



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

**COMMUNITY DEVELOPMENT BLOCK GRANT - MITIGATION (CDBG-MIT)**

**AGREEMENT FOR  
SINGLE-FAMILY HOUSING DEVELOPMENT INITIATIVE  
BETWEEN THE  
PUERTO RICO DEPARTMENT OF HOUSING  
AND  
PALMERAS CDBG-MIT LLC**



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This **AGREEMENT FOR SINGLE-FAMILY HOUSING DEVELOPMENT INITIATIVE** (**Agreement** or **Contract**) is entered into in San Juan, Puerto Rico, this 23 of January, 2024, by and between the **PUERTO RICO DEPARTMENT OF HOUSING (PRDOH)**, a public agency created under Act No. 97 of June 10, 1972, as amended, 3 LPRA § 441, et seq., known as the "Organic Act of Department of Housing" with principal offices at 606 Barbosa Avenue, San Juan, Puerto Rico, herein represented by William O. Rodríguez Rodríguez, attorney, of legal age, single, and resident of Guaynabo, Puerto Rico, in his capacity as Secretary, and **PALMERAS CDBG-MIT LLC (CONTRACTOR)**, with principal offices in Camino Alejandrino, Melia Leon Sector, Guaynabo, Puerto Rico, herein represented by Manuel Batlle Hernaiz, in his capacity as President, of legal age, married, and resident of Guaynabo, Puerto Rico, duly authorized to sign this Agreement, collectively referred to herein as the "Parties".

**WHEREAS**, in 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 on 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 Community Development Block Grant – Disaster Recovery (**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), an additional \$8.22 billion were allocated by HUD 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 Secretary of HUD, the PRDOH is the governmental agency designated as the grantee of the CDBG-DR funds allocated to the Government of Puerto Rico.

**WHEREAS**, on August 14, 2018, a Notice was published in the Federal Register Vol. 83, No. 157, (83 FR 40314) that made an additional allocation to Puerto Rico of \$8.22 billion for recovery. 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 September 20, 2018, the Governor of Puerto Rico and the Secretary of HUD signed the Grant Agreement.

**WHEREAS**, under the Further Additional Supplemental Appropriations Act for Disaster Relief Requirements Act, 2018, (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018, Pub. L. 115-123, approved February 9, 2018), \$8.285 billion were allocated by HUD for mitigation activities and assistance to the Government of Puerto Rico under the Community Development Block Grant – Mitigation (**CDBG-MIT**) Program. These funds are intended to provide financial assistance in areas impacted by recent disasters. Moreover, CDBG-MIT funds represent a unique and significant opportunity for Puerto Rico to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses.

**WHEREAS**, on August 30, 2019, a Notice was published in the Federal Register, Vol. 84, No. 169, (84 FR 45838), which described the grant requirements and procedures applicable to future allocations of CDBG-MIT funds to the Government of Puerto Rico.

**WHEREAS**, on May 12, 2021, the PRDOH Secretary and the Secretary of HUD signed Grant Agreement Number B-18-DP-72-0002; allowing PRDOH access to \$8,285,284,000 in CDBG- MIT funding, obligated under Pub. L. 115-123, as amended.

**WHEREAS**, the PRDOH is the government agency designated as the grantee of the CDBG- MIT funds allocated to the Government of Puerto Rico.

**WHEREAS**, the PRDOH is interested in contracting with developers to purchase new completed and compliant detached single-family housing developments (**units**) in the contracted Period of Performance (**POP**). The developer will support PRDOH's objectives of ensuring compliance with all CDBG-MIT HUD and applicable federal and local requirements, rules and regulations, as well as in PRDOH's objectives of the Action Plan, as amended, and adequately coordinating and monitoring all CDBG-MIT related activities.

**WHEREAS**, on December 21, 2022, the PRDOH issued the Request for Proposal "CDBG-MIT- RFP-2022-04" (**RFP**) with CDBG-MIT funds. This request was placed through CDBG-DR/CDBG-MIT website and the Registro Único de Subastas (**RUS**). Through this procurement process, the PRDOH received **twenty-seven (27) proposals**. The proposals were evaluated by an Evaluation Committee appointed pursuant to Administrative Order No. 23-20 dated April 17, 2023. The Evaluation Committee performed an evaluation of the proposals based on the criteria stated in the RFP.

**WHEREAS**, on March 31, 2023, the CONTRACTOR submitted a proposal, which fully complied with the requirements set forth by the PRDOH.

**WHEREAS**, the PRDOH desires to enter into an agreement with **PALMERAS CDBG-MIT, LLC.**, to purchase new completed detached single-family housing (**units**) developments and accepts the CONTRACTOR's Proposal and reasonable costs, and the CONTRACTOR by its acceptance of the terms and conditions of this Agreement is ready, willing and able to provide the requested deliverables contemplated under this Agreement.

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**WHEREAS**, the completed single-family units object of this contract was acquired by PRDOH with the use of CDBG-DR and CDBG-MIT funds for the purpose of offering it to eligible participants of its programs. That is, the funds are intended for an activity that meets a national objective, as required by 24 C.F.R. §570.208. This decision was made due to the shortage of properties in Puerto Rico and the rigorous requirements established by federal provisions governing CDBG-DR and CDBG-MIT funds. Therefore, it is clarified that the value stipulated in this contract does not reflect the fair market value of the real property, but rather the cost that PRDOH paid for these properties to be built in accordance with the federal provisions.

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

## I. TYPE OF CONTRACT

**Contract Type:** This is a fixed unit price contract. Under this Agreement, PRDOH will purchase completed single-family units (**Completed Units**) at the contracted price established in the **Attachment C** (Compensation Schedule). Completed Units are defined as those units that comply with all requirements established in this Agreement, particularly: conditions established in Section 17 of **Attachment B** (Scope of Work); have been assessed and accepted by PRDOH pursuant to Section 18 of **Attachment B** and its subsections; were designed and constructed following Section 7.1, Section 8.2, Section 8.4 through Section 13, Section 15, and Section 19 of **Attachment B** and comply with the design standards and requirements of **Attachment H** (Minimum Architectural and Design Standards) of this Agreement and as published for the RFP; and must be ready for purchase pursuant to Section 21 and 21.1 of **Attachment B**. All changes and/or modifications to this Agreement shall be in writing and must be signed by both Parties.

**Attachments Incorporated:** The following attachments are incorporated into this Agreement by reference and are hereby made part of this Agreement:

<b>Attachment A</b>	Proposal
<b>Attachment B</b>	Scope of Work
<b>Attachment C</b>	Compensation Schedule
<b>Attachment D</b>	Performance Requirements
<b>Attachment E</b>	HUD General Provisions
<b>Attachment F</b>	Contractor Certification Requirement
<b>Attachment G</b>	Non-Conflict of Interest Certification
<b>Attachment H</b>	Minimum Architectural and Design Standards

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 Agreement. The Agreement shall prevail if any inconsistency appears between the Attachments and this Agreement.

## II. TERM OF AGREEMENT

**A.** This Agreement shall be in effect and enforceable between the parties from the date of its execution. The Term of this Agreement will be for a period of **nine hundred thirteen (913) days**. CONTRACTOR must comply with applicable Environmental Review Process regulations pursuant to 2 C.F.R. part 58 (including requirements established in Sections 3, 7.1, 8.3, 12, 13, and 16 of **Attachment B**).

The Term of the Agreement will be concurrent with the Period of Performance (**POP**) of **seven hundred thirty (730) days** that will automatically commence once PRDOH

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receives the Authorization to Use Grant Funds (**AUGF**) from HUD and PRDOH notifies CONTRACTOR of said approval.

CONTRACTOR must attain Completed Units as defined in Section I of this Agreement within the POP. Likewise, PRDOH will purchase Completed Units, during or within the established POP at the contracted unit sales price established in this Agreement. CONTRACTOR acknowledges and accepts that PRDOH is not obligated to purchase a unit for which a determination of Completed Unit, as defined in Section I of this Agreement was not established within the POP.

**B. Contract Extensions:** PRDOH may, at its sole and total discretion, extend the POP, and therefore the total Term of the Agreement, for an additional term of **three hundred and sixty-five (365) days** upon mutual written agreement of the parties.

**C.** 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 Agreement shall not exceed said extended period.

### III. SCOPE OF SERVICES

The CONTRACTOR will provide the deliverables described in **Attachment B** of the Agreement. As such, PRDOH is not contracting from CONTRACTOR for engineering, architectural, consulting, or other related services. The parties agree that the CONTRACTOR shall furnish all permits, consents, licenses, equipment, software and supplies necessary to complete the deliverables, at the CONTRACTOR's sole cost. CONTRACTOR must resolve and bear the costs of any process required for the transfer and use of the property (including, but not limited to, occupancy permits, deeds, permits, liens, infrastructure, public areas, easements, segregation and registration) within the Term of the Agreement as established in Sections 7.1, 8.2, 8.4, 8.5, 16, 17, 18.2 and 21.1 of **Attachment B**.

### IV. COMPENSATION AND PAYMENT

- A.** The PRDOH agrees to pay the CONTRACTOR for Completed Units, as defined in Section I of this Agreement rendered in accordance with the rates and amounts described in **Attachment C** of this Agreement. PRDOH must assess and accept each completed single-family unit prior to purchasing to confirm compliance with all requirements and to determine if it is a Completed Unit as defined in Section I of this Agreement. PRDOH's assessment of units includes evaluation construction and design intent, minimum architectural design standards, green building standards, quality standards, occupancy permits, safety and overall compliance with regulatory agencies requirements.
- B.** The PRDOH will pay the CONTRACTOR, for Completed Units a maximum amount not to exceed **ELEVEN MILLION FIVE HUNDRED EIGHTY-SIX THOUSAND TWO HUNDRED DOLLARS (\$11,586,200.00)**; Account Number m1th07sfh-doh-lm; r02h07rrr-doh-lm/6090-01-000.
- C.** Such payment shall be compensation for all allowable Completed Units required, performed, and accepted under this Agreement included in **Attachment B**, **Attachment C** and **Attachment D** and as established in the Price Forms submitted in the Proposal.

No other costs, payments or expenses will be reimbursed by PRDOH. The CONTRACTOR must secure finance to perform the tasks under this Agreement

through completion, issue required payments and comply with fiscal responsibilities and is responsible for all tasks and activities required to complete a housing unit as established in Sections 7, 8.2, and 21 of **Attachment B**. PRDOH is not liable nor will it issue payments, reimbursements, progress payments of any kind or finance to cover CONTRACTOR's operations and compliance with this Agreement. Hence, CONTRACTOR, and not PRDOH, is responsible for the costs associated with:

1. Insurance, bonds, taxes, patents, fees and any other applicable costs referenced in Section 8.6 of **Attachment B**, and Notes 2 and 3 of Price Form H-1 submitted by CONTRACTOR in its Proposal.
2. Costs and work associated with engineering, architectural, consulting, and other related services, including compliance with applicable laws, rules and regulations referenced in Section 8.6 of **Attachment B**, and Notes 2 and 3 of Price Form H-1 submitted by CONTRACTOR in its Proposal.
3. Tasks performed to complete all pre-construction, permitting, and construction activities including, but not limited to: unforeseen circumstances or conditions; accidents; payments to suppliers, manufacturers, subcontractors, and other third parties; increase in the cost of materials and/or labor; payment/costs for patents, taxes, filing of permits, contributions to agencies (e.g., LUMA, PREPA, PRASA, JRTPR, ACT for its acronyms in Spanish) or any other project expenses.

Identification and references to costs above are not meant to be exhaustive.

**D.** Any additional funds to purchase additional Completed Units requested by the PRDOH to the CONTRACTOR will be subject to evaluation before acceptance as well as funds availability and will require an amendment to this Agreement.

**E.** The CONTRACTOR and PRDOH may proceed to coordinate acquisition of Completed Units through a real estate closing transaction. Prior or during the real estate closing transaction, CONTRACTOR must have submitted all required documentation including, but not limited, to those identified in Sections 18, 19 and 21 (including the subsection) of **Attachment B**. If PRDOH determines that the submitted deliverables and supporting documents are acceptable, then the purchase will be approved for payment.

**F.** Once the single-family unit is completed, the CONTRACTOR will submit a Completed Unit pre-assessment package to PRDOH:

PRDOH or its representative shall review the package within 3 business days and once approved, shall schedule and perform the assessment visit within 7 business days.

- If any deficiencies are identified, the CONTRACTOR shall remedy any deficiencies, provide evidence of all remedies, and certify the deficiencies have been remedied to PRDOH within 10 business days.
- Within 5 business days of receipt, PRDOH shall review the evidence and certification of remedies of deficiencies, including re-assessment, if required.
- Once the unit is determined to be completed by PRDOH, the CONTRACTOR shall submit the invoice for the completed unit(s).
- Within 45 business days of the invoice being approved by PRDOH Program POC, PRDOH will issue payment to the CONTRACTOR for each accepted unit.
- Simultaneously, within 90 calendar days of the determination of completion, PRDOH shall notify its request to schedule the real estate closing event for the respective unit(s).

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- CONTRACTOR shall complete the real estate closing process of the Completed Unit no later than the forty-five (45) calendar days from the date PRDOH issued payment to CONTRACTOR.
- PRDOH will not reimburse any payments of interest.

**G.** Payments to the CONTRACTOR for Completed Units shall be made by electronic funds transfer (**EFT**). PRDOH reserves the right to conduct any audits it deems necessary. The CONTRACTOR agrees to cooperate fully with any such audit or audits.

**H.** While performing the activities under this Agreement, the CONTRACTOR must adhere to applicable requirements of the CDBG-MIT grant. If the CONTRACTOR performs ineligible activities under the CDBG-MIT grant or program, the single-family housing units may be ineligible for purchase.

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

**J.** The CONTRACTOR acknowledges and agrees to repay any CDBG-MIT funds used for ineligible costs.

**K.** In order for the CONTRACTOR to receive payment for any work performed hereunder, the following certification must be included in each application for payment submitted to the PRDOH for payment:

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

#### **V. REIMBURSABLE EXPENSES**

The PRDOH will not reimburse any costs incurred by the CONTRACTOR not included in the approved Proposal or in an executed written amendment including, but not limited, to those excluded in **Attachment B** and **Attachment C**.

Likewise, at no point before, during or after the POP, can CONTRACTOR request from PRDOH funds or payments for operating and maintenance of access control, gates, security, tele-entry, or common areas maintenance fees or similar payments under applicable Federal Regulations as part of this Agreement. CONTRACTOR must not impose a charge on the beneficiaries of the purchased units under the concept.

#### **VI. ADDITIONAL SERVICES**



Should additional services be needed by the PRDOH, such additional services shall be agreed upon by the parties in a written document signed by both parties, prior

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to the issuance of a notice to proceed with the performance of such additional services.

## VII. OWNERSHIP AND USE OF DOCUMENTS

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- A. With the exception of the CONTRACTOR's working papers, the CONTRACTOR acknowledges the PRDOH's ownership of all information, drafts, documents, reports, papers, and other materials developed and prepared by the CONTRACTOR, its agents or representatives, for purposes of performing key obligations hereunder. In the event of any termination, the CONTRACTOR shall deliver such information, drafts, reports, papers and other materials to the PRDOH, in document form or as computer program data, and the CONTRACTOR recognizes the PRDOH's right to request such documentation or computer program data. If the CONTRACTOR fails to deliver said information, the PRDOH may seek a judicial order to enforce its rights.
- B. Proof of expenditures incurred by the CONTRACTOR on behalf of PRDOH shall be made available to PRDOH. The CONTRACTOR agrees to maintain accurate records and files of all contract documents, correspondence, book estimates, bills, and other information related to the CONTRACTOR account. These documents shall be open for the PRDOH examination at all reasonable times during the term of this Agreement, and up to **five (5) years** from the closeout of the grant to the state, or the period required by other local applicable laws and regulations.

## VIII. DOCUMENTATION AND RECORDKEEPING

- A. **Records to be Maintained:** The CONTRACTOR shall maintain records of the state and units of general local government, including supporting documentation, which shall be retained for the greater of **five (5) years** from the closeout of the grant to the state, or the period required by other local applicable laws and regulations. Such records include but are not limited to: Records providing a full description of each activity undertaken; Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-MIT program; Records required to determine the eligibility of activities; Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG- MIT assistance; Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-MIT program regulations; Financial records as required by 24 C.F.R. § 570.506, and 2 C.F.R. part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and other records necessary to document compliance with this Agreement, any other applicable Federal statutes and regulations, and the terms and conditions of PRDOH's Federal award.
- B. **Access to Records:** The CONTRACTOR shall permit the PRDOH and auditors to have access to the CONTRACTOR's records and financial statements as necessary for the PRDOH to meet its audit requirements under the Federal award.
- C. **Record Retention and Transmission of Records to the PRDOH:** Prior to close out of this Agreement, the CONTRACTOR must transmit to the PRDOH records sufficient for the PRDOH to demonstrate that all costs under this Agreement met the requirements of the Federal award.



- D. CONTRACTOR's Data and Privileged Information:** The CONTRACTOR is required to maintain confidential data demonstrating client eligibility for activities provided under this Agreement. Such data may include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of activities provided.
- E. PII Policy:** The CONTRACTOR must comply with the PRDOH CDBG-MIT Personal Identifiable Information Policy, as found in the CDBG-MIT/DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)), which is herein included and made an integral part of this Agreement, as it may be updated from time to time.

**IX. ACCESS TO RECORDS**

- A.** The CONTRACTOR agrees to provide the Government of Puerto Rico, PRDOH, HUD's Secretary, the Comptroller General of the United States, or any of their authorized representative's access to any books, documents, papers, and records of the CONTRACTOR which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions.
- B.** The CONTRACTOR agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.

**X. NON-DISCLOSURE AND CONFIDENTIALITY**

- A. Confidential Information; Definition:** The term Confidential Information as used throughout this Section, means any information concerning PRDOH operations and that of its CONTRACTOR (e.g., the projects, computer processing systems, object and source codes and other PRDOH business and financial affairs). The term Confidential Information shall also deem to include all notes, analysis, compilation, studies and interpretation or other documents prepared by CONTRACTOR, its agents or representatives, in connection with PRDOH operations.
- B. Non-Disclosure:** CONTRACTOR agrees to take all reasonable steps or measures to keep confidential all Confidential Information and will not, at any time, present or future, without PRDOH express written authorization, signed by the Secretary of the PRDOH, use or sell, market or disclose any Confidential Information to any third party, contractor, corporation, or association for any purpose whatsoever. CONTRACTOR further agrees that, except as they relate to the normal course of the service, the CONTRACTOR will not make copies of the Confidential Information except upon PRDOH express written authorization, signed by an authorized representative of PRDOH, and will not remove any copy or sample of Confidential Information without prior written authorization from PRDOH. CONTRACTOR retains the right to control its work papers subject to these confidentiality provisions.
- C. Return Documents:** Upon receipt of written request from the PRDOH, CONTRACTOR will return to PRDOH all copies or samples of Confidential Information which, at the time of the notice are in CONTRACTOR's or its agent's possession. CONTRACTOR reserves the right to retain a set of its work papers.
- D. Equitable Relief:** The CONTRACTOR acknowledges and agrees that a breach of the provision of subparagraph B and C of this Section may cause PRDOH to suffer irreparable damage that could not be remedied or compensated

adequately only by mere monetary retribution. The CONTRACTOR further agrees that money damages may not be a sufficient remedy for any breach of this Section. Accordingly, the CONTRACTOR agrees that PRDOH shall have the right to seek injunctive relief and the specific performance of the provisions of this Section to enjoin a breach or attempted breach of the provision hereof, such right being in addition to any and all other rights and remedies that are available to PRDOH by law, equity, or otherwise.

#### **XI. PERFORMANCE WARRANTY**

- (a) CONTRACTOR warrants that it will perform all work and provide all Deliverables under this Contract in a manner consistent with the degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances.
- (b) CONTRACTOR warrants that all Deliverables it completes under this Contract shall: meet or exceed the standards of CONTRACTOR's trade, profession, or industry; meet or exceed the specifications set forth in the Attachments to this Agreement; and be fit for ordinary use, of good quality, and with no material defects.
- (c) If CONTRACTOR submits Deliverables that do not meet specifications, fails to complete Deliverables timely, or fails to perform its obligation under this Contract, PRDOH may require CONTRACTOR, at its sole expense, to:
1. repair or replace Deliverables that do not meet specifications;
  2. refund payment for Deliverables that do not meet specifications and accept the return of such Deliverables;
  3. pay liquidated damages for any past due Deliverable; and
  4. take necessary action to ensure that future performance and Deliverables meet specifications and conform to the Contract.

#### **XII. TERMINATION**

- A. Termination for Cause or Default:** The PRDOH may terminate this Agreement, in whole or in part, because of CONTRACTOR's failure to fulfill any of its obligations. The PRDOH shall terminate this Agreement by delivering to the CONTRACTOR a **thirty (30) calendar day** notice of termination specifying the extent to which the performance of the service under this Agreement is terminated, the reason therefor and the effective date of termination. CONTRACTOR shall, upon written notice, be provided a **ten (10) calendar day** opportunity to cure the alleged defect that resulted in the perceived default. If the defect is not cured within that period of time, CONTRACTOR shall immediately discontinue all such services being terminated and deliver to the PRDOH all information, notes, drafts, documents, analysis, reports, compilations, studies and other materials accumulated or generated in performing the services contemplated in this Agreement, whether completed or in process. Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the PRDOH for damage sustained to PRDOH CDBG-MIT Program by virtue of any breach of the Agreement by the CONTRACTOR. The PRDOH may withhold any payments to the CONTRACTOR, for the purpose of off-set or partial payment, as the case may be, of amounts owed to the PRDOH by the CONTRACTOR. PRDOH shall make payment, in accordance with the terms of this Agreement, of any amounts due to CONTRACTOR for allowable services rendered prior to the termination notice.

- B. Termination for Convenience:** The PRDOH may terminate this Agreement, in whole or in part, whenever the PRDOH determines that such termination is necessary or convenient to the Agency. The PRDOH will terminate this Agreement

by delivering to the CONTRACTOR a **thirty (30) calendar days'** 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 CONTRACTOR shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. 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. PRDOH shall make payment, in accordance with the terms of this Agreement, of any amounts due to CONTRACTOR for allowable services rendered prior to the termination notice.

- C. Termination by Unilateral Abandonment:** The PRDOH will consider this Agreement immediately terminated, in the event that the CONTRACTOR unilaterally and without prior notice, chooses to abandon (in any shape, form or fashion) cease and desist in the specific performance of its general and particular duties and responsibilities as agreed in this Agreement. Upon the knowledge of such event, the PRDOH will not be held liable and will immediately, automatically and retroactively deduct from any future reimbursement, all funds from the day such unilateral abandonment took place. The PRDOH will not be compelled to continue the performance of this Agreement, should the CONTRACTOR breach this Agreement by unilateral abandonment. For the purposes of this Section, Abandonment shall mean that CONTRACTOR voluntarily and intentionally disavows its contractual duties in a manner that is overt and without question a relinquishment of said contractual duties.
- D. 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 CONTRACTOR a **thirty (30) calendar days'** 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 CONTRACTOR shall immediately discontinue all services affected and deliver to the PRDOH all information, studies and other materials property of the PRDOH. 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.
- E. 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 CONTRACTOR **five (5) business days'** written notice of such suspension. Upon receipt of said notice the CONTRACTOR shall immediately discontinue all Services affected.
- F. Immediate Termination:** In the event the CONTRACTOR is subjected to a criminal or civil action, suit, proceeding, inquiry or court of applicable jurisdiction, or any governmental agency, or the CONTRACTOR shall be subject to an order, judgment, or opinion, issued by any federal or local authority, a court of applicable jurisdiction, or any governmental agency, in connection with the execution, delivery, and performance by the CONTRACTOR of this Agreement or the CONTRACTOR of this Agreement has been noncompliant, breach, inaccuracy of any representation, warranties, covenants, or the certifications provided herein, whether the noncompliance, breach or inaccuracy takes place before or after the execution of this Agreement, the PRDOH shall have the right to the immediate termination of this Agreement notwithstanding, any provisions to the contrary herein. This Section will apply in the event of any judgment that may obligate the PRDOH to terminate the Agreement pursuant to Act Number 2 of January 2, 2018, as amended, known as the Anti-Corruption

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**G. Period of Transition:** Upon termination of this Agreement, and for **ninety (90) consecutive calendar days** thereafter (the **Transition Period**), CONTRACTOR agrees to make himself available to assist the PRDOH with the transition of services assigned to CONTRACTOR by the PRDOH. CONTRACTOR 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 execution of a Transition Services Agreement for the Transition Period. In such instance, the CONTRACTOR 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.

### **XIII. PENALTIES AND LIQUIDATED DAMAGES**

#### **A. Penalties**

1. In the event the CONTRACTOR is determined to have engaged in any proscribed conduct or otherwise is in default as to any applicable term, condition, or requirement of this Agreement, at any time following the Effective Date of the Agreement, the CONTRACTOR agrees that PRDOH may impose sanctions against the CONTRACTOR for any default in accordance with **Attachment B** and **Attachment D** and this Section. Refer to all required provisions set forth at 2 C.F.R. § 200.326 and 24 C.F.R. § 570.489(g), if applicable, and the Contract and Subrecipient Agreement Manual, Section 2, Subsection 2.4.1(a), as found in the CDBG-MIT/DR Website ([www.cdbg-dr.pr.gov](http://www.cdbg-dr.pr.gov)) which is herein included and made an integral part of this Agreement, as it may be updated from time to time.
2. If the CONTRACTOR fails to comply with federal statutes, regulations or the terms and conditions of the Agreement, PRDOH may take one or more of the following actions:
  - i. Temporarily withhold cash payments pending correction of the deficiency by the CONTRACTOR.
  - ii. Disallow all or part of the cost of the activity or action not in compliance.
  - iii. Initiate suspension or debarment proceedings as authorized under 2 C.F.R. part 180.
  - iv. Withhold further Federal awards for the project or program.
  - v. Take other remedies that may be legally available.

#### **B. Liquidated damages**

The CONTRACTOR shall pay to PRDOH, as liquidated damages, **one hundred dollars (\$100.00)**, per Completed Unit, for each calendar day that CONTRACTOR fails to complete the real estate closing within the **forty-five (45) business days** after PRDOH notified its request to schedule the real estate closing event, as established in Section IV of this Agreement, until deemed in compliance subject to a maximum of **one thousand five hundred dollars (\$1,500.00)**, per Completed Unit, established in this Contract between PRDOH and the CONTRACTOR, in accordance with **Attachment B** and **Attachment D**. Said sum, in view of the difficulty of accurately ascertaining the loss which PRDOH will suffer by reason of delay in the completion of the Work hereunder, is hereby fixed and agreed as the liquidated damages that PRDOH will suffer

by reason of such delay. Liquidated damages received hereunder are not intended to be nor shall they be treated as either a partial or full waiver or discharge of the PRDOH's right to indemnification,

or the CONTRACTOR's obligation to indemnify the PRDOH pursuant to this Contract, or to any other remedy provided for in this Contract or by Law. Liquidated damages may be assessed at the sole discretion of PRDOH. For the purpose of applying and calculating such liquidated damages, a grace period of **ten (10) business days** shall be observed. The PRDOH may deduct and retain out of the monies which may become due hereunder, the amount of any such liquidated damages; and in case the amount which may become due hereunder shall be less than the amount of liquidated damages due to the PRDOH per the formula above, the CONTRACTOR shall be liable to pay the difference.

#### **XIV. LIABILITY**

In no event, the PRDOH shall be liable for any indirect, incidental, special or consequential damages, or damages for loss of profits, revenue, data or use, incurred by either party or any third party, whether in an action in contract or tort, even if the other party or any person has been advised of the possibility of such damages. Third parties operating under this program, with their agency, will have their own general civil and criminal liability imposed by law towards the PRDOH, the CONTRACTOR and any citizen.

The CONTRACTOR shall carry the insurances as are required by law (if applicable), as set forth below. The CONTRACTOR shall furnish PRDOH certificates of insurance.

#### **XV. INSURANCE**

The CONTRACTOR shall maintain the insurance policies that are typically required for the construction of single-family housing developments or projects in force and effect for the term of the Agreement starting from the execution and ending at the completion of all services to be provided hereunder. Up until the closing, when the PRDOH will acquire the units, the CONTRACTOR is required to provide insurance for each unit of the project. Any deductible amount, under any of the policies, will be assumed in whole by the CONTRACTOR for any and all losses, claims, expenses, suits, damages, costs, demands or liabilities, joint and several of whatever kind and nature arising from the Agreement resulting from this solicitation by and between the CONTRACTOR and PRDOH. The PRDOH shall not be held responsible under any circumstances for payments of any nature regarding deductibles of any Commercial Liability Policies for the aforementioned Agreement.

The CONTRACTOR shall require all subcontractors or consultants to maintain in force all insurance policies and/or bonds necessary to cover their individual participation in the risk or risks related to the subcontracted work or service to be rendered. The CONTRACTOR may provide the coverage for any or all of its subcontractors and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined above.

The CONTRACTOR expressly understands and agrees that whenever the CONTRACTOR is covered by other primary, excess, or excess contingent insurance that, any insurance or self-insurance program maintained by PRDOH shall apply in excess of and will not contribute with insurance provided by the CONTRACTOR under this Agreement.

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## **XVI. HOLD HARMLESS**

The CONTRACTOR and its affiliates, its successors and assignees will indemnify the PRDOH from any damages and/or losses arising out of any breach of this Agreement by the CONTRACTOR or against personal injuries or property damage resulting from any act of negligence or omission by the CONTRACTOR and its affiliates in connection with this Agreement.

## **XVII. 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, neither the PRDOH nor the CONTRACTOR shall be liable to the other party for nonperformance during the conditions created by such event. The party claiming Force Majeure shall exercise due diligence to prevent, eliminate, or overcome such Force Majeure event where it is possible to do so and shall resume performance at the earliest possible date.

The CONTRACTOR shall notify the PRDOH in writing as soon as possible, but in any event within **ten (10) business days** of the occurrence of the Force Majeure event and describe in reasonable detail the nature of the Force Majeure event, how the non-performance or delay relates to or arises from the Force Majeure event, its anticipated duration and any action taken to minimize its effect. The CONTRACTOR may be entitled to reasonable adjustments in schedules, among other measures, in the foregoing circumstances. If non-performance continues for more than **thirty (30) days**, without reasonable justification, the PRDOH may terminate this Agreement immediately upon written notification to the CONTRACTOR.

## **XVIII. CONFLICTS OF INTEREST**

The CONTRACTOR shall comply with the ethics requirements set forth herein and warrant that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of the work under a PRDOH contract and CONTRACTOR'S organizational, financial, contractual or other interest are such that:

- a) Award of the Agreement may result in an unfair competitive advantage; or
- b) The CONTRACTOR's objectivity in performing the contract work may be impaired.

The CONTRACTOR agrees that if after award he or she discovers an organizational conflict of interest with respect to this Agreement, it shall make an immediate (within the next **seventy-two (72) hours**) and full disclosure in writing to the Contracting Officer, which shall include a description of the action, which the CONTRACTOR has taken or intends to take to eliminate or neutralize the conflict. The CONTRACTOR will disclose the details of any existing or future contract to provide services to third parties participating or for the purpose to participate in disaster recovery programs or projects in Puerto Rico. The PRDOH may, however, terminate the Agreement for the convenience of PRDOH if it would be in its best interest.

In the event the CONTRACTOR was aware of an organizational conflict of interest before the award of this Agreement and did not disclose the conflict to the Contracting Officer, the PRDOH may terminate the Agreement for default.

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The provisions of this clause shall be included in all subcontracts and/or consulting agreements wherein the work to be performed is similar to the activities performed by the CONTRACTOR. The CONTRACTOR shall include in such subcontracts and consulting agreements any necessary provision to eliminate or neutralize conflicts of interest.

#### **XIX. INDEPENDENT CONTRACTOR**

The relationship of the CONTRACTOR to PRDOH shall be that of an independent CONTRACTOR rendering professional services. Neither the CONTRACTOR nor any personnel of the CONTRACTOR shall have any authority to execute contracts or make commitments on behalf of PRDOH. Nothing contained herein shall be deemed to create the relationship of employer/employee, principal/agent, joint venture or partner between the CONTRACTOR and PRDOH. Further, the CONTRACTOR recognizes that in view of its status as an independent CONTRACTOR, neither it nor its employees or subcontractors will be entitled to participate in or receive any fringe benefits normally granted to PRDOH employees under such programs, including, but not limited to, worker's compensation, voluntary disability, travel accident insurance, medical/dental insurance, life insurance, long-term disability, holiday pay, sick pay, salary continuation pay, leaves of absence (paid or unpaid), pension plan and savings plan.

The CONTRACTOR shall have exclusive control over its employees and subcontractors (and the CONTRACTOR's employees and subcontractors are herein, collectively, referred to as the "**CONTRACTOR Personnel**"), its labor and employee relations and its policies relating to wages, hours, working conditions and other employment conditions. The CONTRACTOR has the exclusive right to hire, transfer, suspend, lay off, recall, promote, discipline, discharge and adjust grievances with its CONTRACTOR Personnel. The CONTRACTOR is solely responsible for all salaries and other compensation of its CONTRACTOR Personnel who provide Services.

The CONTRACTOR is solely responsible for making all deductions and withholdings from its employees' salaries and other compensation and paying all contributions, taxes and assessments, including union payments. The CONTRACTOR shall be responsible for and shall defend, indemnify and hold harmless PRDOH, and its agents, officers, directors, employees, representatives, CONTRACTOR's, successors and assigns against all costs, expenses and liabilities, including without limitation reasonably prudent attorneys' fees relative to the situation, in connection with the CONTRACTOR's employment and/or hiring of any CONTRACTOR Personnel providing any of the Services, including without limitation: (i) payment when due of wages and benefits, (ii) withholding of all payroll taxes, including but not limited to, unemployment insurance, workers' compensation, FICA and FUTA, (iii) compliance with the Immigration Reform Control Act, and (iv) compliance with any other applicable laws relating to employment of any CONTRACTOR Personnel of, and/or hiring by, CONTRACTOR in connection with the Services.

#### **XX. NOTICES**

All notices required or permitted to be given under the Agreement shall be in writing, and shall be deemed given when delivered by hand or sent by registered or certified mail, return receipt requested, to the address as follows:

To: PRDOH

William O. Rodríguez Rodríguez, Esq.  
Secretary

Puerto Rico Department of Housing  
606 Barbosa Ave.  
Juan C. Cordero Dávila Bldg.  
San Juan, Puerto Rico 00918

To: CONTRACTOR

Manuel Batlle Hernaiz  
President  
Palmeras CDBG-MIT, LLC  
PO Box 192484  
San Juan, PR 00919

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## XXI. THIRD PARTIES

Nothing contained in this Agreement shall create a contractual relationship with, or a cause of action of a third party against either the PRDOH or the CONTRACTOR.

## XXII. SUBCONTRACTS

**A. General:** All subcontracts shall contain the applicable provisions describe in **Attachment E** (HUD General Provisions), as well as applicable provisions set forth in 2 C.F.R. § 200.101. The PRDOH shall review subcontracts as part of the compliance, monitoring, and oversight process performed by PRDOH or upon request.

**B. Specific Requirements:** All subcontracts shall contain provisions specifying:

- i. That the work performed by the subcontractor be in accordance with the applicable terms of this Agreement between the PRDOH and CONTRACTOR;
- ii. That nothing contained in such subcontract agreement shall impair the rights of the PRDOH;
- iii. That nothing contained herein, or under this Agreement will create any contractual relation between the subcontractor and the PRDOH;
- iv. That the subcontractor specifically agrees to be bound by the confidentiality provision regarding Personal Identifiable Information set forth in this Agreement;
- v. That CONTRACTOR will be responsible for ensuring all subcontract work is performed consistent with federal and state regulations and/or policies to be eligible for reimbursement of the approved work; and
- vi. All Federal flow down provisions are included in the subcontract agreement per Federal guidelines.

**C. Monitoring:** CONTRACTOR shall diligently monitor all subcontracted services. If CONTRACTOR discovers any areas of noncompliance, CONTRACTOR shall provide the PRDOH summarized written reports supported with documented evidence of corrective action.

**D. Content:** CONTRACTOR shall cause all the applicable provisions of this Agreement to be included in, and made a part of, any subcontract executed in the performance of this Agreement.

**E. Notification:** Within **three (3) business days** of its execution, the CONTRACTOR shall notify the Contract Administration Area of the PRDOH CDBG-MIT Legal Division

and provide a copy of all subcontracts related to this Agreement and CDBG-MIT funds, as well as any other subcontracts listed in **Attachment F** (Contractor Certification Requirement). The CONTRACTOR is in charge of obtaining all certifications from the subcontractors listed in Article XXIII of this Agreement that are required for technical, professional, or consulting services, as well as submitting them with the copy of the subcontract and adhering to all other requirements set forth in Circular Letter 1300-16-16 from the Puerto Rico Department of Treasury. Technical, professional, or consulting services that are employed to carry out the terms of this Agreement are referred to as subcontractors for the purposes of this article if they spend at least 25% of their time on it.

### XXIII. CERTIFICATION OF COMPLIANCE WITH LEGAL REQUIREMENTS

Given that the Agreement involves funds for which HUD is the oversight agency, the CONTRACTOR agrees to carry out its obligations under this Agreement in compliance with all the requirements described in **Attachment E** (HUD General Provisions), **Attachment F** (Contractor Certification Requirement) and following provisions:

- A. Compliance with Executive Order No. 24:** Pursuant to Executive Order No.24 of June 18, 1991, the CONTRACTOR certifies and guarantees that at the signing of this Agreement it has filed all the necessary and required income tax returns to the Government of Puerto Rico for the last **five (5) years**. The CONTRACTOR further certifies that it has complied and is current with the payment of any and all income taxes that are, or were due, to the Government of Puerto Rico. The CONTRACTOR shall hand out, to the satisfaction of the PRDOH and whenever requested by the PRDOH during the term of this Agreement, the necessary documentation to support its compliance of this clause. The CONTRACTOR will be given a specific amount of time by the PRDOH to produce said documents. During the term of this Agreement, the CONTRACTOR agrees to pay and/or to remain current with any repayment plan agreed to by the CONTRACTOR with the Government of Puerto Rico.
- B. Compliance with Executive Order 52:** Pursuant to Executive Order No. 52 of August 28, 1992, amending Executive Order No.1991-24, the CONTRACTOR certifies and warrants that it has made all payments required for unemployment benefits, workmen's compensation and social security for chauffeurs, whichever is applicable, or that in lieu thereof, has subscribed a payment plan in connection with any such unpaid items and is in full compliance with the terms thereof. The CONTRACTOR accepts and acknowledges its responsibility for requiring and obtaining a similar warranty and certification from each and every CONTRACTOR and subcontractor whose service the CONTRACTOR has secured in connection with the services to be rendered under this Agreement and shall forward evidence to PRDOH as to its compliance with this requirement.
- C. Compliance with Circular Letter No. 1300-16-16 of the Puerto Rico Department of Treasury:** The CONTRACTOR accepts and acknowledges its responsibility of acquiring the certifications required in the Puerto Rico Department of Treasury Circular Letter No. 1300-16-16 issued on January 19, 2016. All certifications must be submitted during their term of validity, in accordance with applicable laws. Certifications expired or issued more than **sixty (60) calendar days** prior to the contract date will not be accepted. The last payment to be made under the contract will only be issued if the 'Debt Certifications' by the Puerto Rico Department of Treasury indicate that the CONTRACTOR has no debt with the Department of Treasury. The CONTRACTOR agrees to cancel any debt that

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cannot be clarified with the Department of the Treasury through a withholding made by PRDOH from the payments to which it is entitled to receive under the contract.

- D. Social Security and Income Tax Retentions:** The CONTRACTOR will be responsible for rendering and paying the Federal Social Security and Income Tax Contributions for any amount owed as a result of the income from this Agreement.
- E. Government of Puerto Rico Municipal Tax Collection Center (CRIM, for its Spanish acronym):** The CONTRACTOR certifies and guarantees that at the signing of this Agreement it has no current debt with regards to property taxes that may be registered with the Government of Puerto Rico's Municipal Tax Collection Center. The CONTRACTOR further certifies to be current with the payment of any and all property taxes that are or were due to the Government of Puerto Rico. The CONTRACTOR shall hand out, to the satisfaction of the PRDOH and whenever requested by the PRDOH during the term of this Agreement, the necessary documentation to support its compliance of this clause. The CONTRACTOR will deliver upon request any documentation requested under this clause as per request of PRDOH. During the Term of this Agreement, the CONTRACTOR agrees to pay and/or to remain current with any repayment plan agreed to by the CONTRACTOR with the Government of Puerto Rico with regards to its property taxes.
- F. Income Tax Withholding (if applicable):** The PRDOH shall retain the corresponding amount from all payments made to the CONTRACTOR, as required by the Puerto Rico Internal Revenue Code. The PRDOH will advance such withholdings to the Government of Puerto Rico's Treasury Department (known in Spanish as *Departamento de Hacienda del Gobierno de Puerto Rico*). The PRDOH will adjust such withholdings provided the CONTRACTOR produces satisfactory evidence of partial or total exemption from withholding.
- G. Compliance with Act No. 45 of April 18, 1935, as amended, 11 LPRA § 1, et seq.:** The CONTRACTOR certifies and guarantees that at the signing of this Agreement has valid workers' compensation insurance issued by the State Insurance Fund Corporation (**CFSE**, for its Spanish Acronym), as established by Act No. 45-1935, known as the "Puerto Rico Workers' Accident Compensation Act". If the CONTRACTOR does not currently have a valid workers' compensation insurance policy from CFSE, it certifies that it will obtain one within the next **ninety (90) calendar days** and that it will keep the policy active for the duration of the Agreement and until final payment. Failure to obtain insurance could affect this Agreement's payments and obligations.
- H. Government of Puerto Rico's Agency for the Collection of Child Support (ASUME, for its Spanish acronym):** The CONTRACTOR certifies and guarantees that at the signing of this Agreement that the CONTRACTOR nor any of its Partners, if applicable, have any debt or outstanding debt collection legal procedures with regards to child support payments that may be registered with the Government of Puerto Rico's Child Support Administration. The CONTRACTOR hereby certifies that it is a limited liability company organized and existing in good standing under the laws of the Government of Puerto Rico. The CONTRACTOR shall present to the satisfaction of PRDOH, the necessary documentation to substantiate the same. The CONTRACTOR will be given a specific amount of time by PRDOH to deliver said documents.

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- I. Compliance with Act No. 168-2000, as amended, 8 LPRA § 711, et seq.:** The CONTRACTOR is in full compliance with Act No. 168-2000, as amended, known as "Act for the Improvement of Elderly Support of Puerto Rico."
- J. Compliance with Act No. 1-2012, as amended, 3 LPRA § 1854, et seq.:** The PRDOH and the CONTRACTOR hereby certify that in signing this Agreement 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.
- K. Clause of Governmental Ethics Certification of Absence of Conflict of Interests:** The CONTRACTOR certifies that: (1) No public servant of this executive agency has a pecuniary interest in this contract, 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 her family unit, or for any other person, business or entity, some 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.
- L. Ethics:** CONTRACTOR also acknowledges receipt and agrees to obey the Anticorruption Code for the New Puerto Rico known in Spanish as "Código Anticorrupción para el Nuevo Puerto Rico".
- M. Non-Conviction:** The CONTRACTOR certifies that it has not been convicted nor accused of a felony or misdemeanor against the government, public faith and function, or that involves public property or funds, either federal or local in origin. Furthermore, CONTRACTOR also certifies that:
1. It has not been convicted, nor has pleaded guilty at a state or federal bar, in any jurisdiction of the United States of America, of crimes consisting of fraud, embezzlement or misappropriation of public funds, as stated in Act No. 2 of January 2, 2018, as amended, known as the Anti-Corruption Code for the New Puerto Rico, which prohibits the award of Offers or government contracts to those convicted of fraud, misappropriation of public fund.
  2. It understands and accepts that any guilty plea or conviction for any of the crimes specified in Article 3 of said Act, will also result in the immediate cancellation of any contracts in force at the time of conviction, between the undersigned and whichever Government Agencies, Instrumentalities, Public Corporations, Municipalities and the Legislative or Judicial Branches.
  3. It declares under oath the above mentioned in conformity with what is established as in Act No. 2 of January 2, 2018, as amended, known as the "Anti-Corruption Code for the New Puerto Rico", which prohibits awarding Offers for government contracts, to those convicted of fraud, embezzlement or misappropriation of public funds.

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4. The CONTRACTOR represents and guarantees that none of its employees, officials or agents have been convicted of a felony or misdemeanor as described in this sub-section. Moreover, the CONTRACTOR agrees to notify PRDOH should any employee, official, or agent is convicted of a felony or misdemeanor as described in this sub-section after the date of this Agreement. Said notice shall be made within **ten (10) business days** from the time of the conviction.

**N. Other payments or compensation:** The CONTRACTOR certifies that it does not receive payment or compensation for regular services rendered as an official or public employee to another government entity, agency, public corporation or municipality, and knows the ethical standards of his profession and assumes responsibility for his actions.

**O. Consequences of Non-Compliance:** The CONTRACTOR expressly agrees that the conditions outlined throughout this Section are essential requirements of this Agreement; thus, should any one of these representations, warrants, and certifications be incorrect, inaccurate or misleading, in whole or in part, there shall be sufficient cause for PRDOH to render this Agreement null and void and the CONTRACTOR reimburse to PRDOH all money received under this Agreement.

**P. Non-Conflict of Interest Certification:** The CONTRACTOR shall comply with **Attachment G** (Non-Conflict of Interest Certification), attached herein and made an integral part of this Agreement, which outlines several situations that may reasonably be considered as conflicts of interest. The aforementioned certification aids PRDOH, in its role as grantee, to identify, evaluate, disclose and manage apparent potential, or actual conflicts of interest related to CDBG-MIT-funded projects, activities, and/or operations.

**XXIV. ACT NO. 18 OF OCTOBER 30, 1975, as amended, 2 L.P.R.A. §§ 97-98**

The parties to this Agreement agree that its effective date will be subject to the due registration and remittance to the Office of the Comptroller of Puerto Rico. No rendering or consideration subject matter of this Agreement will be required before its registration at the Office of the Comptroller of Puerto Rico pursuant to Act No. 18 of October 30, 1975, as amended. The CONTRACTOR will be responsible for ensuring that this Agreement has been registered before the rendering of services by requesting a copy of the registered Agreement with its proper number and date of registry. No services under this Agreement will continue to be delivered after its effective date unless at the expiration date, an amendment signed by both parties and duly registered exists. No services performed in violation of this provision will be paid. The party violating this clause will be doing so without any legal authority, this action will be deemed as *ultra vires*.

**XXV. COMPLIANCE WITH THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO (FOMB) POLICY: REVIEW OF CONTRACTS, AS MODIFIED ON APRIL 30, 2021, REGARDING PROFESSIONAL SERVICES**

The FOMB Policy requires that all agreements that contemplate recurring professional services that may be performed by appropriately trained government staff include a provision of compliance with the adequate transfer of skills and technical knowledge to the pertinent public sector personnel. This requirement shall not apply to contracts that contemplate non-recurring professional services or specialized professional services that may not be performed by existing staff at the applicable governmental entity, including as a result of independence requirements.

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Accordingly, given that the agreements under CDBG-DR are non-recurring professional services or specialized professional services, the PRDOH certifies that the transfer of skills and technical knowledge required by the Certified Fiscal Plan is inapplicable given the non-recurring or specialized nature of the contracted services.

As mentioned before, HUD allocated funds for mitigation efforts to the Government of Puerto Rico under the CDBG-MIT 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. In addition, with these allocations of funding under the Grant Agreement, the PRDOH will conduct a comprehensive recovery to benefit the residents of Puerto Rico.

**XXVI. COMPLIANCE WITH THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO (FOMB) POLICY, REVIEW OF CONTRACTS**

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.

In compliance with the above, the CONTRACTOR 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 the CONTRACTOR 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.

**XXVII. COMPLIANCE WITH FEDERAL LAW, REGULATIONS, & EXECUTIVE ORDERS**

The CONTRACTOR acknowledges that HUD financial assistance will be used to fund the Agreement only. Also, the CONTRACTOR shall comply with all applicable Federal, state and local laws, rules, regulations, and policies relating to CDBG-MIT and CDBG Program services. This includes without limitation, applicable Federal Registers; 2 C.F.R. part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Housing and Community Development Act of 1974; 24 C.F.R. part 570 Community Development Block Grant; applicable waivers; Fair Housing Act, 24 C.F.R. part 35, 24 C.F.R. part 58 (including requirements established in Sections 3, 7.1, 8.3, 12, 13, and 16 of **Attachment B**), 24 C.F.R. part 75; 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. Also, the CONTRACTOR shall comply, without limitation, with those set forth in **Attachment E** and in compliance with all the requirements described in **Attachment F**.

**XXVIII. CDBG-MIT POLICIES AND PROCEDURES**

In addition to what is established in this Agreement, the CONTRACTOR shall comply with all CDBG-MIT program specific and general policies and procedures, including, but not limited to, the Contract and Subrecipient Agreement Manual, OS&H Guideline, MWBE Policy, Procurement Manual for the CDBG-MIT Program, URA & ADP

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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-MIT/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.

**XXIX. SECTION 3 CLAUSE**

**A.** 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.

**B.** 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 impediments that would prevent them from complying with the part 75 regulations.

**C.** The CONTRACTOR agrees to send to each labor organization or representative of workers with which the CONTRACTOR has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the CONTRACTOR'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 the 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.

**D.** The CONTRACTOR 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 contractor will not subcontract with any subcontractor where the CONTRACTOR has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. part 75.

**E.** The CONTRACTOR acknowledges that subrecipients, contractors, and subcontractors are required to meet the employment, training, and contraction requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

**F.** The CONTRACTOR will certify that any vacant employment positions, including training positions, that are filled (1) after the CONTRACTOR 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 CONTRACTOR'S obligations under 24 C.F.R. part 75.

**G.** 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.

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**H.** 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 (46 U.S.C. § 5307) 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 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).

**I.** The CONTRACTOR 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.

**XXX. BYRD ANTI-LOBBYING AMENDMENT, 31 U.S.C. § 1352**

The CONTRACTOR certifies, to the best of his or her knowledge, that:

- A.** No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- B.** 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 undersigned shall complete and submit Standard Forms-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C.** The CONTRACTOR 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 sub recipients 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 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). The CONTRACTOR acknowledges that 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. The CONTRACTOR certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the CONTRACTOR understands and agrees



that the provisions of 31 U.S.C. §3801 et seq., apply to this certification and disclosure, if any.

#### **XXXI. EQUAL OPPORTUNITY**

- A.** The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity or national origin. The CONTRACTOR will take affirmative action to ensure that applicants 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. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
- B.** The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- C.** When applicable, the CONTRACTOR will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the CONTRACTOR's commitments under this Section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- D.** The CONTRACTOR will comply with all provisions of Exec. Order No. 11246 of September 24, 1965, as amended by Exec. Order No. 11375 of October 13, 1967, and as supplemented by the rules, regulations, and relevant orders of the United States Secretary of Labor.
- E.** The CONTRACTOR will furnish all information and reports required by Exec. Order No. 11246 of September 24, 1965, as amended, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- F.** In the event of the CONTRACTOR's noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the CONTRACTOR may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Exec. Order No. 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in Exec. Order No. 11246 of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- G.** The CONTRACTOR will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (F) in

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every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Exec. Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance. Provided, however, that in the event a CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

#### XXXII. SOLID WASTE DISPOSAL ACT

1) In the performance of this contract, the CONTRACTOR shall make maximum use of products containing recovered materials that are Environmental Protection Agency (EPA)- designated items unless the product cannot be acquired:

- a. Competitively within a timeframe providing for compliance with the contract performance schedule;
- b. Meeting contract performance requirements; or
- c. At a reasonable price.

2) Information about this requirement, along with the list of EPA- designated items, is available at EPA's Comprehensive Procurement Guidelines website, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

3) CONTRACTOR must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include:

- a. procuring only items designated in guidelines of the EPA at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds ten thousand dollars (\$10,000) or the value of the quantity acquired during the preceding fiscal year exceeded ten thousand dollars (\$10,000);
- b. procuring solid waste management services in a manner that maximizes energy and resource recovery; and
- c. establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

#### XXXIII. DRUG FREE WORKPLACE

The CONTRACTOR should establish procedures and policies to promote a Drug-Free workplace. Further, the CONTRACTOR should notify all employees of its policy for maintaining a Drug-Free workplace, and the penalties that may be imposed for drug abuse violations occurring in the workplace. Further, the CONTRACTOR shall notify the PRDOH if any of its employees is convicted of a criminal drug offense in the workplace no later than **ten (10) days** after such conviction.

#### XXXIV. SUSPENSION AND DEBARMENT

**A.** This Agreement is a covered transaction for purposes of 2 C.F.R. part 180 and 2

C.F.R. part 2424. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR, its principals (defined at 2 C.F.R. § 180.995), or its affiliates

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(defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).

- B. The CONTRACTOR must comply with 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
- C. This certification is a material representation of fact relied upon by PRDOH. If it is later determined that the CONTRACTOR did not comply with 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, in addition to remedies available to PRDOH, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.
- D. The CONTRACTOR agrees to comply with the requirements of 2 C.F.R. part 180, subpart C and 2 C.F.R. part 2424, while this Agreement is valid. The CONTRACTOR further agrees to include a provision requiring such compliance in its lower tier covered transactions.

#### **XXXV. SYSTEM FOR AWARD MANAGEMENT (SAM) REGISTRATION**

The CONTRACTOR certifies that it is cleared and eligible for award of a contract and is not suspended, debarred, or on a HUD-imposed limited denial of participation. Subsequently, the CONTRACTOR must be registered in the System for Award Management (**SAM**) and shall maintain its registration active during contract performance and through final payment. The CONTRACTOR is responsible during performance and through final payment for the accuracy and completeness of the data within SAM. Failure to maintain registration in SAM may impact obligations and payments under this Agreement.

#### **XXXVI. NO OBLIGATION BY THE FEDERAL GOVERNMENT**

The Federal Government is not a party to this Agreement and is not subject to any obligations or liabilities to the Non-Federal entity, CONTRACTOR, or any other party pertaining to any matter resulting from the Agreement.

#### **XXXVII. PROGRAM FRAUD & FALSE OR FRAUDULENT STATEMENTS OR RELATED ACTS**

The CONTRACTOR acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to the CONTRACTOR's actions pertaining to this Agreement.

#### **XXXVIII. BANKRUPTCY**

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

#### **XXXIX. ENTIRE AGREEMENT**

This Agreement and all its attachments represent the entire and integrated agreement between PRDOH and the CONTRACTOR and supersede all prior negotiations, representations, agreements and/or understandings of any kind. This Agreement may be amended only by written document signed by both PRDOH and the CONTRACTOR.

#### **XL. MODIFICATION OF AGREEMENT**

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Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if written and signed by both parties, and its authorized representatives. Those amendments shall make specific reference to this Agreement, comply with programmatic policies, procedures, and guidelines. Such amendments shall not invalidate this Agreement, nor relieve or release the Parties from their obligations under this Agreement.

However, PRDOH reserves the right to notify in writing to CONTRACTOR 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.

#### **XLI. BINDING EFFECT**

This Agreement shall be binding upon and shall inure to the benefit of PRDOH and the CONTRACTOR, their successors and assigns.

The CONTRACTOR shall not assign this Agreement, in whole or in part, without the prior written consent of PRDOH, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

#### **XLII. ASSIGNMENT OF RIGHTS**

The rights of each party hereunder are personal to that party and may not be assigned or otherwise transferred to any other person, contractor, corporation, or other entity without the prior, express, and written consent of the other party.

#### **XLIII. NON-WAIVER**

The failure or delay of either party to insist upon the performance of and/or the compliance with any of the terms and conditions of this Agreement shall not be construed as a waiver of such terms and conditions or the right to enforce compliance with such terms and conditions.

#### **XLIV. ORDER OF PRECEDENCE**

In the event of an inconsistency in this Agreement or if a conflict occurs between this Agreement and any Attachment, Appendix, Exhibit, or Schedule, unless otherwise specifically stated in those documents, the order of precedence shall be: Federal laws, regulations, and policies applicable to this Agreement, this Contract and the HUD General Provisions (**Attachment E**), the Scope of Work (**Attachment B**), the Performance Requirements (**Attachment D**), the Compensation Schedule (**Attachment C**), and lastly, the CONTRACTOR's proposal (**Attachment A**).

#### **XLV. GOVERNING LAW JURISDICTION**

This Agreement 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 in the Puerto Rico Court of First Instance, Superior Court of San Juan, Puerto Rico.

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

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

In the event that the signing party (e.g., Subrecipient, Contractor, or Subcontractor) of the Agreement 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) business days prior to the effective date** of the consolidation or merger. The notice shall include, but not limited to, a description of: the expected effective date of the consolidation or merger; name of each of the constituent entities moving to consolidate or merge into the single resulting or surviving entity; the proposed name of the resulting entity (in case of a consolidation) or the name of the surviving entity (in case of a merger) if necessary; reference to the projected capacity of the resulting or surviving entity to comply with the terms, conditions, obligations, tasks, services, and performance goals or requirements included in the Agreement 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.

#### **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) business 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 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.

#### **C. Dissolution**

In the event that the signing party (e.g., Subrecipient, Contractor, or Subcontractor) of the Agreement 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) business days** prior to the effective date of such event. The notice shall include, but not limited

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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 will follow. Consequently, the signing party acknowledges and agrees to provide to the PRDOH, after termination of the Agreement, 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 will be turned over to PRDOH following the Agreement termination.

**XLVII. HEADINGS**

The titles to the paragraphs of this Agreement 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 Agreement.

**XLVIII. FEDERAL FUNDING**

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

**XLIX. RECAPTURE OF FUNDS**

PRDOH may recapture payments it makes to CONTRACTOR 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, including any unapproved expenditures. CONTRACTOR must refund such recaptured payments within **thirty (30) business days** after the PRDOH issues notice of recapture to CONTRACTOR.

**L. OVERPAYMENT**

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

**LI. SEVERABILITY**

If any provision of this Agreement shall operate or would prospectively operate to invalidate the Agreement in whole or in part, then such provision only shall be deemed severed and the remainder of the Agreement shall remain operative and in full effect.

**LII. COUNTERPARTS**

This Agreement 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 is not executed by the PRDOH within **thirty (30) calendar days** of execution by the other party, this Agreement shall be null and void.

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LIII.SURVIVAL OF TERMS AND CONDITIONS

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

IN WITNESS THEREOF, the parties hereto execute this Agreement in the place and on the date first above written.

PUERTO RICO DEPARTMENT OF HOUSING    PALMERAS CDBG-MIT, LLC

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William O. Rodríguez Rodríguez

William O. Rodríguez Rodríguez (Jan 23, 2024 16:06 AST)

William O. Rodríguez Rodríguez, Esq.

Secretary

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Manuel Batlle

Manuel Batlle (Jan 23, 2024 15:55 AST)

Manuel Batlle Hernaiz

President

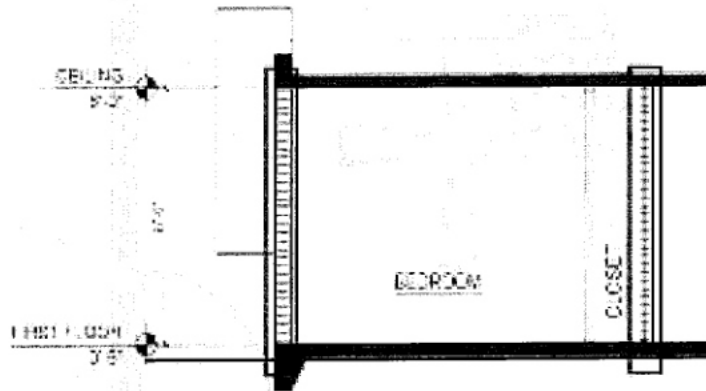
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## Technical Proposal (Section 6.3)

## Minimum Design Standards

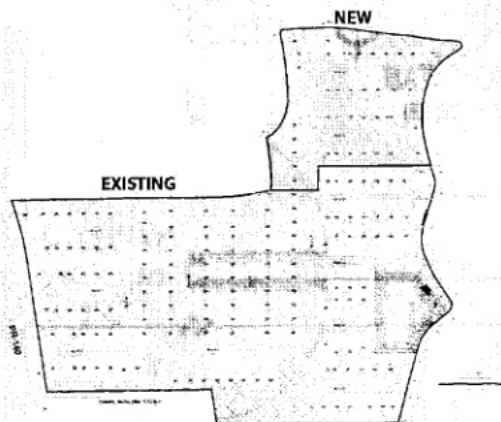
**1. The primary material of construction for the structure will be reinforced concrete (plastered) with local manufactured cement in accordance with the requirements of Executive Order No. OE-2018-033 and Act 109 of 19852.**

Palmeras Development of Barceloneta is comprised of the M2 model home whose primary construction material is reinforced, plastered concrete with locally manufactured cement.



**2. In general terms the design solutions shall be elaborated in such a way that units are readily adaptable to accommodate "ADA" details and features. The design of these units shall comply with the 2010 ADA Standards for Accessible Design. Non-ADA units (adaptable units) shall be designed to accommodate mobility widths, clearances and turn radius requirements.**

Palmeras is a continuation of an existing development. As such, it was critical during the Palmeras design development to create a model home that complimented the existing community whilst serving the needs of a new one. Resultantly, Palmeras CDBG-MIT LLC decided to create a universally designed home, the M2, whose single-story and open concept approach, may be easily adapted to meet the potential ADA needs of an occupant. The benefits of this design decision can be



easily observed in the streamlined aesthetic of the M2's front facade which features a spacious garage and an easily accessed, single-level entryway.

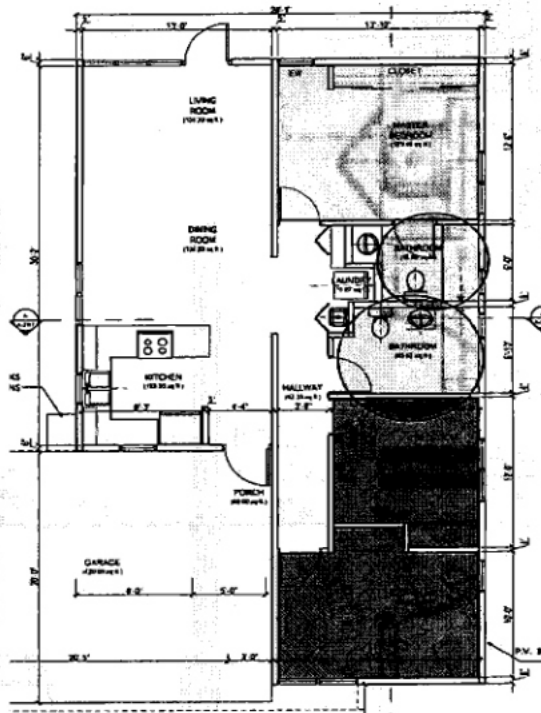
**3. Single-Family units will be a detached one (1) level (one story).**

All housing units in Palmeras are single-story, detached single family homes.



**4. Single-Family units will have 3-bedrooms and 2-bathrooms.**

All housing units in Palmeras have 3 bedrooms and 2 full bathrooms.

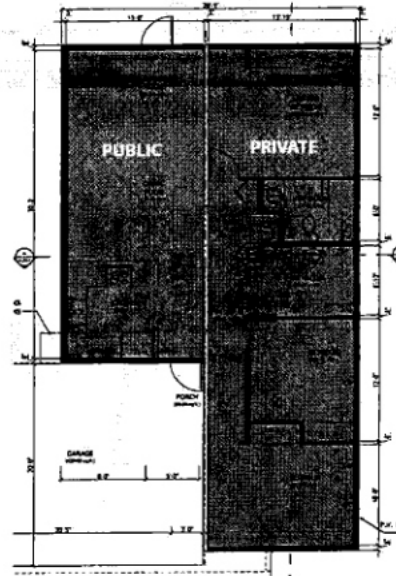




**5. As minimum the units will have a minimum construction area of 1,150 square feet, (excluding carport, driveway, walkway, and others).**

The housing units of Palmeras will have a minimum construction area of 1,150 square feet. The length of the M2 model home is divided by the main structural wall that separates the home's two major program functions, the public function and the private function.

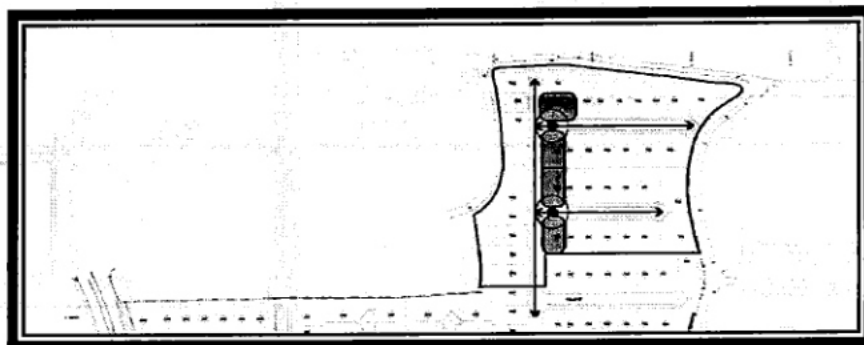
The public function of the home features an open floor concept that includes the living room, the dining room, and kitchen. It is approximately 400 square feet. The private half of the house, hosts the master bedroom, master bathroom as well as the remaining two bedrooms, a laundry room, and the second full-bathroom. This half of the home is approximately 650 square feet. Finally, an outdoor porch of approximately 60 square feet frames the front entryway of the home.



**6. 5% of units proposed in a project shall are to comply with the 2010 ADA Standards for Accessible Design.**

There are 38 properties within the Palmeras community which would require a minimum of 2 properties to comply with ADA Standards for Accessible Design. The master plan of Palmeras was intended to accommodate a variety of occupants needs, including those of an ADA occupant. While occupants may request a property based on availability, Palmeras CDBG-MIT LLC did anticipate the different occupant needs during the design of the Palmeras Master Plan and has outlined ADA optimal properties

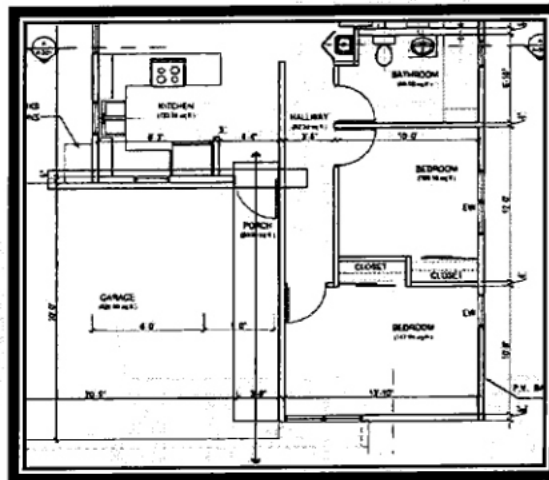
(properties with good positioning, ease of development access and egress, as well as proximity to communal



spaces, etc). Examples of these properties are depicted in the below diagram which will be used to prioritize ADA needs during the property closing process.

**7. Building envelope materials such as exterior doors and windows shall be designed and specified considering impact resistance, energy efficiency, air infiltration, water infiltration, security, and privacy.**

The Palmeras M2 model home was designed to protect occupants from inclement weather and together, the Palmeras homes were aimed to develop a collectively resilient housing fabric. Therefore, window kit and doors kit selections were contemplated within the design process. Additionally, a recessed front entryway adds a layer of security and privacy for the occupant as depicted below.



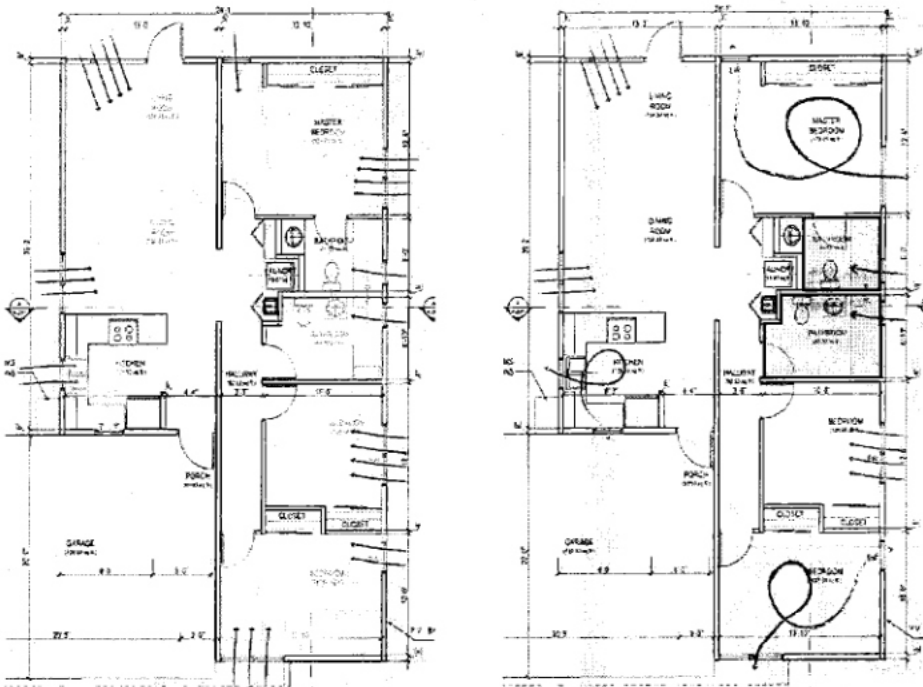
The Palmeras home is equipped with a 500-gallon roof mounted cistern and a lithium-ion battery, 3 kW DC operated, solar panel system.

**8. Exterior doors and windows must be installed correctly, in plumb, with the correct amount, spacing, width and penetration of anchors. These shall operate with the correct amount of force, as required by the design specifications.** Palmeras CDBG-MIT LLC understands that the use of carefully considered door and window kits is contingent upon their proper installation. The quality of construction for the Palmeras homes will be ensured through the quality assurance plan, which will be completed by the resident engineer.

**9. All rooms must have access to natural light and ventilation. Bathrooms should incorporate a window or exhaust fan.**

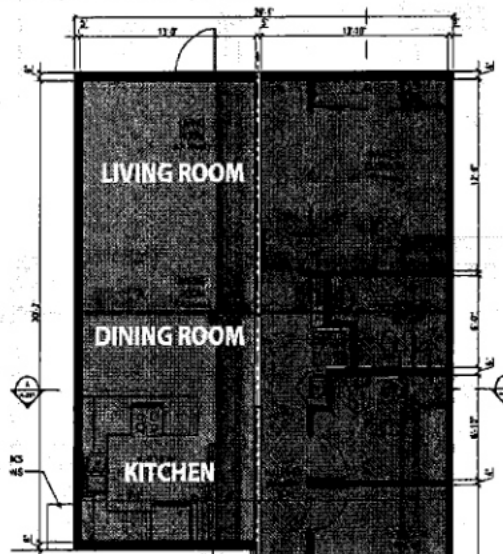
Palmeras CDBG-MIT LLC holds natural light and ventilation at high value, understanding the vital role they may play in a person's health. Therefore, embracing natural occurrences were core components of the Palmeras design. As depicted within the

diagrams below, the positioning of windows were considered to permit daylighting techniques and cross-ventilation upon opening of their louvers.



# **10. Kitchens preferably may be open to the dining/living area to provide an open space concept.**

The public area of the Palmeras home, (living room, dining room, and kitchen) are tied together with the use of an open floor plan.

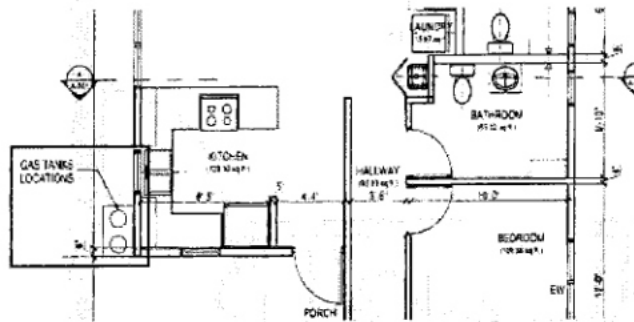


**11. Rough-In for a gas stove and an electric powered circuit outlet (120-240 volts) for an electrical stove, shall be provided as part of the design solution.**

An electric stove will be provided in every Palmeras M2 model home. In addition every home will have an electric receptacle/outlet to install the electric stove, should the homeowner prefer an electric stove.

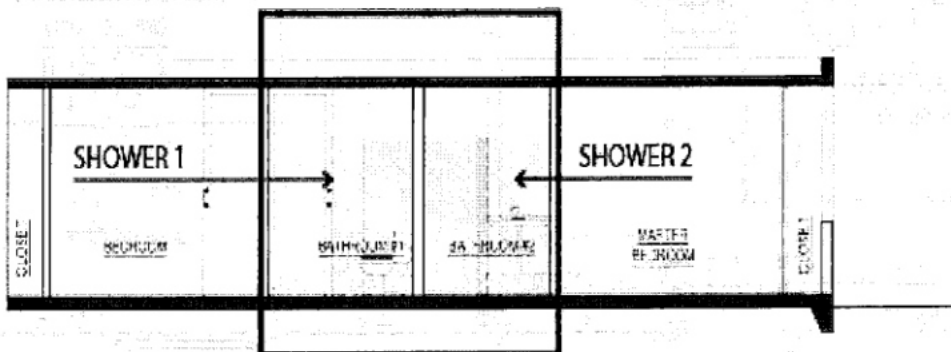
**12. The design shall contemplate that a storage gas tank may be in the exterior of the structure and the interior point of connection be easily accessible and according to applicable codes, regulations, and standards.**

The gas tank storage is placed strategically near the kitchen. The tanks may be easily moved through the stairless front entryway and when needed, easily connected in accordance with local codes, regulations, and standards.



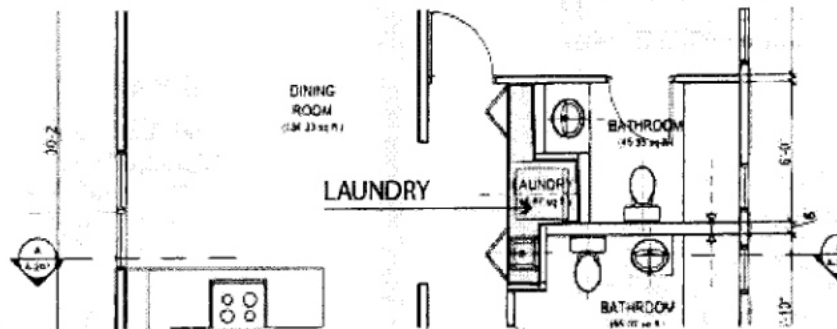
**13. Bathrooms must have showers (no bathtubs are allowed).**

All bathrooms use showers.



**14. Laundry equipment rough-in to be in the interior of the units.**

Laundry equipment is secured within the interior, non-structural wall of the Palmeras model home.

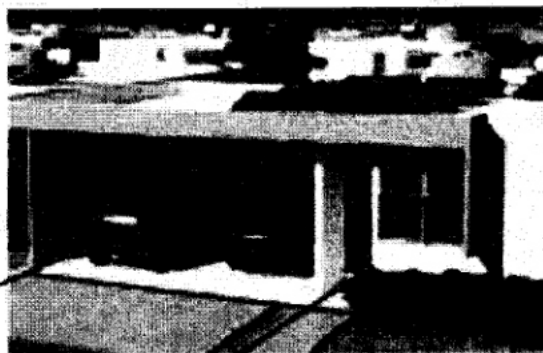


**15. All doors must have a minimum 32-in clear door opening width.**

All door openings in the Palmeras model home have a 39" aperture allowing a 36" door to be installed. When these doors are opened at 90 degrees, they permit a 32" clearance.

**16. Units shall include a roof covered garage carport for one (1) vehicle, (primary construction material: reinforced concrete, plastered) with adequate dimensions to accommodate vehicles and accessible pedestrian circulation.**

All Palmeras housing units will have a two-car, concrete-covered carport, as a continuation of the reinforced concrete, primary building component. The driveway access to the carport also serves as the main pedestrian access.





**17. All exterior systems (including solar water heater (SWH), photovoltaic system with battery storage system (PVS), water storage systems (WSS), and others) shall be designed to withstand wind force, hurricane force winds, uplift, secure anchoring, and accessories according to applicable codes, standards, and regulations. All roof penetrations shall be weathertight and waterproof.**

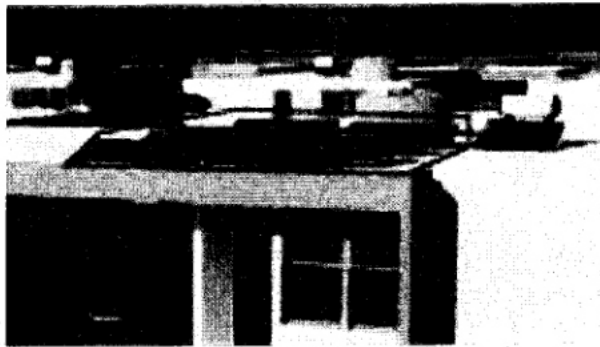
All Palmeras homes will undergo the standard QA/QC procedures that will be conducted by the Resident Engineer.

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**18. Any products or appliances provided in the must comply with Energy Star, Water Sense as per 83 FR 5844.**

All products used within the Palmeras M2 model home will comply with Energy Star Water Sense as depicted within 83 FR 5844 and will undergo the QA/QC procedures implemented by the resident engineer.

### 6.3.3 PROJECT PLAN

The Palmeras project with its 38 units is the second phase of an existing project. That means that the Project is fully capable of commencing construction immediately. Palmeras understands the need to provide Part 58 compliance and to avoid any choice limiting actions before that authorization happens. Below we will describe more in detail the required steps to commence construction.

#### PRE-CONSTRUCTION PLAN AND SCHEDULE

Attached hereto and made to form a part of this narrative, Palmeras is submitting a permit schedule and a construction schedule with unit delivery schedule that depicts delivery of units within the 24-month period of contract. Please see enclosures.

#### PROJECT DESIGN (90 days) IN PROGRESS

The Project has made significant progress in its design phase as this is the continuation of a current housing development. The site grading and most of the infrastructure have been designed, but due to specific requirements of the Single-Family Housing Development Initiative, the remaining design is under evaluation. The development team is working diligently to ensure that the final design meets the program's current housing needs. The team anticipates that the remaining design will be completed within a 90-day period and will be available before contract signing occurs. The redesign process is being approached with the same attention to detail and consideration for sustainability and energy efficiency as the initial design phase. The team is taking this opportunity to ensure that the final design incorporates the requirements of green building techniques and sustainable materials required for ICC-700 certification. This commitment to sustainability is not only beneficial to the environment but also provides long-term cost savings for homeowners.

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Inclusive of the environmental Part 58 permit, all required permits for construction as per local requirements will be met before contract award. Attached to this proposal we will include all obtained permits; our team is available to review with the PRDOH team if needed. Our permit proposal includes a Permit Summary sheet that provides clarification of the permit status.

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Our environmental 24 Part 58 process is going to be handled by an experienced permit professional. As part of our planning phases, we've commenced in the assessment of the Environmental Review Record (ERR), it will be completed in compliance with the provisions of 24 CFR Part 58. The level of environmental review required for the project will be determined based on the potential environmental impacts which preliminarily we understand an Environmental Assessment (EA) will be required.

The ERR will be prepared by a team of experienced professionals in the environmental review process. Technical studies and consultations with concerned agencies will be conducted to evaluate the potential environmental impacts of the proposed development. This may include assessments of the natural and built environment, air and water quality, cultural resources (SHPO and ICP), and other factors as appropriate.

The expected timeframe to complete the ERR will depend on the level of environmental review required for the project. For a Environmental Evaluation subject to Part 58, may be completed in as little as 120 days up to 180.

## CONSTRUCTION PHASING

The construction process for concrete homes is typically broken down into several key phases, including site preparation (grading and site infrastructure), foundation work, housing construction, electrical and mechanical installations, and finishing work. Each of these phases is carefully planned and scheduled to ensure that it is completed in the most efficient and cost-effective manner possible. Attached to this proposal we are including a construction phasing schedule that depicts the process in a Gantt chart for ease of explaining. The most important aspect of this process is that construction phasing will be performed in a staggered approach and will be divided in sub-phases. This will allow the developer to turn-over homes to PRDH in a timely manner. The construction process including the turnover to PRDH has been carefully studied and has been determined that can be performed in the 24-month timeframe required by the RFP.

## SITE PREPARATION

The site preparation phase will involve clearing and preparing the site for construction. This will include site grading, excavation, and installation of site utilities and infrastructure. The site preparation activities will be carefully coordinated to ensure that they are completed within the specified timeframes, taking into consideration any environmental or regulatory requirements.

## DEVELOPMENT

The development phase will involve the construction of the housing units and site works. The construction activities will be carefully planned and scheduled to ensure that they are completed within the 24-month period of performance for the resulting contract. The construction trades (civil, structural, electrical, mechanical, etc.) will be employed as needed, and the phasing of the project will be determined based on the specific needs of the Project.

Monitoring compliance with Section 3, Davis Bacon, and other requirements is critical to the success of any housing development project. To ensure compliance with these requirements, the following plan will be implemented:

1. **Establish clear policies and procedures:** Develop policies and procedures that clearly outline the requirements of Section 3, Davis Bacon, and other applicable

regulations. Ensure that all stakeholders are aware of these policies and procedures and understand the importance of compliance.

2. **Develop compliance monitoring protocols:** Develop monitoring protocols to ensure that compliance with Section 3, Davis Bacon, and other requirements is being maintained. These protocols should include regular inspections and audits to identify any issues or non-compliance. In addition, the monitoring protocols should identify the responsible parties for monitoring and reporting on compliance issues.
3. **Train personnel on compliance:** Provide training to all personnel involved in the housing development project on the requirements of Section 3, Davis Bacon, and other applicable regulations. This training should include information on the consequences of non-compliance and the importance of maintaining compliance.
4. **Document compliance:** Establish a documentation system to track compliance with Section 3, Davis Bacon, and other requirements. This system should include records of all inspections, audits, and training sessions. In addition, it should include records of any compliance violations and corrective actions taken.
5. **Enforce compliance:** Take appropriate corrective action if non-compliance is identified during monitoring activities. This may include disciplinary action, fines, or other measures to ensure that compliance is maintained.
6. **Regular reporting:** Provide regular reports to stakeholders on the status of compliance with Section 3, Davis Bacon, and other requirements. These reports should include any identified compliance issues, corrective actions taken, and the status of compliance monitoring activities.

#### QUALITY CONTROL & QUALITY ASSURANCE

To ensure quality control and code compliance during the construction of a housing development project, a comprehensive quality control plan will be developed and implemented. This plan will involve regular inspections by a licensed engineering firm to verify compliance with building codes, industry standards, and other applicable regulations. The following steps will be taken to implement the plan:

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1. **Establish clear quality control standards:** Develop quality control standards that are specific to the project and take into account all relevant codes, regulations, and industry standards.
  2. **Assign Quality Control Manager:** Appoint a Quality Control Manager to oversee the implementation of the quality control plan. The Quality Control Manager will be responsible for ensuring that all inspections are conducted in a timely manner and that all necessary corrective actions are taken.
  3. **Conduct regular inspections:** Regular inspections will be conducted by a licensed engineering firm to verify compliance with building codes, industry standards, and other applicable regulations. The inspections will be scheduled at key stages of the construction process, including foundation work, framing, electrical and mechanical installations, and finishing work.
  4. **Document inspections:** All inspections will be documented, and a record of any non-compliance issues or corrective actions taken will be maintained. The Quality Control Manager will review all inspection reports and take appropriate corrective action when necessary.
  5. **Implement corrective actions:** When non-compliance issues are identified, the Quality Control Manager will implement appropriate corrective actions to ensure that the project meets all relevant standards and regulations. These corrective actions may include rework, additional inspections, or other measures as appropriate.
  6. **Maintain open communication:** Regular communication will be maintained with the construction team to ensure that all necessary changes are implemented in a timely and efficient manner. The Quality Control Manager will work closely with the construction team to identify any potential issues and take appropriate corrective action.

Once the homes are completed, the delivery phase will involve the necessary activities to deliver completed homes to PRDOH. This will include the Proposer's quality control inspection, preparation of documentation related to homes, preparation of legal deeds, and request inspections to PRDOH. Other necessary activities to transfer the property to

PRDOH will also be included in the plan to ensure that the project is successfully completed and delivered to the community.

#### DELIVERY TO PRDOH

Once the homes are completed, Palmeras will work together with the PRDOH team and/or the end users of the homes to inspect the units and prepare punch lists required for final unit delivery. Palmeras will assign a member of its team to coordinate and manage the inspection of the units, the punch list follow-ups and other pending items that may be indicated or identified by PRDOH in their inspections. To the extent feasible, punch lists will be addressed by the Palmeras team within 30 – 45 days from the when the same are finalized by the PRDOH or the end users of the units.

Furthermore, the Palmeras team will ensure that the units obtain master plumber and master electrician certifications, and the corresponding use permit or certificate of occupancy from the relevant government agency or municipality.

Simultaneously with the quality control, punch list and final permitting process, Palmeras will work together with its surveyor(s) and attorney(s) to obtain a plat ("plano de inscripción") for the Project, as well as an authorization therefor ("autorización de plano de inscripción"). Using said plat and approvals, the notaries in charge of preparing the deeds of conveyance of the units of the Project will be able to commence drafting the relevant deeds, including any deeds of restrictive covenants and/or destination to public use and assignment of streets and neighborhood facilities.

Once (i) the unit is approved by the PRDOH or the end user of the unit, (ii) the plat is approved and (iii) the use permit is obtained, the Palmeras team and/or its attorneys will coordinate with the PRDOH for the execution of the relevant deeds of conveyance to the eventual owners of the units as soon as practicable.

Furthermore, the Palmeras team will coordinate with the Center for Municipal Revenue Collection for the assignment of property tax identification numbers to each of the units of the Project. To the extent that these units will be used by the end-users as their main residences, the notaries that will be engaged by Palmeras will ensure that the proper exonérations from property taxes are also obtained by these individuals or families.

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Given the extensive experience of the Palmeras team with regards to new developments, this process will be handled in the most expeditious and efficient manner and using prior contacts and experiences to avoid mistakes.

#### 6.3.4 PROJECT READINESS

Together with this narrative, Palmeras is attaching hereto and Option Agreement evidencing Palmeras control of the land where the Project is located; zoning certifications; existing permits, endorsements and agency authorizations; existing infrastructure acceptance, endorsements or authorizations from PRASA, PREPA or LUMA; environmental reports; HH studies; soil studies, and all other relevant studies and authorizations which have been obtained by Palmeras or Palmeras' predecessor in interest as part of the ongoing development of the Project. Please see enclosures.

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GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

**ATTACHMENT #1**  
**SCOPE OF WORK**  
**Request for Proposals**  
**Single-Family Housing Development Initiatives**  
**Community Development Block Grant for Mitigation**  
**Puerto Rico Department of Housing**  
**CDBG-MIT-RFP-2022-04**  
**(Revised for Addendum No. 04)**

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This document defines the Single-Family Housing Development Initiatives (**SF-HDI**) tasks that the Proposers must perform to support the Puerto Rico Department of Housing (**PRDOH**) as part of the Community Development Block Grant for Mitigation (**CDBG-MIT**). A description of the Housing Sector CDBG-MIT is included in the Action Plan approved by the U.S. Department of Housing and Urban Development (**HUD**), available at <https://cdbg-dr.pr.gov/en/download/cdbg-mit-action-plan-amendment-1-substantial-effective-on-october-17-2022/>

The PRDOH anticipates awarding the contract with a term of **twenty-four (24) months**. The contracted firms are expected to complete the construction of new detached single-family housing (**units**) development (**developments or projects**) in the contracted Period of Performance (**POP**). The PRDOH intends to purchase the completed units which must have a registered segregation and individual notarial deeds. The PRDOH may, at its sole discretion, extend the contract upon mutual written agreement of the parties.

**1. PRDOH's Reservation of Rights:**

The PRDOH reserves the right, without limitations, to:

- (i) Reject any or all proposals, waive any informality in the RFP process, or terminate the RFP process at any time, if deemed to be in its best interests.
- (ii) Reject and not consider any proposal that does not meet the requirements of this RFP, including but not necessarily limited to, incomplete proposals and/or proposals offering alternate or non-requested goods.
- (iii) Cancel this solicitation and reissue the RFP or another version if it deems doing so is in the Public Interest.
- (iv) PRDOH shall have no obligation to compensate any proposer for any costs incurred in responding to this RFP.
- (v) To reduce or increase estimated or actual quantities in whatever amount necessary without prejudice or liability to, if:
  - a. Funding is not available.
  - b. Legal restrictions are placed upon the expenditure of monies for this category.
  - c. PRDOH's requirements in good faith change after the award of the contract.
- (vi) To require additional information from all suppliers to determine the level of responsibility.

- (vii) To contact any individuals, entities, and/or organizations that have had a business relationship with the proposer, regardless of their inclusion in the reference section of the proposal's submittal.
- (viii) To contract with one or more proposers or the cancellation of this RFP.
- (ix) To negotiate any price from the awarded proposer(s) in response to a specific order under this solicitation.
- (x) To modify the quantity of the listed items and/or services during the contract term in compliance with policies and procedures.

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## 2. Overview

The PRDOH is issuing this Request for Proposal (**RFP**) to procure highly qualified and skilled entities to provide single-family housing development services for the construction of new detached single-family housing developments outside of risk and hazardous areas. The Proposers must understand and align with the CDBG-MIT Federal Register Notices<sup>1</sup>, Action Plan (as amended), Program Guidelines (including revised versions), national objectives, eligible/ineligible use of funds, and policies. In addition, proposers must be familiar with the Department of Housing and Urban Development (**HUD**) latest policy objectives, plan alignment, glossary, acronyms, policies, guidelines, and standards applicable to the Scope of Work (**SOW**) of this RFP. The Proposer remains fully responsible for determining if the information mentioned before has been amended, revised, and/or updated. The Proposers are responsible for delineating effective and efficient strategies to maximize the project development plan and schedule and to administer all project activities.

## 3. Choice Limiting Actions

Respondents to this RFP are required to immediately cease any choice-limiting action under 24 CFR § 58.22. Failure to stop activities such as acquisition, demolition, disposition, rehabilitation, repair, new construction, site preparation, and leasing or any other activities that commit to future actions for a proposed project prior to obtaining an environmental clearance will result in the project no longer being eligible for any HUD assistance.

## 4. Single-Family Housing Development Initiatives

The concept of the SF-HDI is to promote and complete the development of new resilient single-family housing projects. The PRDOH intends to purchase up to one thousand (1,000) finished units in the areas with the most housing needs. Additional phases may promote the project development and purchase of up to three thousand (3,000) units, depending on Program funds, allocation, and single-family housing needs. PRDOH may award "Qualified Proposers" up to three thousand (3,000) single family units and proceed with

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<sup>1</sup> Federal Register Notices for the CDBG-MIT are published in the corresponding websites at <https://cdbg-dr.pr.gov/en/resources/federal-register/>

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the initial phase contracting projects up to one thousand (1,000) single family units. Subsequent phases may be implemented with awarded entities depending on Program funds, allocation, and single-family housing needs.

## **5. Single Family Housing Needs**

Between the CDBG-DR and CDBG-MIT single-family Programs, PRDOH estimates that more than 6,000 applicants with a relocation voucher may benefit from the SF-HDI. Applicants with a relocation voucher must relocate to a location outside a floodplain, high-risk landslide area, or other hazardous areas as identified by the PRDOH.

## **6. Location of Program Relocation Needs and Functional Areas**

The **Attachment 5** illustrates the location and concentration of all current and potential CDBG-DR and CDBG-MIT single housing program cases with a relocation voucher with an emphasis on the flood zone and landslide susceptibility, their distribution within all 78 Puerto Rico municipalities and the Puerto Rico Planning Board (**PRPB**) Functional Areas.

PRDOH intends to award at minimum one (1) project in each Functional Area. A hierarchical methodology will be implemented to award projects according to the amount of R3 Program relocation cases and potential cases (single-family housing needs). The Functional Area with the greater single-family housing needs, will be awarded first with a project, continuing to the following Functional Areas up to three thousand (3,000) units. In the initial phase, if all Functional Areas are awarded with a project, and the one thousand (1,000) units are not fulfilled, the process cycles back to the hierarchical Functional Area with the greater single-family housing needs and descending until the one thousand (1,000) units are awarded. Those projects awarded in the initial phase may continue with the process and contract execution. The same hierarchical methodology could apply with awarded entities when subsequent phases are implemented to contract the additional units up to three thousand (3,000) single family units.

## **7. Single-Family Housing Developers**

The Proposers are expected to strengthen the SF-HDI by providing experience, technical knowledge, and expertise in the planning and construction of single-family developments. The Proposers are to identify, evaluate, conduct pre-development activities, and perform any necessary legal due diligence for any proposed project to correctly determine the scope, cost, time, and feasibility of completing the project under the terms of this RFP. Consequently, the Proposers are expected to secure construction financing to complete the units, at which time the PRDOH will purchase them. Proposers must operate as a single source responsibility entity to provide development, design, and

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build services. The contracted Proposers will work in the PRDOH's best interest in administering and implementing all the project activities.

All tasks, activities and work performed by the Proposer's stakeholders, professionals, individuals, and subcontractors will be administered, scheduled, and controlled by the contracting entity. The Proposer is directly responsible for ensuring quality, completeness, accuracy, and timeliness to avoid unnecessary delays in completing the single-family units in the contracted time.

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### **7.1. Duties and Responsibilities**

Duties and responsibilities of Single-Family Housing Developers include, but are not limited to, the following:

- Obtaining and evaluating the property legal documents, deeds, liens, easements, and any other restrictions that may affect the ownership of the project;
- Obtaining and evaluating the property regulatory requirements, restrictions, risks, assets and areas of opportunity which may affect the project's viability and feasibility;
- Obtaining and evaluating market research and analysis reports that identify the development and best use of the proposed land;
- Obtaining and evaluating technical studies, historical data, natural resources and habitats and any other relevant characteristics which may affect the project's viability, feasibility, design, construction, and/or completion;
- Obtaining and evaluating the project viability, feasibility, economic, and financing analysis report to identify risks and assets of the developer firm's proposed action;
- Obtaining and evaluating compliance with the Environmental Review Record (**ERR**) documents prior to the continuance of construction documents, permitting process and fieldwork on the proposed site;
- Elaborate construction documents, evaluation of submittals, clarification drawings, revision of construction drawings (when required), evaluate samples of materials, design services during construction (including A&E periodical site visits), coordinate and comply with the corresponding agencies inspections, reports and requirements, keep record and provide record drawings "as-built" documents;
- The developer design-build team is expected to perform, coordinate, and synchronize work to produce the design activities diligently, permitting process, construction site visits, clarification drawings, request for information, project closeout and others;

- Perform and maintain a record of weekly progress meetings (meeting minutes) with the participation of stakeholders;
- Obtaining, securing, and maintaining the project abatement requirements with the corresponding agency;
- Providing the highest level of customer service to the PRDOH, Program representatives, and others;
- Maintain sound project development, administration, production, control techniques and responsibility. This includes and applies to subcontractors, product manufacturers and any other entity involved in the project;
- Implement and maintain an effective, efficient communications system with stakeholders and teams involved to promote the best means of communication to encourage time effectiveness and efficiency.

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## **8. Proposers Submission – Project Readiness**

Demonstrating the proposed project's readiness is critical due to the 24-month time frame being provided to complete any selected project. Therefore, proposers shall submit pertinent information for the PRDOH to be able to determine the Proposer's ability to complete the project under the provided time frame. This information may include the proposed project location, the number of units of the project, the project plan and schedule, a permitting plan and status of permits, a detailed cost estimate, a single-family unit reasonable sales price, and any design deliverables to evaluate the "**Project Readiness**", as described in the following Sections of this document and the corresponding sections of the RFP documents.

### **8.1. Experience, Qualifications, Organizational and Staffing Plan**

It is expected that Proposers will have a team of professionals and consultants with the technical knowledge, experience, and expertise to identify, evaluate, resolve, and reduce potential risks with due diligence.

The PRDOH expects competent and qualified staff and professionals that are authorized or permitted under federal, state, and local law to perform the scope of work under this contract. However, the PRDOH reserves the right to request the removal of any staff not performing to standard, following the code of ethics and/or irregularities that may result in an unnecessary legal burden to the PRDOH, the Programs or its representatives. Proposers must provide detailed information about the Proposer's key staff, including education degrees, licenses, and years of relevant experience.

Proposers shall submit to the PRDOH an organizational chart detailing the identity of each person (whether employed by the Proposer or a subcontractor), profession, position, rank, and relationship of the personnel performing any work for the developer firm. In addition, the Proposers' organization and staffing plan shall include the roles, and

responsibilities of development team members and support areas, their planned level of effort and the anticipated duration of involvement.

As part of the qualifications, the Proposers must include detailed information regarding their financial, administrative capacity, design, and construction experience (in similar projects), personnel, consultants, equipment, software capabilities, document controls, safety record keeping, and quality control procedures. In addition, the PRDOH promotes opportunities for maximum feasible participation of certified Section 3, Minority, and Women-Owned Business Enterprises (**MWBE**).

### **8.2. Proposed Project & Location**

As the experts in the project development process, the Proposer will perform the pre-development, site evaluation, market analysis, feasibility studies, technical evaluations, site selection, legal counseling, design, permitting, securing the property, and any other activity required for the proposed project. In addition, the Proposer personnel must assess the property accessibility, availability (or lack) of potable, sanitary, stormwater, electrical, data infrastructure, lot potential, limitations, restrictions, proximity to bodies of water, natural resources, habitat, geological formations, or any other relevant information that may limit the proposed activity, including evidence of soil contamination, erosion, landslide, flood, extreme slopes, and others.

The PRDOH will evaluate Proposers' projects and select those according to the Programs needs and the best public interest. Proposers may submit more than one project if these are in different locations (not part of or adjacent to other proposed projects) and each project comply with all the submission requirements. Additional projects may be in the same Functional Area or located in another Functional Area. If a Proposer submits more than one project, it must be thru a different Proposal submission, as instructed in the RFP. In such cases, the Proposer's submission must evidence the relationships between the proposed projects and the fiscal capacity to complete them. In addition, the Proposer must provide evidence that it can successfully perform these projects concurrently, complete all units and assure the quality of services and goods.

### **8.3. Single-Family Housing Minimum and Maximum Units per Site**

The Proposer's project may include additional units (of any type) that will not be purchased by the PRDOH but that the Proposer intends to build on the same site and are not part of the proposed project. In this case the Proposer's SF-HDI units and project limit shall be clearly delineated and all the information related to the project submission must be consistent with the project submission (including but not limited to the project plan, schedule, permitting plan, detailed cost estimate, reasonable sales price, design deliverables, code compliance, green building standards, minimum architectural and design standards, environmental review, and any other applicable requirements). The

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developer firms shall propose **new projects** with a minimum of twenty-five (25) units, ~~and a maximum of one hundred (100) units per project submission.~~ Projects proposed within an Urban Center (as defined by the PRPB<sup>2</sup>), will be exempt from the minimum amount of unit requirement.

#### 8.4. Project Plan and Schedule

Proposers shall submit a detailed project plan that delineates all the tasks, activities, time and duration of pre-development, technical studies, design, permitting, construction phases, milestones, unit completion, project completion, and permitting closeout. This detailed project plan and schedule must depict concurrent and non-concurrent activities and the responsible teams involved. The project plan must establish the completion of units within the POP and identify whether units will be completed in phases. The POP shall contemplate any legal process required for the segregation, registration, and other process needed for a real estate closeout. This must be presented in a graphical depiction with all the necessary notes and detail to demonstrate the technical knowledge, expertise, project intent and clarity of the proposed activities.

#### 8.5. Permitting Plan

Proposers shall provide a permitting plan that considers the status and available details of all the agency pre-consultation, endorsement, abatement permits, notification of construction permit, final construction permit, permit closeout and occupancy permits.

#### 8.6. Detailed Project Cost Estimate & Single-Family Unit Reasonable Sales Price

Proposers must submit a detailed project cost estimate and single-family unit type cost estimate itemized, including all trades and components, and sufficiently detailed for the PRDOH to perform a cost reasonableness and reasonable sale price analysis (Refer to, **Exhibit H-1 (Price Form – Reasonable Sale Price Form)** and **Exhibit H-2 (Price Form – Project Itemized Costs)**). The detailed cost estimate shall include the labor, equipment, material, subcontractor work, insurance, taxes, overhead and profit of each component to be incorporated into the work. This document must be organized, clear, self-explainable and include reference sources. The document shall organize following the MasterSpec® divisions and provided in an 8.5x11 letter format both in PDF and XLS files.

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<sup>2</sup> Interventions in urban centers shall comply with the corresponding sections of the Joint Regulation for Project Evaluation and Permitting, regarding Land Development and Use, and Business Operations ("Reglamento Conjunto para la Evaluación y Expedición de Permisos Relacionados al Desarrollo, Uso de Terrenos y Operación de Negocios"), as adopted, the State Historic Preservation Office, the Autonomous Municipality(ies), zoning district requirements, and others. Zoning district requirements may affect the number of units allowed to be developed in a particular lot however the PRDOH reserves the right to establish the minimum amount of units to be proposed in the Single-Family Housing Development Initiatives.

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### 8.7. Design Deliverables

Proposers must submit all the necessary information to explain the proposed design intent. The proposed designs shall comply with the SF-HDI Minimum Architectural and Design Standards (**MADS**) (Refer to, **Attachment 6** of the RFP) and the Selected Green Building Standard. At a minimum, a **Conceptual Design Phase** will be submitted by the Proposers as part of the RFP submission package and include as minimum a **site design** and the design solution of a **detached, one (1) level** (one story) with **3-bedroom and 2-bathroom** and a minimum construction area of **1,150** square feet (excluding carport, driveway, walkway and others). A minimum of **5%** of the proposed units must comply with ADA requirements. The rest of the units must be designed and built as adaptable housing units with the intention that these can be modified easily in the future to become accessible, as needed.

### 9. Code Compliance

The current International Building Code® (**IBC Codes**) establishes minimum requirements using prescriptive and performance-related provisions. The IBC Codes are fully compatible with all the International Codes® (**I-Codes**) published by the International Code Council (**ICC**). This regulation arises from the adoption of the ICC family with its amendments to conform to the requirements of Laws and Regulations of construction and occupancies in Puerto Rico. All work performed by developer firms must also comply with most current federal, state, and local codes, laws, and regulations.

### 10. Green Building Standard

The SF-HDI design and construction activities must comply with the Green Building Standards described in Federal Registers 83 FR 5844, 84 FR 4836, and as per Programs requirements. All single-family units shall be designed to incorporate sustainability and resiliency principles for efficient energy and water use. The Proposer shall identify which Green Building Standard(s) they will use for the unit design and construction and must comply with at least one of the standards set forth:

- ENERGY STAR Certified Homes (version 3, latest revision, program requirements-Tropics);
- Enterprise Green Communities;
- LEED BD+C (Building Design and Construction);
- LEED Homes;
- LEED O+M (Building Operations and Maintenance);
- LEED ND (Neighborhood Development);
- ICC-700 National Green Building Standard;
- EPA Indoor AirPlus (ENERGY STAR a prerequisite);
- The "Permiso Verde" from the "Oficina de Gerencia de Permisos"; or

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- Any other equivalent comprehensive green building program acceptable to HUD.

A certification under one of these Green Building Standards is an SF-HDI requirement for purchasing the completed unit. Due to the above, the PRDOH encourages using a Green Building Standard that ensures completed homes can be certified when construction is completed.

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### **11. SF-HDI Minimum Architectural and Design Standards**

The developer firms shall comply with the Minimum Architectural and Design Standards, which does not supersede the Building Code provisions and requirements, nor the Proposer's Selected Green Building Standard. These generally describe the requirements for the unit, the photovoltaic system with battery storage (**PVS**) and water storage system (**WSS**) requirements (Refer to, **Attachment 6**).

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### **12. Environmental Review**

Following the preliminary selection of a project, it must undergo an Environmental Review and certification is to be completed. The Environmental Review process determines a project's potential environmental impacts and whether it meets federal, state, and local environmental standards and regulations. The SF-HDI Environmental Reviews at a site-specific level will be prepared by the Proposer and approved by the PRDOH. An environmental review process will be required for all SF-HDI projects to ensure that the proposed activities do not negatively impact the surrounding environment, and mitigate an adverse effect on historical zones, districts, properties, archeological heritage and environmental or health impacts on end users.

### **13. Construction Documents**

Upon contract execution, the developer firms will diligently engage its organization to commence and complete the architectural, civil, structural, mechanical, electrical design, and any other activity required to complete the construction documents and permitting process and complete these activities with due diligence, efficiently and in a timely manner. The developer firms are responsible for addressing and resolving any adverse effects identified in the ERR process. A complete, coordinated set of construction drawings and technical specifications must be submitted to PRDOH. The construction documents will include all the necessary information for the project design. The construction documents shall provide all the technical information to expedite the permitting, construction process and reduce unnecessary delays, risks, errors, and omissions. The construction documents must be consistent with the developer firm's project submission and ERR requirements and compliant with the Selected Green Building Standards, Minimum Architectural Design Standards, and related regulatory agency

requirements. The construction documents will be provided to the PRDOH in electronic forms.

#### **14. Occupational Safety and Health**

Health and safety in construction are particularly important because the industry is prone to hazardous situations and can be dangerous at times. To demonstrate proper tracking and compliance related to health and safety issues, Proposers shall submit copies of their Occupational Safety and Health Administration (**OSHA**) 300 forms for the past three (3) years. If OSHA 300 forms are not applicable, Proposers shall provide an explanation as to the reasons for not submitting the forms. The developer firms must comply with federal, state, or local labor laws related to the occupational safety, health and well-being of the organization's employees, subcontractors, and stakeholders. Developer firms will prepare, update, implement and administer the Safety Plan. The developer firms will have qualified safety personnel to train, ensure and reduce the risk of accidents, injury, or incidents. These will be responsible for providing Personal Protection Equipment (**PPE**) to all employees and visitors, including, but limited to, the PRDOH or its representatives during site visits or meetings at the projects.

#### **15. Quality Control and Quality Assurance**

The developer firms must comply with the residential construction industry's highest quality standards and tolerances. These quality standards will be included in the Quality Plan and will guide work implementation, completion, and supervision. In addition, the developer firm's design team will develop a quality control, assurance procedure, testing, and reporting as part of the Technical Specifications of each project.

#### **16. Single-Family Unit Development Construction**

The developer firms may commence construction upon having an environmental clearance, contracted by PRDOH, and issuance of the Final Construction Permit by the Office of Permit Management (known in Spanish as "Oficina de Gerencia de Permisos". OGPe, for its Spanish acronym). The developer firms are responsible for the following:

- Completing site improvements and utility connections to enable the construction of single-family units;
- Construction of single-family units, walkways, driveways, roof covered carport and other unit features;
- Laboratory testing, certification and reporting for quality and assurance or commissioning work;
- Preparing Designated Inspector's progress reports, which include photographs, notes, and any other information required to document the progress and compliance of work;

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- Correcting punch list items to correct deficiencies in a timely manner;  
Non-conforming work shall be quickly attended up to compliance.

### 17. Completion of Single-Family Units

The construction activities for the single-family units will be considered a "**completed unit**" when the following conditions are met:

- All punch list items have been corrected;
- Submission of the Architect of Record (**AOR**) Certification of work completion, including those works to occupy the single-family units;
- The project's infrastructure is completed and compliant with the corresponding agency requirements;
- Occupancy Permits are obtained;
- Green Building Standard Certification documents;
- Closeout Binder;
- All the documents required by PRDOH are correct, complete and uploaded in the Grant Management System of Record;
- All the required documents are correct, complete, and provided to enable the real estate closing;
- PRDOH and/or SF-HDI representatives' assessment and acceptance of the completed work;
- Key turnover which shall be labeled and identify the unit number, amenity exterior doors, interior doors, and other relevant information;
- The contracted entities are responsible for project closeout which may include transferring infrastructure to the corresponding agencies and/or municipalities. This includes but is not limited to electrical, data, potable, sanitary, storm water, fire suppression systems, roadways, sidewalks, public areas, public luminaires, spaces, and others.

It is preferable that the completion of units is adjacent to each other and that any public spaces and infrastructure adjacent and near them be complete, decent, safe, and secure. Phased projects must contemplate the completion of units in a logical manner and as per the Construction Permit, Occupancy Permit requirements, etc.

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## 18. Assessment and Acceptance of Work

Upon completion of a single-family unit, the PRDOH or its authorized representative may proceed with the property assessment of such unit. This assessment may include an evaluation to:

- Verify overall safety and quality of the property;
- Validate overall compliance with SF-HDI requirements;
- It is encouraged that these units are completed in adjacent groups or bundle of units (not scattered within the project) for an efficient assessment process.

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### 18.1. Required Documents

The developer firms will provide all the information required in the Closeout Binders, part of the Project Closeout requirements. These must be uploaded into the Grant Management System of Record and may be evaluated by PRDOH representatives.

- Closeout Binder: one (1) hardcopy and one (1) digital copy (PDF format);
- Maintaining and preserving the project's records for the period prescribed in the contract;
- Maintaining and preserving the project's records for the period required by federal and state laws and regulations;
- Assist with any monitoring or audits performed by the Office of Inspector General (**OIG**), U.S. Department of Housing and Urban Development (**HUD**), Puerto Rico Department of Housing (**PRDOH**), or its representatives.

### 18.2. Closeout Binder Required Content

The PRDOH/Owner Closeout binder shall include, but not be limited to following:

- Binder cover, dividers, index of context and checklist (include the following information):
- Program name;
- Project name;
- Project address;
- Developer firm entity name;
- Warranty department phone and email;
- Company physical address;
- Table of contents;
- Warranty start date (PRDOH date of purchase of unit);
- Occupancy Permit;
- Warranty Documents (including waterproofing system, PVS, WSS, equipment, appliances, and finishes, among others);
- Warranty Claim instructions and contact information;
- Operations and maintenance manuals;
- List of vendors, suppliers, and manufacturers;



- Record drawings and specifications, signed and sealed;
- Certifications (Master Plumber and Professional Electrician);
- Commissioning Report for PVS and WSS, as applicable;
- Digital copies of submittals in PDF format;
- Designer's Certification of Completion;
- Copy of closing government permits;
- Green Building Certification;
- Any other documents required by the Program.

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### **19. Warranty Period**

All work performed by the developer firms will be guaranteed as follows:

- Roof waterproofing works will be guaranteed for a minimum of one (1) year;
- Solar water heaters will be guaranteed for a minimum of five (5) years;
- Equipment and appliances installed will be guaranteed for a minimum of one (1) year or as provided for by the manufacturer (whichever is greater);
- Solar photovoltaic system panels installed will be guaranteed for a minimum of ten (10) years;
- Solar PV modules will be guaranteed for a minimum of twenty-five (25) years of linear performance;
- Solar PV Battery Bank and Inverter will be guaranteed for a minimum of ten (10) years;
- WSS will be guaranteed for a minimum of five (5) years;
- All other work will be guaranteed for one (1) year.

For the warranty periods established above the PRDOH, beneficiary or homeowner may require the developer firms to correct defects or problems arising from the work performed. The developer firms must have designated staff to receive, process and resolve warranty and construction complaints. All warranty and construction complaint issues shall be administered until resolved, closed by the developer firms. A reasonable amount of time will be given to correct the valid warranty claim; however, in no case will such time exceed two (2) weeks to resolve. Should the developer firms fail to correct the problem, the PRDOH may commence any necessary legal resources as prescribed in the developer firm contract. Warranties shall be transferable to PRDOH and subsequent property owners.

### **20. Marketing and Public Relations**

The developer firms are expected to cooperate with PRDOH's public relation efforts and facilitate dissemination of information, upon request. To achieve these goals, the developer firms will provide data and information related to the Program(s) production,

performance and completed projects. The Proposers are not authorized to distribute any of the Program(s) documents, data, confidential materials, or sensitive information, unless a written authorization is provided by PRDOH. It is recommended that developer firms document the completed work in good quality and resolution which may be used by the PRDOH for communication purposes. These shall be readily available and be provided to the PRDOH when requested.

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## **21. Purchase of Completed Single-Family Units**

The PRDOH will purchase single-family units completed within the established period of performance. Program applicants may be available to immediately occupy these units with the coordination and assistance of PRDOH. The PRDOH reserves the right not to purchase incomplete units and/or projects and those which do not comply with the SF-HDI requirements. The PRDOH will not issue payments, reimbursements, progress payments or finance the developer firm's operation and project. The PRDOH will purchase "**completed units**" at a reasonable pre-established sale price as defined in this document and the terms and conditions of the Contract.

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### **21.1. Real Estate Closings**

Upon a favorable determination on acquiring a unit's property, the developer firm and PRDOH may proceed to coordinate the property acquisition.

- Single-Family units must be segregated, registered, and shall possess notarial deeds on each unit.
- The developer firm "seller" shall provide all the documents deemed necessary by PRDOH for the property acquisition. These documents must be valid and not expired, even at the time of the purchase.
- PRDOH may conduct title investigations as necessary whenever such documents reach their expiration date before closing.
- The developer may draft the property's deed for the real estate transaction.
- The developer firm may be required to draft additional legal documents when needed for the closing to take place.
- After acquiring all necessary documents from the developer firm and after drafting any other documents required to purchase the property, the developer firm must submit documents to PRDOH for review and approval. Documents to be submitted include:
  - All necessary documents from the seller (e.g. proof of ownership, CRIM Certifications, ASUME Certifications, Treasury Certifications, Title Investigations, Payment Request Form, Non-Resident Information Form, etc.);
  - Any document necessary for the transaction to take place.
  - A PRDOH authorized realtor may coordinate the transaction to take place.

- Once all the required documentation is approved and requested funds are available and certified, the developer firm and PRDOH will schedule the real estate closing event with the different parties and stakeholders.

Seller (developer firms) and buyer (PRDOH) are each responsible for any fees and the completion of any tasks associated with completing a real estate transaction on a per unit basis between the parties. These tasks and fees will be covered by each party per real estate industry standards.

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## **22. Compliance of Work with Federal Laws**

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### **22.1. Affirmatively Furthering Fair Housing**

As applicable, all projects must comply with the statutory obligations under the Fair Housing Act at 42 U.S.C. 3608.

### **22.2. Davis-Bacon Act & Related Acts**

All work performed by the developer firm, as well as any of their subcontractors, must comply with the requirements of the Davis-Bacon Act, when applicable, as part of the Contract<sup>3</sup>.

**END OF SCOPE OF WORK.**

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<sup>3</sup> Generally, Davis-Bacon applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon also applies to residential construction which consists of projects involving the construction, alteration, or repair of eight or more separate, contiguous single-family houses operated by a single entity as a single project or eight or more units in a single structure.



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

ATTACHMENT C

**Compensation Schedule**  
**SINGLE-FAMILY UNIT**  
**Single-Family Housing Development Initiatives**  
**Community Development Block Grant for Mitigation**  
**Puerto Rico Department of Housing**  
**CDBG-MIT-RFP-2022-04**

**Name of Proposer:** Palmeras CDBG-MIT LLC

**1. Single-Family Qty Units:** 38 Single-Story, 3-Bedroom & 2-Bathroom

**2. Project Name:** Palmeras

**3. Project Location in PRPB Functional:** FZ-Manatí

**4. Municipality:** Barceloneta

ID	Cost Category	Proposed Price
<b>Single-Family Property (Unit) Reasonable Sale Price</b>		
SF-01	Single-Family Property (Unit) Reasonable Sale Price	\$281,900.00
<b>Sub-Total Construction Costs</b>		<b>\$281,900.00</b>
<b>Photovoltaic System with Battery Storage &amp; Water Storage System Reasonable Sale Price</b>		
PVS-01	Photovoltaic System with Battery Storage	\$20,000.00
WSS-01	Water Storage System	\$3,000.00
<b>Total Reasonable Sale Price of Single-Family Property (Unit)</b>		<b>\$304,900.00</b>
<b>Total Project Cost</b>		<b>\$11,586,200.00</b>

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**Notes:**

- (1) The single-family property reasonable sale price includes the labor, materials, equipment, amenities and any other direct or indirect costs associated with the dwelling including the main structure, roof covered garage, property land, solar water heater and any other work required for the unit completion.
- (2) The single-family property reasonable sale price includes all the project development components, direct and indirect costs, associated with the property, including sidewalk, driveway, and any other work required for the unit completion, as well as the value of the land.
- (3) The photovoltaic system with battery storage system (PVS) cost includes all the costs associated as described in the Single-Family Housing Development Initiatives Scope of Work (SOW), Minimum Architectural and Design Standards, any building code, regulation, standards, and requirements.
- (4) The water storage system (WSS) cost includes all the costs associated as described in the Single-Family Housing Development Initiatives Scope of Work (SOW), Minimum Architectural and Design Standards, any building code, regulation, standards, and requirements.
- (5) If the sum of the single-family property reasonable sale price, PVS, WSS reasonable sale price, if awarded and upon contract, the PRDOH may acquire the completed units as described in the SOW, contract documents, the PRDOH and/or the Single-Family Housing Initiatives requirements.
- (6) The proposed sales price is not subject to any incentive or benefits related to the construction works that are not in effect at the time of submitting the proposal.

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GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

## ATTACHMENT D

### SINGLE-FAMILY HOUSING DEVELOPMENT INITIATIVES REQUEST FOR PROPOSALS PERFORMANCE REQUIREMENTS

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#### INTRODUCTION

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This document represents performance metrics and requirements for Single-Family Housing Development Initiatives (**SFHD**) tasks. The Contractor shall adhere to the requirements of this document. The Contractor shall develop workplans, schedules, reports and/or any other document as may be requested by PRDOH or its representative in connection to the metrics and requirements set forth herein. The Contractor shall submit any of such documents for review and approval as requested by PRDOH within the specified time frame provided for such request. PRDOH reserves the right to request any information as part of the Grantee's responsibilities. The Contractor is responsible for providing and performing all its responsibilities, and deliverables as stated in the Scope of Work.

The metrics and requirements included in these Performance Requirements may be modified, including the addition of new requirements based on the Program's development and implementation, at the discretion of PRDOH for the Program's Benefit.

#### SCOPE OF SERVICES

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The Contractor is responsible for compliance with all aspects of the Scope of Work (**SOW**) included as an attachment to the Contract.

#### TASKS

Contractor must ensure that the SF-HDI tasks are completed according to the specifications and requirements of the Agreement, including timeframe of completion of the tasks.

### DELIVERABLES

TASK	DELIVERABLE	TIMELINE
Section 7.1 of the SOW	Obtain and evaluate compliance with the Environmental Review Record ( <b>ERR</b> ) documents	Prior to the continuance of construction documents, permitting process and fieldwork on the proposed site
Section 7.1 of the SOW	Obtain and evaluate the property legal documents, deeds, liens, easements, and any other restrictions that may affect the ownership of the project	During the Period of Performance ( <b>POP</b> ) stated in the Agreement through to the closing event to transfer property to PRDOH
Section 7.1 of the SOW	Obtain and evaluate market research and analysis reports that identify the development and best use of the proposed land	Prior to construction start
Section 7.1 of the SOW	Obtain and evaluate technical studies, historical data, natural resources and habitats and any other relevant characteristics which may affect the project's viability, feasibility, design, construction, and/or completion	Prior to and during construction
Section 7.1 of the SOW	Elaborate construction documents, evaluation of submittals, clarification drawings, revision of construction drawings (when required), evaluate samples of materials, design services during construction (including A&E periodical site visits), coordinate and comply with the corresponding agencies inspections, reports and requirements, keep record and provide record drawings "as-built" documents	Prior to and during construction
Section 7.1 of the SOW	Perform, coordinate, and synchronize work to produce the design activities diligently, permitting process, construction site visits, clarification drawings, request for information, project closeout and others	Prior to and during construction
Section 7.1 of the SOW	Obtain, secure and maintain the project abatement requirements with the corresponding agency	Throughout the POP

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TASK	DELIVERABLE	TIMELINE
Section 7.1 of the SOW	Perform and maintain a record of weekly progress meetings (meeting minutes) with the participation of stakeholders	On a weekly basis after execution of Agreement
Section 8.4 of the SOW	Submit detailed Project Plan	<b>30 days</b> after contract execution
Section 8.4 of the SOW	Submit updated project schedule and completed unit delivery forecast for each design, permits, construction and close out phase	As established by PRDOH
Section 8.5 of the SOW	Submit Permitting Plan	<b>30 days</b> after contract execution
Section 8.7 of the SOW	Submit Design Deliverables	As requested by PRDOH
Section 12 of the SOW	Submit the Environmental Review package for revision	<b>60 days</b> after contract execution
Section 13 of the SOW	Submit Construction Documents	As requested by PRDOH
Section 16 of the SOW	Complete site utility connections	Within the POP stated in the Agreement
Section 16 of the SOW	Obtain Final Construction Permit	Prior to construction start
Section 16 of the SOW	Submit periodic reports regarding the physical progress of the construction	As established by PRDOH
Section 16 of the SOW	Correcting punch list items to correct deficiencies in a timely manner; non-conforming work shall be quickly attended up to compliance	After PRDOH assessment and prior of the acceptance of work (per unit)
Section 17 of the SOW	Submit Architect of Record and Designated Inspector's Certification of work completion	As requested by PRDOH
Section 17 of the SOW	Perform project closeout activities which may include transferring infrastructure to the corresponding agencies and/or municipalities	Within the Period of Performance (POP) stated in the Agreement
Section 18 the SOW	Completion of single-family housing units	Within the POP stated in the Agreement

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TASK	DELIVERABLE	TIMELINE
Section 18.2 of the SOW	Submit Close-out binder, including warranty documentation	As requested by PRDOH
Section 19 of the SOW	Warranty and construction claim resolutions to correct defects or problems arising from work performed	Within <b>two (2) weeks</b> of submission of complaint
Section 20 of the SOW	Assist with outreach efforts, marketing and public relations, including providing photos, data, documents and information needed to promote the development.	As requested by PRDOH
Section 21 of the SOW	Purchase of Units & Real Estate Closings. Seller (developer firms) and buyer (PRDOH) are each responsible for any fees and the completion of any tasks associated with completing a real estate transaction on a per unit basis between the parties. These tasks and fees will be covered by each party per real estate industry standards	Within the POP stated in the Agreement

Pursuant to **Sections 8.7, 10, 11 and 21** of the SOW, completed housing units must comply with the following standards and requirements:

1. Green Building Standards (**GBS**): Design and construction activities must comply with the Green Building Standards described in Federal Registers 83 FR 5844, 84 FR 4836, and as per Programs requirements, including proper certification(s).
2. Minimum Architectural and Design Standards (**MADS**): These standards do not supersede the Building Code provisions and requirements, nor the Contractor's Selected Green Building Standard.
3. Comply with the design intent, parameters, specifications, and area, stated in the Proposal.
4. Comply with: all other SOW sections; all requirements established in the Agreement and its attachments; and all applicable federal, state, local and administrative regulations.
5. Comply with conditions established in Section 17 of the SOW for "completed unit."
6. Be assessed and accepted by PRDOH as established in Section 18 of the SOW and its subsections.

Upon request by PRDOH, Contractor must submit permits, close-out documents, and all other information related to the project per Section 18.2 of the SOW. Contractor is also responsible for the costs and completion of the entire process including, but not limited

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to, transfer of ownerships deeds and easement deeds required by the different governmental organisms (see Section 21.1 of the SOW).

**Terms may be modified if deemed necessary by the PRDOH, with due notification to the contractor. All deliverable dates will be calendar days.**

**END OF DOCUMENT**

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## ATTACHMENT E

### HUD GENERAL PROVISIONS

Given that the Contract 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 Contract. In addition, Contractor shall comply with the Federal Labor Standards Provisions set forth in Form HUD-4010, available at <https://www.hudexchange.info/resource/2490/hud-form-4010-federal-labor-standards-provisions/>.

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The CONTRACTOR shall include these terms and conditions in all subcontracts or purchase orders directly servicing the Contract.

These general provisions may be updated from time to time. It is the sole responsibility of the CONTRACTOR 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 Contract shall be deemed to be inserted herein and the Contract 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 Contract shall forthwith be physically amended to make such insertion or correction.

##### 2. STATUTORY AND REGULATORY COMPLIANCE

CONTRACTOR shall comply with all laws and regulations applicable to the Community Development Block Grant-Disaster Recovery funds appropriated by: the Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements, 2017 (**Pub. L. 115-56**) approved on September 8, 2017, as amended; the Bipartisan Budget Act of 2018 (**Pub. L. 115-123**) approved on February 9, 2018, as amended; the Additional Supplemental Appropriations for Disaster Relief Act, 2019, (**Pub. L. 116-20**) approved on June 6, 2019, as amended; as well as 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 CONTRACT TERMS**

The Puerto Rico Department of Housing (PRDOH) reserves its right to all administrative, contractual, or legal remedies, including but not limited to suspension or termination of this Contract, in instances where the CONTRACTOR or any of its subcontractors violate or breach any Contract term. If the CONTRACTOR or any of its subcontractors violate or breach any Contract term, they shall be subject to such sanctions and penalties as may be appropriate. The duties and obligations imposed by the Contract 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.

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### **4. REPORTING REQUIREMENTS**

The CONTRACTOR shall complete and submit all reports, in such form and according to such schedule, as may be required by PRDOH and/or the Government of Puerto Rico. The CONTRACTOR 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 24 C.F.R. §§ 85.40-41 (or 84.50-52, if applicable) and § 570.507, when applicable.

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### **5. 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 CONTRACTOR which are related to this Contract, for the purpose of inspection, audits, examinations, and making excerpts, copies and transcriptions.

### **6. MAINTENANCE/RETENTION OF RECORDS**

All records (files, data, work product) connected with this Contract will be turned over to PRDOH following the Agreement termination to be maintained for the remainder of the grant and post grant closeout.

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

The CONTRACTOR 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.

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

#### **8. 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.

#### **9. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964**

The Proposer will comply with the provisions of Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin in any program or activity that receives Federal funds or other Federal financial assistance. Programs that receive Federal funds cannot distinguish among individuals on the basis of race, color or national origin, either directly or indirectly, in the types, quantity, quality or timelines of program services, aids or benefits that they provide or the manner in which they provide them. This prohibition applies to intentional discrimination as well as to procedures, criteria or methods of administration that appear neutral but have a discriminatory effect on individuals because of their race, color, or national origin. Policies and practices that have such an effect must be eliminated unless a recipient can show that they were necessary to achieve a legitimate nondiscriminatory objective.

#### **10. SECTION 109 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974**

The CONTRACTOR shall comply with the provisions of Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the grounds 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 funds made available under this title. Section 109 further provides

that discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973, as amended, is prohibited.

**11. SECTION 504 OF THE REHABILITATION ACT OF 1973**

The CONTRACTOR shall comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), as amended, and any applicable regulations.

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The CONTRACTOR agrees that no qualified individual with handicaps shall, solely on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity that receives Federal financial assistance from HUD.

**12. AGE DISCRIMINATION ACT OF 1975**

The CONTRACTOR shall comply with the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.), as amended, and any applicable regulations. No person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to, discrimination under, any program or activity receiving Federal financial assistance.

**13. DEBARMENT, SUSPENSION, AND INELIGIBILITY**

The CONTRACTOR 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.

**14. CONFLICTS OF INTEREST**

The CONTRACTOR shall notify the PRDOH as soon as possible if this Contract or any aspect related to the anticipated work under this Contract raises an actual or potential conflict of interest (as defined at 24 C.F.R. §578.95; 24 C.F.R. §570.489(g) and (h); and 24 C.F.R. §570.611, if applicable). The CONTRACTOR 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 CONTRACTOR shall provide the PRDOH any additional information necessary to fully assess and address such actual or potential conflict of interest. The CONTRACTOR shall accept any reasonable conflict mitigation strategy employed by the PRDOH, including but not limited to the use of an independent subcontractor(s) to perform the portion of work that gives rise to the actual or potential conflict.

## 15. SUBCONTRACTING

When subcontracting, the CONTRACTOR 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 CONTRACTOR 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 Contract.

The CONTRACTOR 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.

## 16. ASSIGNABILITY

The CONTRACTOR 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.

## 17. INDEMNIFICATION

The CONTRACTOR shall indemnify, defend, and hold harmless the Government of Puerto Rico and PRDOH, its agents and employees, from and against any and all claims, actions, suits, charges, and judgments arising from or related to the negligence or willful misconduct of the CONTRACTOR in the performance of the services called for in this Contract.

## 18. COPELAND "ANTI-KICKBACK" ACT

### (Applicable to all construction or repair contracts)

Salaries of personnel performing work under this Contract 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

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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 CONTRACTOR 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.

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**19. 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 CONTRACTOR shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701-3708) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by CONTRACTORS 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 CONTRACTORS and subcontractors shall comply with all regulations issued pursuant to that act and with other applicable Federal laws and regulations pertaining to labor standards.

**20. DAVIS-BACON ACT**

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

The CONTRACTOR shall comply with the Davis Bacon Act (40 U.S.C. §§ 3141, et seq.) as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

All laborers and mechanics employed by CONTRACTORS or subcontractors, including employees of other governments, on construction work assisted under this Contract, 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 CONTRACTOR shall submit Form HUD 4710 (Semi-Annual labor Standards Enforcement Report) to PRDOH.

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## **21. TERMINATION FOR CAUSE**

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

If, through any cause, the CONTRACTOR shall fail to fulfill in a timely and proper manner his or her obligations under this Contract, or if the CONTRACTOR shall violate any of the covenants, agreements, or stipulations of this Contract, the PRDOH shall thereupon have the right to terminate this Contract by giving written notice to the CONTRACTOR 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 CONTRACTOR under this Agreement shall, at the option of the PRDOH, become the PRDOH's property and the CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the CONTRACTOR 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 CONTRACTOR, and the Government of Puerto Rico and/or PRDOH may withhold any payments to the CONTRACTOR 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 CONTRACTOR is determined.

## **22. TERMINATION FOR CONVENIENCE**

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

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

## **23. SECTION 503 OF THE REHABILITATION ACT OF 1973**

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

The CONTRACTOR 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 CONTRACTOR 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 CONTRACTOR 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:

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- (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 CONTRACTOR;
- (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 CONTRACTOR including social or recreational programs; and
- (ix) Any other term, condition, or privilege of employment.

- 2) The CONTRACTOR 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 CONTRACTOR'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.
- 4) The CONTRACTOR 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 CONTRACTOR'S obligation under the law to take affirmative action to employ and advance in employment qualified employees and applicants with disabilities. The CONTRACTOR must ensure that applicants and employees with disabilities are informed of the contents of the notice (e.g., the CONTRACTOR 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 CONTRACTOR will notify each labor organization or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the CONTRACTOR is bound by the terms of Section 503 of the Rehabilitation Act

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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 CONTRACTOR 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 CONTRACTOR 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.

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#### **24. EQUAL EMPLOYMENT OPPORTUNITY**

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

The CONTRACTOR 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 CONTRACTOR agrees as follows:

- 1) The CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The CONTRACTOR 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 CONTRACTOR shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by Contracting Officer setting forth the provisions of this non-discrimination clause. The CONTRACTOR shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 3) The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

- 4) The CONTRACTOR 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 CONTRACTOR'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 CONTRACTOR will comply with all provisions of Exec. Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.
- 6) The CONTRACTOR will furnish all information and reports required by Exec. Order No. 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 CONTRACTOR'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 CONTRACTOR 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 Exec. Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.
- 8) CONTRACTOR 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 CONTRACTOR 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 CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

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## **25. CERTIFICATION OF NONSEGREGATED FACILITIES**

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

The CONTRACTOR 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 CONTRACTOR agrees that a breach of this certification is a violation of the equal opportunity clause of this Agreement.

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

The CONTRACTOR 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).

## **26. CERTIFICATION OF COMPLIANCE WITH CLEAN AIR AND WATER ACTS**

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

#### **CLEAN AIR ACT**

- 1)--The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
- 2)--The CONTRACTOR agrees to report each violation to the PRDOH and understands and agrees that the PRDOH will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency Regional Office.

- 3)--The CONTRACTOR agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by HUD.

#### **WATER POLLUTION CONTROL ACT**

- 1)--The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*

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- 2)--The CONTRACTOR agrees to report each violation to the PRDOH and understands and agrees that the PRDOH will, in turn, report each violation as required to assure notification to the Government of Puerto Rico, HUD, and the appropriate Environmental Protection Agency Regional Office.

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- 3)--The CONTRACTOR agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by HUD.

The CONTRACTOR and all subcontractors shall comply with the requirements of the Clean Air Act, as amended, 42 U.S.C. § 7401 *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 5 C.F.R. Part 919 Subpart E and 24 C.F.R. Part 58 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 CONTRACTOR 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. Part 32 or on the List of Violating Facilities issued by the Environmental Protection Agency (**EPA**) pursuant to 24 C.F.R. Part 58, as amended.
- 2) Agreement by the CONTRACTOR to comply with all the requirements of Section 114 of the Clean Air Act, as amended, (42 U.S.C. § 7414) 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 CONTRACTOR 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 CONTRACTOR will take such action as the government may direct as a means of enforcing such provisions.

**27. ANTI-LOBBYING (Applicable to contracts exceeding \$100,000)**

By the execution of this Contract, the CONTRACTOR 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 CONTRACTOR, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CONTRACTOR shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities", in accordance with its instructions.
- 3) The CONTRACTOR 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.

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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.

**28. BONDING REQUIREMENTS**

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

The CONTRACTOR shall comply with Puerto Rico bonding requirements, unless they have not been approved by HUD, in which case the CONTRACTOR 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 CONTRACTOR for one hundred percent (100%) of the Agreement price. A "performance bond" is one executed in connection with a contract to secure the fulfillment of all the CONTRACTOR's obligations under such contract.
- 3) A payment bond on the part of the CONTRACTOR 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 the law of all persons supplying labor and material in the execution of the work provided for in the contract.

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

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

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- 2) The parties to this Agreement 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 Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.
- 3) The CONTRACTOR agrees to send to each labor organization or representative of workers with which the CONTRACTOR has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the CONTRACTOR's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- 4) The CONTRACTOR 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 CONTRACTOR will not subcontract with any subcontractor where the CONTRACTOR has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 C.F.R. Part 75.
- 5) The CONTRACTOR will certify that any vacant employment positions, including training positions, that are filled: (1) after the CONTRACTOR 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 CONTRACTOR'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 Agreement 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 (46 U.S.C. § 5307) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible: (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian

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organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

- 8) For contracts exceeding \$100,000, the CONTRACTOR shall submit Form HUD 60002 (Section 3 Summary Report) to PRDOH on a quarterly basis, notwithstanding the annual reporting requirement set forth in that form's instructions.

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### **30. FAIR HOUSING ACT**

CONTRACTOR 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, handicap or familial status. The Equal Opportunity in Housing Act prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.

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

CONTRACTOR 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).

### **32. HATCH ACT**

CONTRACTOR agrees to comply with mandatory standards and policies relating to Hatch Act, Public Law 76-252, as amended.

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

The CONTRACTOR 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.

### **33. 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.

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### **34. PERSONNEL**

The CONTRACTOR 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 CONTRACTOR 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 Contract.

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### **35. WITHHOLDING OF WAGES**

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

### **36. 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 Contract shall be promptly reported in writing by the CONTRACTOR to the PRDOH for the latter's decision, which shall be final with respect thereto.

### **37. 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.

### **38. INTEREST OF MEMBERS OF LOCAL PUBLIC AGENCY AND OTHERS**

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

### **39. 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.

### **40. INTEREST OF CONTRACTOR**

The CONTRACTOR 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 CONTRACTOR further agrees that no person having any such interest shall be employed in the performance of this Agreement.

### **41. POLITICAL ACTIVITY**

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

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#### **42. RELIGIOUS ACTIVITY**

The CONTRACTOR 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.

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

The CONTRACTOR 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.

#### **44. LEAD BASED PAINT**

The CONTRACTOR 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.

#### **45. VALUE ENGINEERING**

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

The CONTRACTOR 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 24 C.F.R. § 200.318(g).

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

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

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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. Contractors 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.

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#### **47. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970 (OSH ACT)**

The CONTRACTOR shall comply with the Occupational Safety and Health Act of 1970 (OSH Act) as supplemented by the Department of Labor regulations. This Act created the Occupational Safety and Health Administration (OSHA). OSHA sets and enforces protective standards of safety and health in the workplace. Under the OSH Act, employers have a responsibility to provide a safe workplace.

Employers must comply with the 29 CFR 1910 General Obligations Clause of the OSH Act. This clause requires employers to maintain their workplaces free from serious recognized hazards. This includes the adoption of safety and health guidelines and the subsequent training of the employer's workforce in these.

CONTRACTORS whose Scope of Work includes construction activities must comply with the General Clauses, and also with provisions of 29 CFR 1926 "Construction Health and Safety Regulations". It shall be a condition of any contract for construction, alteration and/or repair, including painting and decorating, that no contractor or subcontractor for any part of the contract work shall require any worker or mechanic employed in the performance of the contract to work in an environment or in unhealthy, hazardous or dangerous working conditions to their health or safety.

#### **48. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)**

The Federal Funding Accountability and Transparency Act of 2006 (**FFATA**), as amended, was signed with the intent of reducing wasteful government spending and providing citizens with the ability to hold the government accountable for spending decisions. 2 C.F.R. § Part 170 outlines the requirements of recipients' in reporting information on subawards and executive total compensation under FFATA legislation. Any non-Federal entity that receives or administers Federal financial assistance in the form of grants, loans,

loan guarantees, subsidies, insurance, food commodities, direct appropriations, assessed and voluntary contributions; and/or other financial assistance transactions that authorize the non-Federal entities' expenditure of Federal fund, is subject to these requirements. Prime contract awardees and prime grant awardees are required to report against subcontracts and subgrants awarded in the FFATA Subaward Reporting System (FSRS), the reporting tool for Federal prime awardees. This information reported will then be displayed on a public and searchable website: [www.USASpending.gov](http://www.USASpending.gov).

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### **33. PROCUREMENT**

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The Uniform Guidance procurement requirements (2 C.F.R. § Part 200, Subpart D) went into effect on July 1, 2018. These requirements are applicable to CDBG-DR funded projects, or as provided by 83 Federal Register 5844 VI A(1)(b)(2) permits a state grantee to elect to follow its own procurement policy. These policies and procedures ensure that Federal dollars are spent fairly and encourage open competition at the best level of service and price.

### **34. CHANGE ORDERS TO CONTRACTS**

Change orders are issued when the initial agreed-upon pricing or work to be completed requires modification. First, the CONTRACTOR must complete a Change Order Request Form. This form and supporting documentation must be delivered to the PRDOH for review. Each change order must have a cost analysis. Once the Project Manager approves the change order, it is returned to the contractor for execution. Change orders are only invoiced on the final draw and categorized as "change orders." The amount listed on the invoice must match the previously approved amount and must be cost-reasonable. The PRDOH is responsible for verifying cost reasonableness. Verification documentation for cost reasonableness becomes an attachment to the change order.

### **45. LIMITED ENGLISH PROFICIENCY**

Executive Order No. 13166, signed on August 11, 2000, requires programs, subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (**LEP**) and/or deaf/hard of hearing. Fair access is ensured through the implementation of a Language Assistance Plan (**LAP**), which includes non-English-based outreach, translation services of vital documents, free language assistance services, and staff training. Vital documents are defined as depending on the importance of the program, information, encounter, or service

involved, and the consequence to the LEP person if the information in question is not provided accurately or in a timely manner.

#### **46. PERSONALLY IDENTIFIABLE INFORMATION**

In accordance with 2 C.F.R. § 200.303, regarding internal controls of a non-Federal entity, a grantee must guarantee the protection of all Personally Identifiable Information (PII) obtained. The program will enact necessary measures to ensure PII of all applicants is safeguarded as to avoid release of private information. If a contractor or employee should experience any loss or potential loss of PII, the program shall be notified immediately of the breach or potential breach.

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#### **51. PROCUREMENT OF RECOVERED MATERIALS**

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (**EPA**) at 40 C.F.R. part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

**END OF DOCUMENT**



**APPENDIX C**  
**CONTRACTOR CERTIFICATION**  
**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO**  
**CONTRACTS REVIEW POLICY**

**PALMERAS CDBG-MIT LLC**

The following is hereby certified to the Oversight Board regarding the request for authorization for **Single-Family Housing Development Initiatives** contract by and between the **Puerto Rico Department of Housing** and **Palmeras CDBG-MIT LLC**:

1. The expected subcontractor(s) in connection with the proposed contract<sup>1</sup> is (are) the following:

1.
  - a. Name of Firm: JMB Contractor Inc; Principal Stakeholder: José M Badea Ortiz – 100%
  - b. Contractual Relation: House Construction (38 units)-excludes electrical work
  - c. Amount of Proposed Contract: \$6,175,000.00 approximate
2.
  - a. Name of Firm: Rolei Electrica LLC; Principal Stakeholder: Juan Pablo Leiseca 60%, Eduardo Chardón 33% y Jorge Leiseca 7%.
  - b. Contractual Relation: Electrical work-house (interior) (38 units)
  - c. Amount of Proposed Contract: \$323,000.00 approximate
3.
  - a. Name of Firm: Herminio Cotto Construction Inc; Principal Stakeholder: Herminio Cotto Ayala 100%
  - b. Contractual Relation: Site Work (38 units)-excludes electrical site
  - c. Amount of Proposed Contract: \$1,235,000.00 approximate
4.
  - a. Name of Firm: Rolei Electrica LLC; Principal Stakeholder: Juan Pablo Leiseca 60%, Eduardo Chardón 33% y Jorge Leiseca 7%.
  - b. Contractual Relation: Electrical work-site (38 units)
  - c. Amount of Proposed Contract: \$570,000.00 approximate
5.
  - a. Name of Firm: PMCG LLC; Principal Stakeholder: Dennis Gonzalez – 100%
  - b. Contractual Relation: Program compliance, contract compliance, monthly reporting, and final unit closing.
  - c. Amount of Proposed Contract: \$159,310.25

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<sup>1</sup> As used herein, the term "contract" is inclusive of any amendments, modifications or extensions.

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2. Neither the contractor nor any of its owners<sup>2</sup>, partners, directors, officials, or employees, has agreed to share or give a percentage of the contractor's compensation under the contract to, or otherwise compensate, any third party, whether directly or indirectly, in connection with the procurement, negotiation, execution or performance of the contract, except as follows:

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3. To the best knowledge of the signatory (after due investigation), no person has unduly intervened in the procurement, negotiation or execution of the contract, for its own benefit or that of a third person, in contravention of applicable law.

4. To the best knowledge of the signatory (after due investigation), no person has: (i) offered, paid, or promised to pay money to; (ii) offered, given, or promised to give anything of value to; or (iii) otherwise influenced any public official or employee with the purpose of securing any advantages, privileges or favors for the benefit of such person in connection with the contract (such as the execution of a subcontract with contractor, beneficial treatment under the contract, or the written or unwritten promise of a gift, favor, or other monetary or non-monetary benefit).

5. Neither the contractor, nor any of its owners, partners, directors, officials or employees or, to the best of its knowledge (after due investigation), its representatives or sub-contractors, has required, directly or indirectly, from third persons to take any action with the purpose of influencing any public official or employee in connection with the procurement, negotiation or execution of the contract, in contravention of applicable law.

6. Any incorrect, incomplete or false statement made by the contractor's representative as part of this certification shall cause the nullity of the proposed contract, and the contractor must reimburse immediately to the Commonwealth any amounts, payments, or benefits received from the Commonwealth under the proposed contract.

I hereby certify under penalty of perjury that the foregoing is complete, true, and correct on this 25 day of august of 2023.

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<sup>2</sup> For purposes of this certification, a contractor's "owner" shall mean any person or entity with more than a ten percent (10%) ownership interest in the contractor.

Manuel Batlle

Signature

August 25, 2023

Date

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Manuel Batlle Hernaiz

Printed Name

Member

Position

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GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

## ATTACHMENT G

### NON-CONFLICT OF INTEREST CERTIFICATION

#### PALMERAS CDBG-MIT LLC

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The CONTRACTOR 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."

Manuel Batlle Hernaiz  
Signature

August 25, 2023  
Date

Manuel Batlle Hernaiz  
Printed Name

Member  
Position



GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF HOUSING

ATTACHMENT H

**ATTACHMENT #6**  
**MINIMUM ARCHITECTURAL AND DESIGN STANDARDS**  
**Request for Proposals**  
**Single-Family Housing Development Initiatives**  
**Community Development Block Grant for Disaster Mitigation**  
**Puerto Rico Department of Housing**  
**CDBG-MIT-RFP-2022-04**  
**(Revised for Addendum No. 1)**

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On December 21, 2022, the PRDOH issued the Request for Proposal (RFP) No. CDBG-MIT-RFP-2022-04 to support the Puerto Rico Department of Housing (PRDOH) in the implementation of the Single-Family Housing Mitigation Program (SF-MIT Program) under the Community Development Block Grant for Mitigation (CDBG-MIT). A description of the Housing Sector CDBG-MIT is included in the Action Plan approved by the U.S. Department of Housing and Urban Development (HUD)<sup>1</sup>.

### 1. General Description

The Minimum Architectural and Design Standards (MADS) is not a stand-alone document, and it does not supersede the Building Codes provisions, requirements, nor the Proposers Selected Green Building Standard requirements. The Proposers must align the design of the new resilient single-family housing (Units) according to reasonable sale price, cost reasonableness principles with the corresponding sections of the Single-Family Housing Development Initiative, Scope of Work (Attachment #1 of the RFP). The intent of the SF-HDI SFM Program Minimum Architectural and Design Standards is to:

- Set forth the minimum criteria to incorporate into design solutions;
- Enhance consistency in the design proposals, evaluation, and approval process;
- Promote the use of resilient materials and techniques;
- Promote a healthy living environment;
- Balance quality of materials with cost reasonableness principles.

**These minimum design standards may be outperformed with better performance materials, products, and techniques.**

### 2. General Design Requirements

The proposed design solutions shall consider the following General Design Requirements:

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<sup>1</sup> A description of the Housing Sector CDBG-MIT is included in the Action Plans approved by the U.S. Department of Housing and Urban Development (HUD), are available in the following web addresses <https://cdbgm-dr.pr.gov/en/download/cdbgm-mit-action-plan-amendment-1-substantial-effective-on-october-17-2022/>.

1. The primary material of construction for the structure will be reinforced concrete (plastered) with local manufactured cement in accordance with the requirements of Executive Order No. OE-2018-033 and Act 109 of 1985<sup>2</sup>.
2. In general terms the design solutions shall be elaborated in such a way that units are readily adaptable to accommodate "ADA" details and features. The design of these units shall comply with the 2010 ADA Standards for Accessible Design<sup>3</sup>. Non-ADA units (adaptable units) shall be designed to accommodate mobility widths, clearances and turn radius requirements.
3. Single-Family units will be a detached one (1) level (one story).
4. Single-Family units will have 3-bedrooms and 2-bathrooms.
5. As minimum the units will have a minimum construction area of 1,150 square feet, (excluding carport, driveway, walkway, and others).
6. 5% of units proposed in a project shall ~~are to~~ comply with the 2010 ADA Standards for Accessible Design.
7. Building envelope materials such as exterior doors and windows shall be designed and specified considering impact resistance, energy efficiency, air infiltration, water infiltration, security, and privacy.
8. Exterior doors and windows must be installed correctly, ~~in~~ plumb, with the correct amount, spacing, width and penetration of anchors. These shall operate with the correct amount of force, as required by the design specifications.
9. All rooms must have access to natural light and ventilation. Bathrooms should incorporate a window or exhaust fan.
10. Kitchens preferably may be open to the dining/living area to provide an open space concept.
11. Rough-In for a gas stove and an electric powered circuit outlet (120-240 volts) for an electrical stove, shall be provided as part of the design solution.
12. The design shall contemplate that a storage gas tank may be in the exterior of the structure and the interior point of connection be easily accessible and according to applicable codes, regulations, and standards.
13. Bathrooms must have showers (no bathtubs are allowed).
14. Laundry equipment rough-in to be in the interior of the units.
15. All doors must have a minimum 32-in clear door opening width.

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<sup>2</sup> For clarity, the use of local manufactured cement will apply to any concrete work performed. The use of non-locally manufactured cement may be permitted when materials or products are not locally available in sufficient quantities or if required quality standards cannot be achieved with local products.

<sup>3</sup> Refer to the Department of Justice published revised regulations for Titles II and III of the Americans with Disabilities Act of 1990 "ADA" in the *Federal Register* on September 15, 2010. These regulations adopted revised, enforceable accessibility standards called the 2010 ADA Standards for Accessible Design "2010 Standards" or "Standards".

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16. Units shall include a roof covered garage carport for one (1) vehicle, (primary construction material: reinforced concrete, plastered) with adequate dimensions to accommodate vehicles and accessible pedestrian circulation.
17. All exterior systems (including solar water heater (**SWH**), photovoltaic system with battery storage system (**PVS**), water storage systems (**WSS**), and others) shall be designed to withstand wind force, hurricane force winds, uplift, secure anchoring, and accessories according to applicable codes, standards, and regulations. All roof penetrations shall be weathertight and waterproof.
18. Any products or appliances provided in the must comply with Energy Star, Water Sense as per 83 FR 5844.

### 3. Specific Minimum Design Requirements

The specific minimum requirements in **Table 1** apply to the units designed by proposers and contracted by PRDOH.

**Table 1** Minimum Design Criteria for single-family housing units.

Item	Description
Paint	Interior and exterior surfaces will be painted.
Floor Finish and Baseboards	Ceramic or Porcelain.
Porch	Main entrance through a roof covered porch.
Kitchen Cabinets	Water-resistant cabinet materials (high density PVC, hydrophobic particle board and medium density fiber board are accepted). Water-absorbent cabinet materials are not allowed.
Bathroom Vanities	Water-resistant vanity materials (high density PVC, hydrophobic particle board and medium density fiber board are accepted). Water-absorbent vanity materials are not allowed.
Bedrooms	To include ceiling fans with integrated LED type lights (regular standard threaded bulb).
Bedroom Closets	Wall-mounted or floor mounted cabinetry as replacement for closet areas are not allowed.
Living Room	To include ceiling fans with integrated LED type lights (regular standard threaded bulb).
Dining Room	To include ceiling fans with integrated LED type lights (regular standard threaded bulb).

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Item	Description
Indoor and Outdoor Lighting	LED type (regular standard threaded bulb). Outdoor Light Fixtures: wet rated.
Water Equipment and Products	Includes, but is not limited to shower heads, toilets, faucets, and others.
Water Heating System	Solar water heater with storage tank.
Water Storage System	Water lines and electrical lines to pressurize system will be designed and installed inside the walls.
Refrigerator	Overall capacity: $\geq 18$ cu. feet
Range	Electric or gas Range size: $\geq 30$ inches (slide in) Number of burners: four (4) Control type: analog knob Gas range ignition: electronic
Roof Impermeabilization	All exterior roof surface, overhangs, parapets, and penetrations to be impermeabilized.
Others	Include a 120/240 volts, 30-Amp manual transfer switch kit that allows the connection of a portable standby power generator.  Properties must be completed with sod or hydroseeding pervious surfaces <sup>4</sup> .

#### 4. Photovoltaic System with Battery Storage<sup>5</sup> and Water Storage Systems

The design criteria, design, equipment, and installation shall be standardized, with minimal deviation to promote consistency and cost reasonableness.

- Design of PVS must be performed by a licensed engineer, who is also a member of the Puerto Rico College of Engineers and Land Surveyors, in accordance with Act 173 of August 12, 1976.
- Comply with Regulation No. 7796 of January 19, 2010, known in Spanish as "Reglamento para la Certificación de Sistemas de Energía Renovable", of the

<sup>4</sup> Developer firms shall take care of grass, vegetation, and root systems for a period of three (3) months within the properties once these are purchased by PRDOH. Public spaces shall be taken care of until project completion and/or as required by law.

<sup>5</sup> The developer firm team shall file, obtain, and secure all required permits, endorsement, licenses and be responsible for any certification and/or notification to the applicable state agencies, including interconnection certifications and fees in accordance with the Act 17 of April 11 of 2019 ("Ley de Política Pública Energética de Puerto Rico"). All fees associated with the permits, notifications, and licenses are the responsibility of the developer firm.

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Puerto Rico Electric Power Authority, or its equivalent regulation in place at the time of installation as any other applicable laws, regulations, and codes.

- Installations must be performed by a Certified Installer in accordance with Article 17 of Regulation No. 7796, or its subsequent equivalent regulation.

### 5.1. PV System Requirements

The PV System shall be capable of running critical loads, household appliances (refrigerators, water pump, etc.), life support devices, to enable the occupants to shelter-in-place during electrical grid outages. The PV Systems shall be installed, commissioned, and must comply with the following installation general requirements:

#### 5.1.1. PV System Commissioning

Once the systems are installed the developer firm shall perform commissioning and inspections to correct underperformance, findings, deficiencies and validate the PV System performance. These may apply to system location, shading, quality of installation, anchoring, securing, performance as per the design intent, and others. Commissioning and inspection shall follow the International Electrotechnical Commission (IEC) standard IEC 62446, and any local or state regulation.

#### 5.1.2. PV System Standard Package

Standard packages as minimum shall have the capacity of supplying electricity to an itemized list of devices, appliances and lighting fixtures identified as critical loads. The system will supply electricity to the critical loads independently as a stand-alone system, with grid interconnecting capacity. The developer firm will provide as minimum the following standard package for PV Systems and battery storage:

- **3 kW DC** PV modules **48V** voltage lithium-ion battery bank with a minimum output of **9 kWh** and an **autonomy of 20 hours**. Loads shall consider one (1) medical life support device. The PV System shall provide and install an automatic transfer switch to allow for system operation in standalone mode.

### 6. Water Storage System Requirements

The water storage system shall provide domestic water to the single-family unit from the water storage tank using an electric water pump, controls, and a diaphragm type pressurized tank to provide back-up water supply with adequate pressure and without damaging water fixtures. The system pressure pump shall be coordinated and connected to the PV System to continue operating during electrical service interruption.

- A minimum capacity of **500** gallons per unit, with all its necessary equipment and accessories for functionality of water storage and distribution. A minimum Pump of **¾ horsepower** shall be provided.

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- The water storage tank shall be located on the rooftop of the home, when feasible. If the structural integrity of the house does not support the load of any of the applicable water tank size options, installation in a reinforced concrete pad may be provided at ground level.
- The water storage tank shall be connected to the utility's main water line with a water level control valve and backflow preventer. The water storage tank shall have instrumentation to monitor (located at ground level), control pressure and water level.
- The water storage tank shall be constructed of ultraviolet (UV) and corrosion resistant material, approved for potable water and food-grade applications, and have the Food and Drug Administration (FDA) and the National Safety Foundation (NSF) approval.
- Water storage tanks must be vented to allow water level changes. The vent opening installed in downward position shall include protective screen for pest control.
- Disinfection of the water storage tank and pressure tank after installation must follow the manufacturer's recommendations.

**END OF MINIMUM ARCHITECTURAL AND DESIGN STANDARDS**

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