

## 29. 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 to 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.

## 30. 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.

### **31. 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.

BF  
BF

### **32. 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.

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 (1) year** thereafter.

WRR  
WRR

### **33. 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.

### **34. 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.

### **35. 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.

### **36. 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.



### 37. 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.

### 38. 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.

BF  
BF

### 39. 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).

WRR  
WRR

### 40. 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.

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.

BF  
BF

WDR  
WDR

**41. 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.

**42. 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).

**43. 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.

**44. 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.

#### **45. 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.

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

BF  
BF

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.

WRR  
WRR

#### **47. 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.

#### **48. 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.

#### **49. 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.

#### 50. 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. § 200.334 and 24 C.F.R. § 570.490(d).)

Records shall be made available to PRDOH upon request.

#### 51. 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 Personally 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).

#### 52. 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)(19)(a) of the HUD Notice 83 Fed. Reg. 5844, 5856 (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

BF  
BF

WRR  
WRR

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).

### 53. AUDITS AND INSPECTIONS

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.

BF  
BF

WDRR  
WDRR

### 54. 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)).

### 55. 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.

### 56. 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.

## 57. PROCUREMENT AND CONTRACTOR OVERSIGHT

BF  
BF

WRR  
WRR

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.

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.

## 58. NONDISCRIMINATION

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.

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>

BF  
BF

WDR  
WDR

## **59. 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 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.

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.

## **60. 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

---

<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/>.

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.

BF  
BF

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

WRR  
WRR

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.

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.

BF  
BF

WORB  
WORB

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.

**61. 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 eight (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.

## 62. CONDUCT

### 1) Contracts

- BF  
BF
- 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

WORR  
WORR

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 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.

BF  
BF

WRR  
WRR

### **63. 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.

### **64. 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.

### **65. 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**

BF  
BF

WORR  
WORR



## EXHIBIT G SPECIAL CONDITIONS

### CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS PROGRAM

*BF*  
BF

#### PUERTO RICO HOUSING FINANCE AUTHORITY

*WRR*  
WRR

##### 1. Policies and Procedures:

Within **one hundred and eighty (180) days** after this SRA is executed, the Subrecipient shall develop, update, and implement all policies and procedures in compliance with PRDOH CDBG-DR policies and, state and federal regulations, including but not limited to:

- a. Record Retention and access to records (2 C.F.R. §§ 200.334-338), record keeping requirements (24 C.F.R. § 570.490), records to be maintained (24 C.F.R. § 570.506) and public access to Program Records (24 C.F.R. § 570.508).
- b. Financial management (2 C.F.R. § 200.302), Internal controls (§200.303), Payments (§200.305), revision of budget and program plans (§200.308) and Collection of amounts due (§200.345) policies and procedures in compliance with state and federal requirements in applicable regulation.
- c. Monitoring related policies and procedures in compliance with 2 C.F.R. § 200.329 Monitoring and Reporting Program Performance.
- d. Policies to regulate access and use of systems and protecting Personally Identifiable Information (**PII**) according to the CDBG-DR PII Policy.
- e. Citizen Complaints procedures in accordance with 24 C.F.R. § 570.431 (b)(5) of Citizen Participation, 24 C.F.R. § 91.115 and 24 C.F.R. § 570.486.
- f. Procurement policies and procedures in accordance with the federal procurement rules and regulations found in 2 C.F.R. § 200.318 through §200.327.

**2. Staffing and Training Plan:** Within **sixty (60) days** after this SRA is executed, Subrecipient shall develop a staffing and training plan that identifies specific personnel responsible for implementation and compliance of key requirements, including citizen complaints, financial management, internal controls, procurement, monitoring and CDBG-DR specific requirements (e.g., national objective).

**3. Organizational Chart:** Within **ten (10) days** after this SRA is executed, Subrecipient shall submit to the PRDOH CDBG-DR Program an updated organizational chart for Subrecipient offices and divisions participating in the implementation and management of the CDBG-DR awarded funds, that clearly demonstrates an appropriate segregation of duties in compliance with the Standards for Internal Control in the Federal Government established by the **GAO**, and in compliance with 2 C.F.R. § 200.303. Furthermore, the organizational chart shall also include the position, title, and employee's name, clearly establishing the segregation of duties, including the finance division.

4. **Financial Workflow:** Within **sixty (60) days** after this SRA is executed, Subrecipient shall provide an internal financial workflow including staff roles and responsibilities.
5. **Personally Identifiable Information (PII):** Subrecipient shall comply with all requirements to protect PII in compliance with all applicable regulations and the appropriate segregation of duties within their system.
6. **Capacity Building, Training and Technical Assistance:** Within **sixty (60) days** after this SRA is executed, Subrecipient shall participate in capacity building activities directed to the development and implementation of effective internal controls of federal awards to ensure that the Subrecipient is capable of managing federal awards in compliance with federal statutes and regulation, with special emphasis on those established in 2 C.F.R. part 200 and 24 C.F.R. § 570.501. The Subrecipient shall participate in the following training and capacity building seminars as provided by PRDOH:
- a. Financial Management.
  - b. Internal controls development and implementation.
  - c. Procurement requirements.
  - d. Monitoring procedures to ensure the effectiveness of internal controls.
  - e. Record Retention and access to records.
  - f. Citizen complaints management and reporting.
  - g. Grant administration requirements.
  - h. Protected Personally Identifiable Information (PII).

In addition to the above, the Subrecipient shall participate in capacity building activities provided by PRDOH which include but are not limited to, topics related to Fair Housing Act, Davis-Bacon Act, Section 3 of the Housing and Urban Development Act and Minority and Women Owned Enterprises, among others.

**7. Capacity Development in Procurement**

Subrecipient shall participate in procurement requirements capacity development activities before commencing any procurement activity.

BF  
BF

WRR  
WRR



## EXHIBIT H

### SUBROGATION AND ASSIGNMENT PROVISIONS

#### CDBG-DR GAP TO LOW-INCOME HOUSING TAX CREDITS PROGRAM

#### PUERTO RICO HOUSING FINANCE AUTHORITY

BF  
BF

##### 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.

WRR  
WRR

##### 2. Subrogation and Assignment Relating to Funds Received from the Puerto Rico Department of Housing CDBG-DR Gap to Low-Income Housing Tax Credits 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 PRDOH within **ten (10) working days** of receipt of the funds by sending a written notification to [jmortiz@vivienda.pr.gov](mailto:jmortiz@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.

BF  
BF

WDRR  
WDRR



- (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 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.

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.

**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**

BF  
BF

WRR  
WRR

# PRHFA - LIHTC - AMENDMENT B - SRA

Final Audit Report

2021-09-30

Created:	2021-09-16
By:	Radames Comas Segarra (rcomas@vivienda.pr.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAApN1Uv23HefRNQrCFyY_1CVe4vpVRDUFL

## "PRHFA - LIHTC - AMENDMENT B - SRA" History

- Document created by Radames Comas Segarra (rcomas@vivienda.pr.gov)

2021-09-16 - 7:16:36 PM GMT- IP address: 196.28.53.20
- Document emailed to Blanca Fernandez (blanca.fernandez@afv.pr.gov) for signature

2021-09-16 - 7:21:21 PM GMT
- Email viewed by Blanca Fernandez (blanca.fernandez@afv.pr.gov)

2021-09-20 - 3:54:24 PM GMT- IP address: 104.47.65.254
- Document e-signed by Blanca Fernandez (blanca.fernandez@afv.pr.gov)

Signature Date: 2021-09-24 - 10:00:00 PM GMT - Time Source: server- IP address: 209.91.221.98
- Document emailed to William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov) for signature

2021-09-24 - 10:00:37 PM GMT
- Email viewed by William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov)

2021-09-24 - 10:11:31 PM GMT- IP address: 172.58.225.191
- Document e-signed by William O. Rodríguez Rodríguez (w.rodriguez@vivienda.pr.gov)

Signature Date: 2021-09-30 - 9:54:57 PM GMT - Time Source: server- IP address: 196.28.53.20
- Agreement completed.

2021-09-30 - 9:54:57 PM GMT