



**COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR)
AND MITIGATION (CDBG-MIT)**

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN THE

AFFORDABLE HOUSING FUND FOR PUERTO RICO, INC.

AND THE

PUERTO RICO DEPARTMENT OF HOUSING



THIS MEMORANDUM OF UNDERSTANDING (MOU) is entered into in San Juan, Puerto Rico, this 20 of February 2024, by and between **AFFORDABLE HOUSING FUND FOR PUERTO RICO, INC. (AHFPR)**, a corporation with principal offices at 1607 Ponce De León Ave. Suite UM-04 Cobian's Plaza Bldg. San Juan, Puerto Rico 00909, Puerto Rico, represented herein by its Executive Director, Annette M. Montoto-Terrassa, of legal age, single, and resident of San Juan Puerto Rico; and the **PUERTO RICO DEPARTMENT OF HOUSING (PRDOH)**, a public agency created under Act No. 97 of June 10, 1972, as amended, 3 LPR § 441 *et seq.*, known as the Department of Housing Governing Act with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, represented herein by its Secretary, William O. Rodríguez Rodríguez, attorney, of legal age, single and resident of Guaynabo Puerto Rico; collectively the "**Parties**".

WHEREAS, Puerto Rico is frequently impacted by disasters and extreme weather events, including hurricanes, earthquakes, landslides, and flooding, resulting in severe impacts to the residents of Puerto Rico and the loss of life and property.

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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, and damaging homes, businesses, and government facilities, thereby triggering the displacement of thousands of residents of the Island from their homes and jobs.

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WHEREAS, under various public laws, the United States Congress allocated to Puerto Rico both Community Development Block Grant - Disaster Recovery (**CDBG-DR**) and Mitigation (**CDBG-MIT**) funds and subsequently designated the PRDOH as the grantee and administering entity for these funds.

WHEREAS, AHFPR was established on March 26, 2019, as an affiliate of the Puerto Rico Housing and Human Development Trust (**FIDEVI**, for its Spanish acronym) to assist in the achievement of its charitable goals and purposes, which include granting loans as an incidental activity.

WHEREAS, AHFPR desires to enter into an MOU with PRDOH to collaborate in the exchange of specific program information related to organizations that participate in both the bridge financing loan program by AHFPR and are also awardees of the CDBG-DR Social Interest Housing (**SIH**) Program.

NOW THEREFORE, in consideration of the mutual promises and the terms and conditions set forth herein, the AHFPR and PRDOH agree as follows:

SECTION 1: INTRODUCTION

CDBG-DR is a Federal Program that provides grants to help cities, counties, and States recover from Presidentially declared disasters, especially in low-income areas, subject to the availability of supplemental appropriations. The purpose of the PRDOH CDBG-DR Program is to address the unmet recovery needs of the Government of Puerto Rico after the effects of Hurricanes Irma and María. The CDBG-DR funds are available for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the "most impacted and distressed" areas resulting from the major disaster declarations.

According to the Action Plan of the CDBG-DR Program, the SIH Program aims to create housing for highly vulnerable populations to ensure accessibility to individuals having wide-ranging socioeconomic, physical, emotional, and other impairments. The SIH Program is overseen by PRDOH and implemented by eligible NGOs, as Subrecipients.

AHFPR has identified the opportunity to serve these awarded organizations of the SIH Program with a bridge financing loan product program that can address the financial needs they may encounter. The loan fund will provide early-stage funding critical to getting low-income housing projects off the ground and moving forward.

This collaboration will focus on developing this bridge financing loan program for SIH Program awardees. AHFPR's objective is to help close the housing need gap by facilitating the development and rehabilitation of affordable housing units. It achieves this mission and fills the gap by being a vehicle that supports not for not-for-profit organizations that develop, rehabilitate, and reconstruct housing and human development projects and units for the target end users. In this way, it contributes to and complements various government incentives and other programs to achieve the realization of projects that serve the homeless and in at risk of becoming homeless population.

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SECTION 2: ROLES

The following parties shall adhere to the agreed-upon and described below activities:

A. The Parties shall:

1. **Eligibility and Completeness.** Awarded organization's good standing and checklist as a requirement for loan approval and closing. As AHFPR evaluates the project and the organization objectively and determines its viability for a credit facility, AHFPR will verify that the applicant is an eligible organization (SIH Program Subrecipient) and that the application is complete in accordance with the Application Checklist. As part of this process, AHFPR will validate the required documentation with PRDOH and will verify references and information submitted by the organization. Part of these references include the status of the project and good standing evaluation, including deliverables and compliance, from PRDOH.

For each of the organizations that apply for the loan program, AHFPR will request PRDOH a certification, and a good standing report that certifies the organization has been complying with SIH

Program requirements. This certification will be requested by AHFPR, and be completed by PRDOH, for each of the projects to be developed and financed under this program.

2. **Risk Assessment and Mitigation.** The risk assessment will be part of the loan evaluation and the project feasibility will be assessed before and during the loan process.

AHFPR may, but shall not be obligated to, as part of its credit process, perform visits to the financed project and communicate with PRDOH in relation to the development and feasibility of the project. These factors may include:

- Plan completeness and viability.
- Qualitative factors, such as project complexity, duration, and organization's responsiveness to the required operational process.
- Project accuracy.
- Any other matter that could be identified as a potential risk of the project's completion and consequential loan default.

PRDOH will notify AHFPR of any significant information regarding the aforementioned factors.

3. PRDOH will notify AHFPR of any significant compliance issue that may come to their attention in relation to their agreement with the organization and their responsibilities within this agreement.
4. Subrecipients of the CDBG-DR Program must follow the *Request for Reimbursement and Payment Instructions* when submitting reimbursement requests for payment. The reimbursement request process starts with the subrecipient's submission of the request for reimbursement form (**RFR**) through the Vendor Café portal and ends with PRDOH's recommendation to fully or partially pay the RFR. PRDOH's final decision is used to assess the eligibility for project costs and to determine the amount of federal funds disbursed for a PRDOH-approved project worksheet. The subrecipient will submit to AHFPR the same documentation submitted to PRDOH. With these documents, AHFPR will be able to disburse an agreed percentage of this request with a corresponding promissory note signed by the subrecipient.

AHFPR, with the assistance of PRDOH, will monitor validated loan advance requests which will serve as supporting documentation for loan disbursements. In the event that no payment is received, these disbursements will be assigned as repayments from the subrecipient.

5. The subrecipient's credit facility (or revolving loan) will require the assignment of the awarded contract. For this purpose, the organization will have a specific bank account where the reimbursements of these RFRs are deposited by PRDOH. The applicant may repay the loan advances anytime by a direct electronic transfer from this account to the bank account determined by AHFPR.

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Once PRDOH is notified of this legal assignment, all reimbursements of these RFRs will be deposited in the corresponding account notified in such Assignment of Government Contract Document. In case of a significant delay in a particular RFR, PRDOH will make AHFPR aware of this matter as soon as noticed.

In the event of the subrecipient failing to meet project requirements, non-compliance with obligations, questionable costs, or for any other reason, PRDOH will notify AHFPR regarding the potential reimbursement of outstanding recovery advances initiated by PRDOH.

6. Ensure compliance with all terms of this agreement and all local, state, or federal laws, rules, regulations, or guidelines.
7. Ensure that the information, records, and data are shared according to the written direction of the Nominating Authority as identified in this Agreement.
8. Provide a Point of Contact (**POC**) person to facilitate communication and data transfer.

SECTION 3: NOMINATING AUTHORITY

Each party has designated the following officials as their authorized representatives and, as such, they have the authority to make final decisions related to the use, sharing, or distribution of data to the opposite party, as well as to ensure compliance with the responsibilities of each party under this agreement.

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AHFPR	PRDOH
Annette M. Montoto-Terrassa Executive Director AHFPR	William O. Rodriguez Rodríguez, Esq. Secretary of PRDOH PRDOH
Headquarters: 1607 Ponce de León Ave. Cobián Plaza Bldg. Suite UM-04 San Juan, Puerto Rico 00909	Headquarters: 606 Barbosa Ave. Juan C. Cordero Dávila Building San Juan, PR 00918
Phone: 787-294-1288 amontoto@fidevi-ahfpr.org	787-274-2527 Ext. 6403 wrodriguez@vivienda.pr.gov
Postal address: 1607 Ponce de León Ave. Cobián Plaza Bldg. Suite UM-04 San Juan, Puerto Rico 00909	Postal address: P.O. Box 21365 San Juan, PR 00928-1365

SECTION 4: POC for DATA TRANSFER PROCESS

The following parties shall be designated as the POCs responsible for the communication and facilitation of data transfer. The POC is not responsible for the interpretation of local, state, or federal rules, regulations, or guidelines, nor is

the POC authorized to make decisions related to the use, sharing, or distribution of data to the opposite party.

The parties named below are considered POCs until those parties are no longer employed by their respective agencies. Upon termination of an employment contract by any party, the POC for this MOU reverts to the POC's superior until a new Point of Contact is determined by the Secretary or Director of the relevant Agency.

AHFPR	PRDOH
Annette M. Montoto-Terrassa Executive Director AHFPR	Aldo A. Rivera Vázquez, PE Deputy Director Housing Division CDBG-DR Program - PRDOH
Headquarters: 1607 Ponce de León Ave. Cobián Plaza Bldg. Suite UM-04 San Juan, Puerto Rico 00909	Headquarters: 606 Barbosa Ave. Juan C. Cordero Dávila Building San Juan, PR 00918
Phone: 787-294-1288 amontoto@fidevi-ahfpr.org	787.274.2527 aarivera@vivienda.pr.gov
Postal address: 1607 Ponce de León Ave. Cobián Plaza Bldg. Suite UM-04 San Juan, Puerto Rico 00909	Postal address: P.O. Box 21365 San Juan, PR 00928-1365

SECTION 5: TERM, TERMINATION, AND AMENDMENT

- A. This Agreement will take effect when signed by both parties and will end on February 8, 2026.
- B. This Agreement may only be amended upon written mutual consent of both parties.

SECTION 6: GENERAL TERMS

- A. AHFPR shall and hereby agrees to hold harmless, defend (with counsel acceptable to PRDOH) and indemnify the PRDOH 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 AHFPR 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 AHFPR 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.
- B. This Agreement may be terminated in whole or in part through mutual written consent of the parties. The party interested in terminating the Agreement shall provide a thirty (30) calendar day notice specifying the

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grounds for termination. Termination will not affect the assignments validly constituted at the date of termination.

- C. The parties hereby certify that, to the best of their knowledge, in signing this MOU they are in compliance with Act No. 1-2012, as amended, known as the "Puerto Rico Government Ethics Act of 2011", in connection with the possibility of a conflict of interest.
- D. This agreement will not lead to any fiscal impact on the parties. In addition, both parties recognize that this agreement does not impose any responsibility to financially compensate the other party under any circumstances. Any disbursement of funds that are deemed necessary to implement the objectives of this Agreement, will be individually incurred by each one of the parties and will be their own responsibility to bear.
- E. No waiver by any party of any of the provisions of this MOU shall be effective unless in writing and signed by an authorized representative, and only to the extent expressly provided in such written waiver.
- F. This MOU may not be assigned by any party without the prior written approval of the other parties.
- G. This MOU may be executed in two or more counterparts, each of which shall be deemed to be an original of this MOU, and all of which taken together shall constitute one and the same agreement.
- H. This MOU, including any attachments, represents the entire memorandum of understanding of the parties hereto, and all previous memorandums of understanding, whether oral or written, are expressly superseded hereby and merged herein.

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SECTION 7: SIGNATURE

The signatories below represent that they have the authority to make such commitments on behalf of their respective organizations.

AHFPR

Annette M. Montoto-Terrassa

Annette Montoto (Feb 16, 2024 14:43 AST)

Annette M. Montoto-Terrassa
Executive Director
1607 Ponce De León Ave. Suite UM-04
Cobian's Plaza Bldg.
San Juan, Puerto Rico 00909

PRDOH

William O. Rodríguez Rodríguez

William O. Rodríguez Rodríguez (Feb 20, 2024 09:31 AST)

William O. Rodríguez Rodríguez, Esq.
Secretary
606 Barbosa Ave.
San Juan, PR 00918












MOU AHFPR - PRDOH


Final Audit Report


2024-02-20


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-  Signer amontoto@fidevi-ahfpr.org entered name at signing as Annette Montoto
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-  Mariana Feliciano (mfeliciano@vivienda.pr.gov) added alternate signer w.rodriquez@vivienda.pr.gov. The original signer wrodriguez@vivienda.pr.gov can still sign.
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 Signer w.rodriquez@vivienda.pr.gov entered name at signing as William O. Rodríguez Rodríguez
2024-02-20 - 1:31:12 PM GMT

 Document e-signed by William O. Rodríguez Rodríguez (w.rodriquez@vivienda.pr.gov)
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