



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

### AMENDMENT TO LOAN AGREEMENT FOR ECONOMIC DEVELOPMENT

#### INVESTMENT PORTFOLIO

#### LOAN AGREEMENT

#### BETWEEN THE

PUERTO RICO DEPARTMENT OF HOUSING

AND

ROYALE BLUE HOSPITALITY, LLC

AND

TT INVESTMENT LLC

Registered with Contract No. 2023-DR0076

Amendment No. 2023-DR0076A



This **AMENDMENT A TO LOAN AGREEMENT** (this "Amendment"), dated as of the 31st day of January, 2025, by and among (i) ROYALE BLUE HOSPITALITY, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, (the "Borrower"), represented herein by its Executive Vice President, Nestor A. Amador Chacón, of legal age, married, executive and resident of Guaynabo, Puerto Rico; (ii) TT INVESTMENT LLC, a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, (Jointly and several as to all obligations of Borrower hereunder, the "Corporate Guarantor"); represented herein by its Authorized Representative, Néstor A. Amador Chacón, of legal age, married, executive and resident of Guaynabo, Puerto Rico; and (iii) PUERTO RICO DEPARTMENT OF HOUSING (the "Lender"), a public agency of the Government of Puerto Rico created under Act No. 97, of June 10, 1972, as amended, known as the "Department of Housing Organic Act" (the "Organic Act"), with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, represented herein by its Director of Disaster Recover/ CDBG-DR Program, Jose M. Olmo Terrasa Esq., of legal age, married, attorney, and resident of San Juan, Puerto Rico, pursuant to Administrative Order 22-80 of the Puerto Rico Department of Housing, dated December 1, 2022 (hereinafter, the "Parties")

#### I. RECITALS AND GENERAL AWARD INFORMATION

**WHEREAS**, on January 31st, 2023, the Parties entered into a Loan Agreement (the "Agreement") pursuant to the terms of the Community Development Block Grant – Disaster Recovery ("CDBG-DR"), Loan Agreement for Economic Development Investment Portfolio for Growth Program ("IPG"), the Lender has agreed, subject to the terms and conditions thereof, to make certain loan in the principal amount of up to **FIFTY MILLION DOLLARS (\$50,000,000.00)** (the "Loan") to the Borrower; pursuant to Grant B-18-DP-72-0001, Activity Codes r02e24ecti-ppp03-lm and r02e24edipp03-un, Account Number 6090-01-000; in accordance with the published IPG Program guidelines, as amended from time to time (the "Program Guidelines"). All capitalized terms not defined herein shall have the meanings set forth in the Agreement and the other Loan Documents;

**WHEREAS**, it is the intention of the Parties that this Amendment does not affect, nor does it constitute an extinctive novation of, the obligations of the Parties under the Agreement, but rather serves as a modification and amendment of certain terms and conditions under the Agreement;

**WHEREAS**, each party represents that the person executing this Amendment has the necessary legal authority to do so on behalf of the respective party.

## I. SAVINGS CLAUSE

The information included in this Amendment serves the purpose of modifying and amending certain terms and conditions under the Agreement, as established in Articles II, III and IV of this Amendment. All other provisions of the original Agreement, including its attachments, shall continue to be in full force and effect.

## II. SCOPE OF AMENDMENT

The goal of the Economic Development Investment Portfolio for Growth Program (**Program** or **IPG**) is to address the critical needs of businesses and residents of Puerto Rico by providing leveraged funding to support private investments to meet unmet economic development needs; supporting projects that will provide essential services; assisting with the economic revitalization and regional recovery of hurricane-impacted communities by investing in transformative community-based projects; spurring long-term job creation; meeting a recovery objective and creating long-term opportunities; and completing transformative, large-scale regional revitalization projects that will provide benefits to a wide range of Puerto Ricans;

In order to achieve the Program goals, the Parties acknowledge and agree that modifications are needed to amend certain sections of the Agreement to among other things, (i) revise and modify Section 7.1 regarding the Affirmative Covenants of the Borrower; and (ii) replace and include certain Exhibits to the Agreement, in particular Exhibit L attached thereto and made a part thereof.

As stated before, all other provisions of the Agreement, including the total authorized budget, remain unaltered.

## III. AMENDMENTS

A. The following definitions in **Section 1.1 of Article I (DEFINITIONS) of the Agreement** are hereby amended, and as amended, restated to read as follows:

"Conversion Date" means the day on which the last Loan Advance is made but never later than *March 31, 2025*."

B. **Article VII. (CONVENANTS OF THE BORROWER), Section 7.1 of the Agreement** is hereby amended to partially modify subsection 7.1 (r), to read as follows:

"(r) (i) as soon as available and in any event within **one hundred and twenty (120) days** after the end of each Fiscal Year of the BORROWER and the Corporate Guarantor, audited Financial Statements of the BORROWER and the Corporate Guarantor, including balance sheets, income statements and cash flow statements prepared according to GAAP, as of the end of such year, certified, without exception or qualification, by independent certified public accountants acceptable to the Lender, together with (A) calculations of the Required Financial Covenants (showing the basis for such calculations), and (B) a special report of such independent certified public accountants stating that in the course of their regular audit of the business of the BORROWER, which audit was conducted by such accounting firm in accordance with GAAP, nothing came to their attention which would lead them to conclude that a Default has occurred and is continuing, or if, in the

opinion of such accounting firm a Default has occurred and is continuing, a statement as to the nature thereof;

[...]

(iii) promptly, but in any event within **one hundred and twenty (120) days** after the end of each Fiscal Year of the Borrower, the sworn Financial Statements for each of the Personal Guarantors;

[...]"

C. An updated version of **Exhibit L** (LOAN FORGIVENESS REQUIREMENTS) is hereby incorporated by reference into the Agreement and replaces the original Exhibit L (LOAN FORGIVENESS REQUIREMENTS) as part of the Agreement (see **Attachment I** of this Amendment).

D. An updated version of **Exhibit G** (PROJECT COST STATEMENT) is hereby incorporated by reference into the Agreement and replaces the original Exhibit G (PROJECT COST STATEMENT) as part of the Agreement (see **Attachment II** of this Amendment).

E. An updated version of **Exhibit D** (Insurance Requirements), is hereto incorporated by reference into the Agreement and made part of the Agreement in place of the original **Exhibit D** (Insurance Requirements). (**Attachment III** of this Amendment A)

F. An **Exhibit O** (Non-Conflict of Interest Certification), is hereto incorporated by reference into the Agreement and made part of the Agreement. (**Attachment IV** of this Amendment A)

G. The Borrower has acquired three fifths (3/5) percentage ownership of the fee simple title to that certain parcel identified as Property Number 243 recorded in the Registry of the Property of Puerto Rico at page 217 of volume 5 of Fajardo (the "Partial Ownership Property"), pursuant to Deed Number 24 executed on July 17, 2019, before Notary Public Marta Ramirez Isern. The Borrower hereby covenants and agrees (i) to diligently and in good faith pursue the acquisition of the remaining two fifths (2/5) percentage ownership of the fee simple title to the Partial Ownership Property for the Borrower to become the sole owner of the Partial Ownership Property; and (ii) upon the Borrower becoming the sole owner of the Partial Ownership Property, to constitute a mortgage in favor of the Lender over such Partial Ownership Property, together with such other related Loan Documents that shall be in form and substance, with such terms and value that is reasonably acceptable to the Lender, to collaterally secure the Obligations under this Agreement and the other Loan Documents, provided, however, that the granting of such mortgage and any related documents shall be subject to the prior written approval of Banco Popular de Puerto Rico or any senior lender of the Borrower.

#### IV. HEADING

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

**V. FEDERAL FUNDING**

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

**VI. ENTIRE AGREEMENT**

The Agreement and this Amendment constitute the entire agreement among the Parties for the use of funds received under the Agreement, and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written among the Parties with respect to the execution of this Amendment.

**VII. SEVERABILITY**

If any provision of this Amendment is held or made invalid or shall operate or would prospectively operate to invalidate the Amendment in whole or in part, then such provision only shall be deemed severed and the remainder of the Amendment shall stay operative, in full effect and enforceable.

**VIII. SURVIVAL OF TERMS AND CONDITIONS**

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

This Amendment is acknowledged and agreed by each of the undersigned. Each undersigned hereby confirms and ratifies all its obligations and liabilities, and all liens and guaranties, provided in the Loan Documents executed by the undersigned, all of which shall continue in full force and effect in accordance with their respective terms, notwithstanding the execution of this Amendment or any other document relating to such Amendment. All reference to Agreement in the Loan Documents executed by the undersigned shall be understood as a reference to the Agreement, as amended by this Amendment and as the same may be amended or modified from time to time. Except as expressly amended herein, the Loan Documents executed by the undersigned shall continue with full force and effect in accordance with their respective terms without any other amendment or modification. Therefore, this Amendment shall not be construed in any way as an extinctive novation ("novación extintiva") of the Loan Documents executed by the undersigned.

**[Signature page follows.]**




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

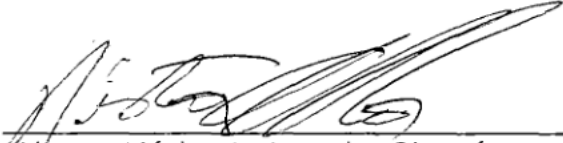
**LENDER:**  
**PUERTO RICO DEPARTMENT OF HOUSING**

  
Name: José M. Olmo Terrasa, Esq.  
Title: Authorized Representative

**BORROWER:**  
**ROYALE BLUE HOSPITALITY, LLC**


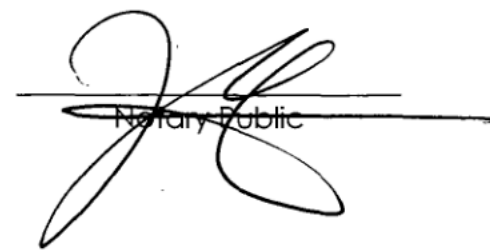
  
Name: Néstor A. Amador Chacón  
Title: Executive Vice President

**GUARANTOR:**  
**TT INVESTMENT LLC**

  
Name: Néstor A. Amador Chacón  
Title: Executive Vice President

Affidavit No. 413

Subscribed and acknowledged to before me by (i) Néstor A. Amador Chacón, of legal age, married, executive and resident of Guaynabo, Puerto Rico, in his capacity as Executive Vice President for ROYALE BLUE HOSPITALITY, LLC and TT INVESTMENT LLC and by (ii) José M. Olmo Terrasa, of legal age, married, attorney, and resident of San Juan, Puerto Rico, in his capacity as Authorized Representative of PUERTO RICO DEPARTMENT OF HOUSING, both to me personally known, in San Juan, Puerto Rico, this 31st day of January, 2025.

RECIBO  
1U24-31398016  
Sello  
  
ACER ELIZALDE  
9397  
1/31/2025  
\$5.00  
Sello de Asistencia Legal  
80390-2025-131-63989006  
MA  
ABOGADA - NOTARIA  
  
Notary Public

**ATTACHMENT I**

**EXHIBIT L**

**LOAN FORGIVENESS REQUIREMENTS**

A project that meets specific program goals will be eligible to have up to fifty percent (50%) of their loan forgiven upon satisfactory payments of the required portion of the loan. The forgivable portion will not be repayable unless the awarded business is placed in default or does not meet the loan forgiveness requirements. Defaulted or non-compliant loans will be subject to full repayment of their loan per the terms of the loan agreement. Partial loan forgiveness is calculated based on the following criteria:

<b>CRITERIA</b>	<b>DESCRIPTION</b>	<b>FORGIVENESS AWARDED</b>
<b>1) Benefits Low-to- Moderate Income Persons</b>	The project successfully meets HUD's National Objective of benefitting low-to-moderate income persons, either by LMI Area Benefit, LMI Job Creation, or LMI Limited Clientele.	If yes, twenty percent (20%) of award amount is forgiven.
<b>2) More than 10% Local Funding Participation</b>	For every increment of up to twenty-two-point five percent (22.5%) or fraction in local funding participation over the minimum of ten percent (10%) required (10% to 32.5%, up to 55%, up to 77.5%, and up to 100%), an additional five percent (5%) of the loan will be forgiven incrementally.	If yes, five percent (5%) of the awarded amount is forgiven for every increment met, with a max of twenty percent (20%).
<b>3) Excess of Minimum Job Creation Benefit</b>	The minimum threshold of job creation is one FTE job for every one hundred thousand dollars (\$100,000) of CDBG funds awarded. For every additional FTE job created above that minimum amount, twenty-five thousand dollars (\$25,000) of the award amount will be forgiven.	An amount of twenty-five thousand dollars (\$25,000) is forgiven for every new FTE job created above the minimum required per the agreement. loan
<b>4) Local Suppliers Benefit</b>	Project was supplied with locally manufactured goods and suppliers; additional loan amount can be forgiven. If seventy-five percent (75%) of materials/suppliers were manufactured locally, an additional five percent (5%) can be forgiven. Materials must be manufactured in	Five (5%) of the loan amount can be forgiven if seventy-five percent (75%) of materials and suppliers are local.

	<p>Puerto Rico and suppliers be fifty-one percent plus (+51%) locally owned.</p> <p>If Project was supplied with locally manufactured goods and suppliers, an additional loan amount can be forgiven. If seventy-five percent (75%) of materials/suppliers were manufactured locally, an additional five percent (5%) can be forgiven. Materials must be manufactured in Puerto Rico and suppliers be fifty-one percent plus (+51%) locally owned.</p>	
<p><b>Forgiveness equals the total from items one (1) through four (4). The maximum loan forgiveness is capped at fifty percent (50%) of the original award amount.</b></p>		

The amount of the Term Loan that will be forgiven shall be calculated by the Lender as follows:


1. As to the criteria for Benefits Low-to-Moderate Income Persons: Calculated no later than thirty (30) Business Days after the date in which the Borrower completes the National Objective set forth in this Loan Agreement, which shall be no later than September 30, 2024.
2. As to the criteria for More than 10% Local Funding Participation: Calculated no later than thirty (30) Business Days after the execution of this Loan Agreement.
3. As to the criteria for Excess of Minimum Job Creation Benefits: Calculated no later than thirty (30) Business Days after September 30, 2024.
4. As to the criteria for Local Suppliers Benefit: Calculated no later than the Conversion Date, or as otherwise determined at the sole and absolute discretion of PRDOH, based on its assessment and requirements.

Further, the Term Loan forgiveness, if any, will be applied to the outstanding Term Loan principal balance on the Term Loan Maturity Date. Forgiveness of any amount applies strictly to principal balance of the Loan and will not apply retroactively to incurred interest.

Borrower shall document compliance with the LMI FTE jobs creation by providing the Lender the following documents and/or information:

- (a) A written commitment that at least 51 percent (51%) of the jobs created, measured on a FTE basis, will be held by LMI persons;

- (b) A listing, by job title, and total count measured on an FTE, 40 hrs/week basis, of the permanent jobs that will be created;
- (c) The annual wages or salary of each permanent job that will be created;
- (d) Identification of any jobs to be created for LMI persons that will require special skills or education beyond a high school degree.
- (1) Any such job must be accompanied by a written commitment from the employer to provide the necessary skills training in order to count as an eligible LMI job;
- (e) Evidence supporting the total number of LMI jobs actually created and filled along with the salary/wages paid (usually a Payroll Report) collected on a periodic basis (monthly or quarterly) through the established compliance period;
- (f) Demographic information for each person initially receiving a created job that includes race, ethnicity, gender, and marital status; and,
- (g) Using the information submitted with items (b) through (d) above, determination that at least 51% FTE jobs created have annual wages/salary at or below the 80% income limit for a 1-person family based on the HUD CDBG-DR Adjusted Income Limits for Puerto Rico, using the most recent data available at the time of the application eligibility determination.

A handwritten signature in black ink, consisting of a series of loops and a long vertical stroke, located in the bottom right corner of the page.

**ATTACHMENT II**

**Exhibit G**

*Royale Blue Hospitality, LLC - Project Cost Statement*

*IPG/CDBG-DR Construction Loan*

Item Description	Scheduled Value (Budget)
<b>HARD COSTS</b>	
Construction Costs	\$26,377,000.00
FF&E (Furniture, Fixtures & Equipment)	\$17,955,393.65
OS&E (Operating Supplies & Equipment)	\$3,450,906.35
Contingencies	\$500,000.00
<b>Subtotal Hard Costs:</b>	<b>\$48,283,300.00</b>
<b>SOFT COSTS</b>	
Closing Costs (Legal Services, Loan Title Insurance, Title Searches)	\$281,209.00
Design Fees	\$451,034.00
Construction Management	\$965,666.00
Contingencies	\$18,791.00
<b>Subtotal Soft Costs:</b>	<b>\$1,716,700.00</b>
<b>TOTAL IPG LOAN:</b>	<b>\$50,000,000.00</b>

The budget detail is provided as an expanded budget line-item detail but not intended as a limiting factor. Expenditures per line item may not exceed the total budget of the contract (Hard Cost, and Soft Cost), but amounts may fluctuate between specific line items based on IPG-DR program needs and subject to the discretion of the Puerto Rico Department of Housing.





**Exhibit D**  
**INSURANCE REQUIREMENTS AND BONDING SPECIFICATIONS**  
**ROYALE BLUE HOSPITALITY, LLC**  
**Investment Portfolio for Growth (IPG) Program**  
**Community Development Block Grant- Disaster Recovery**  
**Puerto Rico Department of Housing**

**A. In General**

**Royale Blue Hospitality, LLC (BORROWER)** shall obtain and maintain, at its own expense or shall cause its contractors to obtain and maintain as detailed herein, and for the duration of the Loan Agreement (**Contract**) including any warranty periods under the Contract are satisfied, the insurance coverages set forth below.

These insurance requirements are minimum requirements for the Contract and in no way limit any indemnity covenants in the Contract. Puerto Rico Department of Housing (**PRDOH**) does not warrant that these minimum limits are sufficient to protect the **BORROWER** from liabilities that might arise out of the performance of the work under the Contract by the **BORROWER**, its agents, representatives, employees, or subcontractors.

The insurance required hereunder shall not be interpreted to relieve the **BORROWER** of any obligations under the Contract. The **BORROWER** shall remain fully liable for all deductibles and amounts in excess of the coverage actually realized.

**B. Minimum scope and limit of insurance:**

Coverage should be at least as broad as to be requested in applicable acquisition processes:

1. **Surety Bonds:** The **BORROWER** must provide or cause those conducting the work to provide and maintain bonds covering the faithful performance of the contract and payment of all obligations in the following amounts:
  - a) **Bid Bond:** 5% of the contract value.
  - b) **Performance Bond:** 100% of the contract value, including change orders.
  - c) **Payment Bond:** 100% of the contract value, including change orders.

**2. Commercial General Liability Insurance**

The **BORROWER** must provide or cause those conducting the work to provide and maintain Commercial General Liability Insurance (broad form coverage) insuring against claims for bodily injury, property damage, personal injury and advertising injury that shall be no less comprehensive and no more restrictive than the coverage provided by Insurance Services Office (**ISO**) form for Commercial General (**CG 00-01**). By its terms or appropriate endorsements such insurance shall include the following coverage, to wit: Bodily Injury, Property Damage, Fire Legal Liability, Personal Injury, Blanket Contractual, Independent Contractors, Premises Operations, Products and Completed Operations. The policy cannot be



endorsed to exclude the perils of explosion (x), collapse (c) and underground (u) exposures without the specific written approval of the Owner.

If Commercial General Liability Insurance or other form with a general aggregate limit and products and completed operations aggregate limit is used, then the aggregate limits shall apply separately to the Project, or the **BORROWER** may obtain separate insurance to provide the required limit which shall not be subject to depletion because of claims arising out of any other project or activity of the **BORROWER**

**Type of Coverage:**

Occurrence Basis

**Amount of Coverage**

• General Aggregate	\$2,000,000
• Each Occurrence	\$1,000,000
• Products – Completed Operations Aggregate	\$1,000,000
• Personal and Advertising Injury	\$1,000,000
• Contractual Liability	\$1,000,000
• Fire Legal Liability	\$ 50,000
• Medical Expense	\$ 5,000

- a) Policy will include the following additional insured language: Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, and employees, will be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the **BORROWER**.
- b) Policy will contain a waiver of subrogation against Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, and employees, for losses arising from work performed by or on behalf of the **BORROWER**".
- c) Duration of Coverage: liability policies shall continue coverage for a minimum of five (5) years for Completed Operations liability coverage. Such Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

**3. Automobile Liability Insurance**

The **BORROWER** must provide or cause those conducting the work to provide and maintain Comprehensive Automobile Liability Insurance insuring against claims for bodily injury and property damage and covering the ownership, maintenance or use of any auto or all owned/leased and non-owned and hired vehicles (Symbols 2, 8 and 9) used in the performance of the Work, both on and off the Project Site, including loading and unloading. The coverage be provided by Insurance Services Office form for Commercial Auto Coverage (**CA-00-01**) or equivalent.



**Type of Coverage:** Occurrence Basis  
**Amount of Coverage:** \$1,000,000 combined single limit

- a) Policy will include the following additional insured language: Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, and employees, will be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the **BORROWER**.
- b) Policy will contain a waiver of subrogation against: Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, and employees, for losses arising from work performed by or on behalf of the **BORROWER**.

**4. Workers' Compensation and Employer's Liability Insurance**

The **BORROWER** must provide or cause those conducting the work to provide Worker's Compensation Insurance with "Statutory Limits" as required by Act 45 of April 18, 1935, as amended, known as "The Workmen's Accident Compensation Act" (*Ley del Sistema de Compensaciones por Accidentes del Trabajo*).

The **BORROWER** must provide or cause those conducting the work to provide Employer Liability Insurance covering its legal obligation to pay damages because of bodily injury or occupational disease (including resulting death) sustained by an employee.

**Amount of Coverage:** \$1,000,000 bodily injury by accident  
\$1,000,000 bodily injury by disease  
\$1,000,000 policy limit

- a) Coverage will be extended, if needed, to cover any claims under the United States Longshore and Harbor Workers' Compensation Act and the Jones Act.

**5. Umbrella/Excess Liability**

The **BORROWER** must provide or cause those conducting the work to provide Umbrella/Excess Liability insurance limits as follows:

**Coverage:** Written on a following form basis over the primary policies: Commercial General Liability, Employers' Liability and Automobile Liability Insurance.

<b>Limits</b>	Each occurrence	\$25,000,000
	General Aggregate	\$25,000,000
	SIR	\$10,000



- a) Any such excess insurance shall be at least as broad as the **BORROWER's** primary insurance.
  - b) Policy will include the following additional insured language: Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, and employees, will be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the **BORROWER**.
  - c) Duration of Coverage: umbrella/excess liability policies shall continue coverage for a minimum of five (5) years for Completed Operations liability coverage. Such Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
6. **Contractors Pollution Liability** to indemnify for bodily injury, property damage, or amounts which the **BORROWER**, its employees, its agents, or its Contractors are legally obligated to pay for cleanup/remediation work arising out of or related to the services to be provided under this "Agreement". Pollution Liability policy must include contractual liability coverage.

<b>Amount of Coverage:</b>	Per Loss	\$3,000,000
	Aggregate	\$3,000,000

- a) Coverage shall apply to sudden and gradual pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, natural gas, waste materials, or other irritants, contaminants, or pollutants (including asbestos). Policy shall cover the **BORROWER** completed operations.
- b) If the coverage is written on a **claims-made basis**, the **BORROWER** warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Contract; and that continuous coverage will be maintained, or an extended discovery period will be exercised for a period of five (5) years beginning from the time that work under this contract is completed.
- c) The policy shall be endorsed to include the following as Additional Insureds: Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, agents, and employees named as an additional insured with respect to liability and defense of suits arising out of the activities performed by, or on behalf of the **BORROWER**, including completed operations.



- d) Endorsements CA9948 and MCS-90 are required on the Automobile Liability Coverage if the **BORROWER** or its Contractors transports any type of hazardous materials.

**7. Professional Liability Insurance**

The **BORROWER** must provide or cause those conducting the work to provide Professional Liability insurance with respect to negligent or wrongful acts, errors or omissions, or failure to render services in connection with the professional services to be provided under this "Agreement". This insurance shall protect against claims arising from professional services of the insured, or by its employees, agents, or contractors, and includes coverage (or no exclusion) for contractual liability.

<b>Amount of Coverage:</b>	Per Claim	\$3,000,000
	Aggregate	\$3,000,000

- a) If the coverage is written on a **claims-made basis**, the **BORROWER** warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Contract; and that continuous coverage will be maintained, or an extended discovery period will be exercised for a period of five (5) years beginning from the time that work under this contract is completed.

**8. Builders' Risk Insurance**

Unless otherwise provided, **BORROWER** will procure, pay for, and maintain, builder's risk (and/or Installation Floater) in the amount of the initial Contract Sum, plus value of subsequent Contract modifications and cost of materials supplied or installed by others, comprising total value for the entire Project at the site on a value-at-risk-at-time-of-loss (**VARTOL**) valuation clause (as defined in the builders' risk policy).

- a) Such builders risk insurance shall end when the first of the following occurs:
- The **PRDOH** interest in the Work ceases;
  - the policy expires or is cancelled; or
  - the Work is accepted by **PRDOH**.
- b) **BORROWER** is responsible for the deductible for any claim made against the policy. A separate certificate of insurance evidencing the coverage required herein shall be provided to **PRDOH**.
- c) The **PRDOH** shall be added as Additional Named Insured and Loss Payee.
- d) Policy must provide coverage from the time any covered property becomes the responsibility of the **BORROWER**, and continue without interruption during construction, renovation, or installation, including





any time during which the covered property is being transported to the construction installation site, or awaiting installation, whether on or off site.

- e) Builders' Risk Coverage shall be on a Special Covered Cause of Loss Form and shall include theft, vandalism, malicious mischief, collapse, false-work, temporary buildings and debris removal including demolition, increased cost of construction, architect's fees and expenses, flood (including water damage), earthquake, and if applicable, all below and above ground structures, piping, foundations including underground water and sewer mains, piling including the ground on which the structure rests and excavation, backfilling, filling, and grading. Equipment Breakdown Coverage (a.k.a. Boiler & Machinery) shall be included as required by the Contract Documents or by law, which shall specifically cover insured equipment during installation and testing (including hot testing, where applicable).
- f) The Builders' Risk shall be written for 100% of the completed value (replacement cost basis) of the work being performed. The Builders' Risk shall include the following provisions:
  - i. Replacement Cost Basis - including modification of the valuation clause to cover all costs needed to repair the structure or work (including overhead and profits) and will pay based on the values figured at the time of rebuilding or repairing, not at the time of loss.
- g) If the project does not involve new or major reconstruction, at the option of Puerto Rico Department of Housing (**PRDOH**), the **BORROWER** may provide an Installation Floater Policy in lieu of a Builders Risk policy, with the similar coverage as the Builder's Risk policy. For such projects, an Installation Floater shall be obtained that provides for the improvement, remodel, modification, alteration, conversion or adjustment to existing buildings, structures, processes, machinery and equipment. The Property Installation Floater shall provide property damage coverage for any building, structure, machinery or equipment damaged, impaired, broken, or destroyed during the performance of the Work, including during transit, installation, and testing at the **SUBRECIPIENT's** site.

#### 9. Marine Protection and Indemnity Insurance

If any of the Construction Work requires marine operations, the **BORROWER** must provide or cause those conducting the work to provide protection and indemnity coverage with respect to bodily injury or property damage arising from marine



operations including damage to piers, wharves, other fixed or movable structures, and loss or damage to any other vessel, craft, or property on such other vessel or craft. Such insurance will have minimum limits of **\$5,000,000 Occurrence and Aggregate**.

Coverage shall contain a defense of suits provision and a severability of interest clause. Policy shall also contain an additional insured endorsement (CG 2010 or equivalent) naming Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), Puerto Rico Ports Authority, its officers, agents, and employees as additional insureds on a primary, noncontributory basis.

- a) Duration of Coverage: policies shall continue coverage for a minimum of five (5) years for Completed Operations liability coverage. Such Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

#### 10. Other Coverages:

The **PRDOH** reserves the right to require **BORROWER** to obtain and maintain additional insurance coverages, provided that such requests are reasonable and consistent with industry standards. The **BORROWER** shall secure these additional coverages within a reasonable time frame following the Department's request, ensuring continuous compliance with contractual obligations.

#### C. Other Provisions

##### 1. Acceptability of Insurers

The insurance company providing any of the insurance coverage required herein shall be an Insurance Company duly authorized to do business in Puerto Rico and approved by the Office of the Commissioner Insurance of Puerto Rico and classified by A.M. Best Co. with a rating of no less than financial strength of A or have a financial size of IV or better.

If at any time an insurer issuing any such policy does not meet the minimum A. M. Best rating, the **BORROWER** shall obtain a policy with an insurer that meets the A. M. Best rating and shall submit another certificate of insurance as required in the contract.

##### 2. Premiums, Deductibles and Self-Insured Retentions

The **BORROWER** shall be responsible for payment of premiums for all of the insurance coverages required under this Section. The **BORROWER** further agrees that for each claim, suit or action made against insurance provided hereunder, with respect to all matters for which the **BORROWER** is responsible hereunder, the **BORROWER** shall be solely responsible for all deductibles and self-insured retentions. Any deductible or self-insured retentions over **\$50,000.00** in the **BORROWER** insurance must be declared and approved in writing by **PRDOH**.



### 3. Claims Made Policies

If any coverage required is written on a claims-made coverage form:

- a) The retroactive date must be shown, and this date must be before the execution date of the contract or the beginning of contract work.
- b) Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of contract work.
- c) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective, or start of work date, the **BORROWER** must purchase extended reporting period coverage for a minimum of five (5) years after completion of contract work.
- d) A copy of the claims reporting requirements must be submitted to the Entity for review.

### 4. Proof of Insurance

The **BORROWER** shall submit proof of the Comprehensive General Liability (CGL) insurance and Workers' Compensation insurance policies to the **PRDOH** before the execution of the Loan Agreement. The **BORROWER** shall also ensure that all other insurance policies and bonds required under this Agreement are secured by its subcontractors. The **BORROWER** is responsible for providing to the **PRDOH** evidence of these additional insurance policies and bonds within five (5) days after the execution of each individual subcontract agreement.

### 5. Verification of Coverage

The **BORROWER** shall provide a Certificate or Certificates of Insurance, in a form satisfactory to Puerto Rico Department of Housing (**PRDOH**) (i.e., an ACORD Certificate), before commencing any work under the contract or agreement.

Certificates of Insurance shall:

- a) Be in the form acceptable to **PRDOH** (i.e.: an ACORD Certificate);
- b) Disclose any Deductible, Self-Insured Retention, Aggregate Limit or any exclusion to the policy that materially changes the coverage required by the contract.;
- c) Project/contract number and project description shall be noted on the certificate of insurance.;
- d) Be signed by an authorized representative of the Insurance carriers; and
- e) Contain the following language in the Description of Operations/Locations/Vehicles section:

"Additional Insured protection afforded is on a primary and non-contributory basis. A waiver of subrogation is granted in favor of the Additional Insureds."

Only original documents (Certificate(s) and any Endorsements or other attachments) or electronic versions of the same that can be directly traced back



to the Insurer, Agent or Broker via e-mail distribution or similar means will be accepted.

The **PRDOH** reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

All certificates required by this Agreement shall be sent directly to:

**Sonia Damaris Rodríguez**  
Especialista en Seguros | CDBG-DR/MIT  
Oficina de Recuperación de Desastres  
Tel. (787)274-2527 ext. 4081  
[srodriguez@vivienda.pr.gov](mailto:srodriguez@vivienda.pr.gov)

**6. Renewal Policies**

The **BORROWER** shall promptly deliver **PRDOH** a certificate of insurance with respect to each renewal policy, as necessary to demonstrate the maintenance of the required insurance coverage for the terms specified herein. Such certificate shall be delivered to **PRDOH** not less than 30 days prior to the expiration date of any policy and bear a notation evidencing payment of the premium thereof.

**7. Cancellation and Modification of Insurance Coverages**

The **BORROWER** shall be responsible for immediately notifying the **PRDOH** in writing of any changes or cancelations of its insurance or may be found in breach of the contract and the contract could be terminated. This notice requirement does not waive the insurance requirements contained herein.

**8. Policies Primary and Non-Contributory**

All policies required above are to be primary and noncontributory with any insurance programs carried by the **PRDOH**.

**9. Waiver of Subrogation**

**BORROWER** hereby grants to **PRDOH** a waiver of any right to subrogation which any insurer of said **BORROWER** may acquire against **PRDOH** by virtue of the payment of any loss under such insurance. **BORROWER** agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not **PRDOH** has received a waiver of subrogation endorsement from the insurer.

**10. Special Risks or Circumstances**

The **PRDOH** reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other circumstances.



#### 11. Subcontractors

The **BORROWER** and its Contractors shall include all subcontractors as insureds under its policies or shall be responsible for verifying and maintaining the certificates provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. The agency reserves the right to request copies of subcontractor's certificates at any time.

#### 12. No Recourse

There shall be no recourse against **PRDOH** for the payment of premiums or other amounts with respect to the insurance required from the **BORROWER** under this Section.

#### 13. Limits of Coverage

If the **BORROWER** maintains higher limits than the minimums shown below, **PRDOH** requires and shall be entitled to coverage for the higher limits maintained by the **BORROWER**. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to **PRDOH**.

#### 14. Indemnification/Hold Harmless Agreement

**BORROWER** agrees to protect, defend, indemnify, save, and hold harmless, Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, employees, and volunteers, from and against any and all claims, damages, expenses, and liability arising out of injury or death to any person or the damage, loss, or destruction of any property which may occur, or in any way grow out of, any act or omission of **BORROWER**, its contractors, agents, servants, and employees, or any and all costs, expenses and/or attorney fees incurred by **BORROWER** as a result of any claims, demands, suits or causes of action, except those claims, demands, suits, or causes of action arising out of the negligence of, Puerto Rico Department of Housing (**PRDOH**), Puerto Rico Government, US Department of Housing and Urban Development (**HUD**), its officers, officials, agents, employees, and volunteers. **BORROWER** agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, suits, or causes of action at its sole expense and agrees to bear all other costs and expenses related thereto, even if the claims, demands, suits, or causes of action are groundless, false or fraudulent.

#### 15. Conflict or Difference between the Specifications of the Tendering, Procedure and Special Insurance Conditions and Bonds

In the event of any conflict or difference in the description of coverage or in amounts or limits, etc., with respect to insurance requirements, the conditions of insurance and bonds established in these Insurance Requirements and Bonding Specifications shall prevail over any other insurance specifications.





**EXHIBIT O**

**NON-CONFLICT OF INTEREST CERTIFICATION**

**ROYALE BLUE HOSPITALITY LLC**

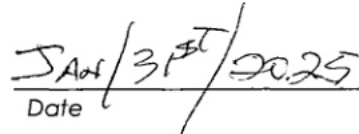
The Borrower certifies that:

1. No public servant of this executive agency has a pecuniary interest in this contract, subrecipient agreement, purchase, or commercial transaction.
2. No public servant of this executive agency has requested me or accepted from me, directly or indirectly, for him (her), for any member of his family unit or for any person, gifts, bonuses, favors, services, donations, loans or anything else of monetary value.
3. No public servant (s) requested or accepted any good of economic value, linked to this transaction, from any person of my entity as payment for performing the duties and responsibilities of their employment.
4. No public servant has requested from me, directly or indirectly, for him (her), for any member of his or her family unit, or for any other person, business, or entity, something of economic value, including gifts, loans, promises, favors or services in exchange for the performance of said public servant is influenced in my favor or of my entity.
5. I have no kinship relationship, within the fourth degree of consanguinity and second by affinity, with any public servant who has the power to influence and participate in the institutional decisions of this executive agency.

"I hereby certify under penalty of perjury that the foregoing is complete, true, and correct."

  
\_\_\_\_\_  
Signature

Nestor A. Amador Chacón  
Printed Name

  
\_\_\_\_\_  
Date

Executive Vice President  
Position